

**Grantee: Virgin Islands**

**Grant: P-17-VI-78-HIM1**

**April 1, 2019 thru June 30, 2019 Performance Report**

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**Grant Number:**

P-17-VI-78-HIM1

**Obligation Date:****Award Date:****Grantee Name:**

Virgin Islands

**Contract End Date:****Review by HUD:**

Submitted - Await for Review

**Grant Award Amount:**

\$242,684,000.00

**Grant Status:**

Active

**QPR Contact:**

Antoinette Fleming

**LOCCS Authorized Amount:**

\$0.00

**Estimated PI/RL Funds:****Total Budget:**

\$242,684,000.00

## Disasters:

### Declaration Number

FEMA-4340-VI

FEMA-4335-VI

## Narratives

### Disaster Damage:

Hurricanes Irma and Maria had a devastating impact on the United States Virgin Islands (hereafter referred to as the U.S. Virgin Islands or the Territory). The two back-to-back Category 5 storms in September 2017 caused significant destruction to housing, infrastructure, and the economy; the total damage is estimated at \$10.76 billion. The entire population—over 100,000 residents—was impacted by the devastation brought on by the storms, with winds of over 185 miles per hour and up to 20 inches of rain in some areas. Irma crossed the islands as a windstorm tearing the roofs off buildings in her path; Maria came behind and caused water damage to all of the unprotected structures in the St. Thomas and St. John district, while inflicting severe damage on St. Croix. The devastation brought by the 2017 storms was staggering. Five Virgin Islanders lost their lives to the storms. Thousands of residents were displaced and over 85% of households reported damage to their homes, with many structures rendered uninhabitable. Most residents had no potable water or electricity for weeks. At its peak, 95% of the Territory was without power and 90% of customers lost internet access due to damage to telecommunications infrastructure. The main airports on St. Croix and St. Thomas were closed for two weeks due to extensive damage to facilities, and all seaports were shut down for three weeks due to the sinking of over 400 vessels in and around the islands during the hurricanes. Roadways experienced washouts, debris, mudslides, and downed power lines. In total, the storm created more than 825,316 cubic yards of debris—more than local landfills could handle. Many government offices were rendered unusable, impacting the delivery of vital government services for several weeks. All primary healthcare facilities were left in need of reconstruction, while hundreds of patients had to be evacuated off-island to receive critical medical attention. Almost all public schools were damaged and according to the U.S. Virgin Islands Department of Education, 17 schools—half of all public schools in the Territory—suffered more than 50% damage to their facilities. Today, several months after Irma and Maria, their effects continue to disrupt the lives of Virgin Islanders. None of the dialysis patients evacuated from the Territory have been able to return for lack of adequate medical care infrastructure and 9,000 public school students (nearly 60% of all K-12 students enrolled) attend school on a reduced schedule due to limited classroom space. In addition, the economy as a whole has been slow to recover. This is most evident in the tourism sector, the single most important stream of revenue for the Territory, with most of the large hotels significantly damaged and still closed for repairs. Based on the FEMA IA data as of March 30, 2018, the Territory estimates that approximately 22,527 households sustained some damage to their primary residences from one or both hurricanes, representing 52% of all housing stock on the islands. Of the 22,527 households that were impacted, 5,175 suffered Major or Severe damage; of these, approximately 2,362 are the owners' primary residences and 2,813 are renter-occupied homes. Current data also indicate an additional 11,827 owner-occupied residences and 5,525 rental units sustained minor damage.

### Recovery Needs:

#### Housing

The total impact on housing, including rental and public housing, is estimated at \$2.29 billion with 86% of households that suffered "major" or "severe" damage occupied by LMI households. To date, \$1.25 billion has been disbursed from federal and other sources of funds. CDBG-DR is to be used as the funding of last resort to address the remaining unmet needs of \$1.04 billion.

The Territory has created programs in this Action Plan to affirmatively further fair housing. When gathering public input, planning, and implementing housing related activities, VIHFA and its subrecipients will include participation by neighborhood organizations, community development organizations, social service organizations, community housing development organizations, as applicable, as well as members of each distinct affected community or neighborhood which might fall into the



assistance category of low- and moderate-income communities. Addressing the housing needs of impacted residents is a priority to ensure housing stock is increased and housing quality is improved.

**Infrastructure**

Both storms also had a widespread and lasting impact on the Territory’s infrastructure. Total needs for infrastructure are quantified at \$6.93 billion, which includes estimated costs of emergency recovery measures; permanent repair and reconstruction work; and resilience and mitigation efforts. The Territory has identified multiple disaster-related infrastructure priorities that must be addressed, and which directly support housing needs. Residents not only suffered from direct damage to their homes from the hurricanes, but also endured the loss of critical services such as power and water due to damaged public infrastructure. The impact on many of these systems affect the speed in which heavy equipment can get up roads to rebuild homes and restore essential services like power. FEMA Public Assistance (PA) and other federal disaster relief funds will help to address many of these needs. To date, \$1.05 billion has been obligated for infrastructure recovery, leaving unmet infrastructure needs of \$5.87 billion . As mentioned above, some federal disaster recovery funds, including FEMA PA, require a “local match” contribution, which is currently anticipated to reach over \$500 million. The current known match requirement is \$81 million. From the first tranche, the Territory plans to leverage \$50.6 million to cover the local match for a variety of programs, including public housing.

**Economic Development**

Hurricanes Irma and Maria not only damaged thousands of housing units and large portions of the U.S. Virgin Islands’ infrastructure network; the two storms also brought the economy to a halt and caused major fiscal, business, and wage losses. These losses further set back the ability of small business owners and workers to rebuild businesses and homes. One of the most severe economic effects of the storms has been the loss of government revenue, driven primarily by sharp declines in gross receipts and property tax receipts. The cumulative loss of public revenue is expected to reach \$576 million by 2020. Businesses in the U.S. Virgin Islands also suffered significant losses as a result of the 2017 storms that go well beyond damages to commercial property or lost inventories. The interruption of business and the challenges of recovery have led to large losses i

**Recovery Needs:**

n revenue for small businesses as well as lost wages, especially for low- and moderate-income workers. This is particularly true for tourism, which is estimated to make up to 30% of the economy with indirect impacts on 80% of the economy. The storms brought tourism to a sudden halt, with all airports and seaports closing for several weeks due to the storms. Even when the ports reopened, tourism remained low because of a lack of accommodations (a result of disaster-caused damage to hotels) and the perception that the islands were completely decimated. Including lost government tax revenue, the total impact of the storms on the Territory’s economy is estimated at \$1.54 billion.

<b>Overall</b>	<b>This Report Period</b>	<b>To Date</b>
<b>Total Projected Budget from All Sources</b>	N/A	\$242,684,000.00
<b>Total Budget</b>	\$0.00	\$242,684,000.00
<b>Total Obligated</b>	\$70,000.00	\$70,000.00
<b>Total Funds Drawdown</b>	\$65,686.43	\$65,686.43
<b>Program Funds Drawdown</b>	\$65,686.43	\$65,686.43
<b>Program Income Drawdown</b>	\$0.00	\$0.00
<b>Program Income Received</b>	\$0.00	\$0.00
<b>Total Funds Expended</b>	\$0.00	\$0.00
<b>Most Impacted and Distressed Expended</b>	\$0.00	\$0.00
<b>Match Contributed</b>	\$0.00	\$0.00



## Progress Toward Required Numeric Targets

Requirement	Target	Actual
Overall Benefit Percentage (Projected)		75.61%
Overall Benefit Percentage (Actual)		0.00%
Minimum Non-Federal Match	\$0.00	\$0.00
Limit on Public Services	\$36,402,600.00	\$0.00
Limit on Admin/Planning	\$12,134,200.00	\$65,686.43
Limit on Admin	\$48,536,800.00	\$62,730.53
Most Impacted and Distressed Threshold (Projected)	\$194,147,200.00	\$238,084,000.00

## Overall Progress Narrative:

### U.S. VIRGIN ISLANDS' QUARTERLY PROGRESS REPORT

2nd QUARTER 2019 (April 1, 2019 – June 30, 2019): 1st Allocation

The U.S. Virgin Islands Housing Finance Authority (VIHFA) has made significant progress in operationalizing the Community Development Block Grant-Disaster Recovery Housing, Infrastructure and Economic Development Programs. VIHFA staff have been developing policies and procedures that will chart the progress and objectives towards meeting the recovery needs as outlined in the USVI Action Plan and Amendment. This progress includes major strides in setting up its grant administration, financial and monitoring divisions.

#### Funds Drawn

Coordinating with the local Housing and Urban Development (HUD) Field Office, the VIHFA CDBG-DR Financial Unit prepared and drew \$65,68.43 on May 22, 2019 for the administration of the CDBG-DR program. VIHFA CDBG-DR Program and Financial staff continue to work with subrecipients in order to establish draw schedules and procedures, ensuring the expenditure of the CDBG-DR grant funds will be made within the required six (6) year window.

#### Program Operation

VIHFA CDBG-DR Management is pleased to report that all program policies and procedures have been converted into Version 1 and posted on the VIHFA Disaster Recovery website ([www.vihfa.gov/disaster-recovery/recovery-programs](http://www.vihfa.gov/disaster-recovery/recovery-programs)) replacing the drafts previously posted. VIHFA CDBG-DR Management is committed to review and update the policies and procedures to ensure they continue to meet the needs of the Virgin Islands' communities and residents, as well as the program.

VIHFA CDBG-DR Management continues an aggressive hiring campaign to appropriately staff the program to ensure timely project implementation, and so that programs can proceed without delay. Additional vacancy notices are positioned on VIHFA's website at [www.vihfa.gov/employment/vacancy-announcements](http://www.vihfa.gov/employment/vacancy-announcements). As of the end of June 2019, the CDBG-DR program has hired a total of 33 staff in key positions such as a Senior Construction Manager, Construction Managers, Compliance and Monitoring Specialists, GIS Analyst and Environmental Specialist. As additional staff is hired, basic CDBG and CDBG-DR onboarding and trainings are conducted.

VIHFA has been the administering agency of the Federal Emergency Management (FEMA) funded Shelter and Temporary Essential Power (STEP) and the Permanent Roof Repair Programs. To assist the Territory in meeting the unmet housing needs, FEMA authorized the STEP Program to repair and/or reconstruct roofs damaged in the 2017 storms. Similarly, the Permanent Roof Program granted homeowners' assistance to permanently repair the roof of homes, including when the sustained damages exceeded 50%. Both programs provided a valued service for the Territory; to date, a total of 3,731 homes have been repaired (some homes received both STEP and Roof Repair assistance).

While the STEP and Permanent Roof Repair Programs have assisted 3,731 households, there still an unmet housing need with homeowners still requiring assistance. Additionally, the affordable housing market was severely impacted in Hurricanes Irma and Maria, reducing the already insufficient number of affordable housing units available. Low- and moderate-income residents, oftentimes lacking access to traditional resources and financing opportunities, have been especially impacted. The CDBG Program



will help bridge this gap, especially for low- to moderate-income homeowners and renters. The Homeowner Reconstruction and Rehabilitation Program is prioritizing homeowners with substantial damage, requiring reconstruction. The Rental Rehabilitation and Reconstruction Program, released in June 2019, provides owners of 1 – 20 rental units repair assistance for vacant units that will be offered to Housing Choice Voucher holders. Both the Homeowner Reconstruction and Rehabilitation and Rental Rehabilitation and Reconstruction (Homeowner and Rental) Programs will be funded by the VIHFA CDBG-DR award from the U.S. Department of Housing & Urban Development (HUD).

Through a full procurement process, VIHFA hired Horne, LLP in early 2019 for case management services for two of VIHFA's CDBG-DR funded housing programs - Homeowner and Rental. The VIHFA CDBG-DR staff have also conducted a series of solicitations for other disaster recovery services, including construction management, language translation, environmental, web development, grant management systems and other services. With the assistance of the consulting firms, VIHFA will be better able to manage the ongoing program and project implementation.

A Request for Proposals (RFP) was released for Language Translation Services and Language Interpretation Services to translate written public facing documents for posting on website or distribution to the public, and to provide language interpretation services for public meetings and/or forums conducted. To assist the VIHFA CDBG-DR Program Environmental staff in completing the various level of reviews for all DR Projects a Request for Qualification (RFQ) to establish a pool of 3 contractors, allowing VIHFA CDBG-DR to conduct a mini-bid process based upon the scope of environmental services listed in the mini-bid.

The VIHFA CDBG-DR Program staff issued additional RFPs to further build support and capacity which include a Website Development and Service, a Grant Management System and SAP Customization. The evaluation committees for these RFPs are completed the reviews and selections processes and will be announcing awards and generating contracts in 3rd Quarter 2019.

#### Capacity Assessments

Prior to VIHFA being awarded CDBG-DR funds, HUD examined VIHFA's capacity for managing a federal grant of the size and scope of the total CDBG-DR award. VIHFA was required to establish internal controls, financial management, procedures to implement programs and projects, and grant oversight sufficient to satisfy the standards set by Congress. For this same reason, the VIHFA CDBG-DR Compliance and Monitoring unit performs a Capacity Assessment for each of the potential CDBG-DR subrecipients, including a review of the internal controls, financial management and implementation capacity for of potential CDBG-DR projects.

To date the Compliance and Monitoring unit has begun conducting Capacity Assessments for Virgin Islands' Water and Power Authority, Housing Authority, Waste Management Authority, Port Authority, Department of Public Works, Department of Tourism, Department of Labor, Economic Development Authority, and the University of the Virgin Islands. Once the department/agency's capacity assessment has completed, VIHFA CDBG-DR staff begin the Subrecipient Agreement (SA) stage, which includes the completion of the boilerplate with the department/agency information, including any necessary Special Conditions. Once the SA has been executed, the Subrecipient continues discussions with the CDBG-DR Program staff about potential projects that meet the priorities and goals identified in the Action Plan and Amendment #1. The project(s) must also have a clear tie to the 2017 storms and be eligible under CDBG regulations.

#### Housing Programs

Horne LLC, VIHFA CDBG-DR Program's case management firm, conducts application intake, eligibility review and the duplication of benefits test for persons still in need of disaster recovery assistance through either reconstruction of their primary residence or repairs to rental properties. When the FEMA programs ended in April 2019, the contracting oversight services performed by AECOM (a firm hired to perform FEMA project oversight work) were terminated. On April 15, 2019, VIHFA CDBG-DR Management launched the EnVision Tomorrow Program (Program), which will provide homeowners with disaster recovery assistance for needs not address by the first two FEMA programs. The Program started with automated phone calls and email blasts to all known candidates, including a voice recording from VIHFA Executive Director Daryl Griffith announcing the start of the program. Horne LLC provided a 24-hour hotline (888-239-3387) and a website ([www.VIstormrecovery.com](http://www.VIstormrecovery.com)) providing the public with access to Program and services information. Horne LLC also provides outreach to the public through live radio/TV segments, newspaper articles, a Facebook page, coordination with approved the Long-Term Recovery Group (LTRG/VOAD), marketing materials placed at churches, post office, grocery stores, banks, library, etc. To address concerns from the public about the lack of local contractor participation in the recovery,

VIHFA CDBG-DR Program staff released a Construction Contractor RFQ to solicit qualified local licensed contractors to establish a contractor pool, then providing an opportunity to bid on repairing hurricane damaged homes through a mini bid process. Also, to assist the CDBG-DR Program staff in managing the construction process, an RFP was issued to hire a Construction Management Firm. The responses for the Construction Management RFP are currently under evaluation review and a decision will be made to select a firm in 3rd Quarter 2019.

To date over 1,157 (end of June 2019) homeowners have signed up the disaster recovery assistance. Once the Construction Management Firm has been selected damage assessment will commence.

#### Infrastructure

The Local Match for Federal Disaster provides the local 10% cost share for FEMA funded projects or projects with a FEAM Project Worksheets (PW). Projects must meet CDBG-DR criteria which includes meeting a National Objective, be an Eligible Activity and demonstrate a Tie to the Storm. All other cross cutting requirements must be met as well. To date, no Local Cost Share funds have been committed; however, the CDBG-DR staff is reviewing obligated FEMA Public Works Projects for CDBG-DR eligibility.

The Infrastructure Repair and Resilience Projects provides funding for damage public facilities, particularly those that serve the health and safety of the community. Capacity assessment and Special Conditions have been identified for the Department of Public Works (DPW), paving the way for the creation of the Subrecipient Agreement. VIHFA CDBG-DR Program staff will continue to review two (2) road projects for a total of \$30,000,000 in CDBG-DR funding: Donoe Road on St. Thomas with a budget of \$10,000,000 and Northside Road on St. Croix for \$20,000,000. Both of the projects provide vital links to low-income communities and were impacted by heavy traffic following the storms. These projects will adhere to all federal cross cutting requirements. The projects will include design and construction; however, the first phase of the project will focus on design.

The Donoe Bypass (Hwy 40 and 45) road on St. Thomas, is a major two-mile stretch of road that serves as a heavily used route through the center of the island of St. Thomas and passes through some low to moderate income housing communities and low-mod census tracts. The current state of the road contributes to drainage issues, including debris flows, down the south facing portion of the slope to the low-income community below. The North Side (Hwy 75) road on St. Croix, is a major route on the Northeast portion of St. Croix connecting highly residential areas to two large economic hubs. Severe flooding risk has been identified in five major intersections or segment along the route. A comprehensive road assessment determined that 60% of the surface asphalt needs milling and 20% needs patching and crack sealing. Replacing and repairing the pavement of the road will allow for buried deteriorated utilities to be repaired with other funding sources to include FEMA PA, 404 and 406 and other private utility funds.

The Electrical Power Systems Enhancement and Improvement Program provides CDBG-DR funding to invest in optimizing the generation mix, improving asset productivity, and providing more sustainable, more reliable, and more cost-effective energy for the U.S. Virgin Islands. WAPA lost 80% of the transmission and distribution lines and 20% of the generating capacity, affecting 95% of its customers on St. Thomas, St. John, Water Island occupied by over 55% low- and moderate-income households. In this project WAPA proposes to increase resiliency by replacing inefficient and aging high capacity and high fuel burning generators with four (4) nine (9) MW units to be fueled by less expensive and cleaner propane fuel. The project will reduce electric rates for all customers and in particular, low- and moderate-income ratepayers. In addition, the project must meet CDBG-DR eligibility criteria which include meeting a National Objective, be an eligible activity and demonstrate a tie to the storm. These projects will adhere to all federal cross cutting requirements. The proposed project will include design and installation of new generators at the Randolph Harley Power Plant (RHPP) New Generation in Krum Bay, St. Thomas, the only electric power generating facility on the island. To date no Electrical Power Systems Enhancement funds have been committed, the staff continues to work closely with WAPA to finalize the Project Agreement prior to proceeding.

The staff continues to work with the Virgin Islands Territorial Emergency Management Agency (VITEMA) and the Office of Disaster Recovery (ODR) to finalize local funding process. VITEMA held several meetings and made presentations to various sectors about the CDBG-DR Program and how CDBG-DR funds can be utilized.

#### Economic Revitalization

The Department of Labor (DOL) is proposing a Skills for Today Program, which will prepare young individuals for the construction industry. Participants will be provided with basic skills and entry level certification, allowing them an opportunity to take part in the Territory's recovery. VIHFA CDBG-DR

Program staff is working with the DOL to implement this much needed activity in 3r Quarter 2019. The Department of Tourism (DOT) is developing a comprehensive tourism marketing campaign to showcase that the Virgin Islands is still a premiere destination and open for business! VIHFA CDBG-DR Program staff are working with the DOL to launch the campaign in 3rd Quarter 2019. The Virgin Islands Port Authority (VIPA) is currently undertaking the review of an economic initiative that would allow larger cruise ships to berth in the harbors of Charlotte Amalie and Crown Bay on St. Thomas, and Schooner Bay Chanel on St. Croix. The proposed activity would allow docking of the largest cruise ships, with more passengers that would stimulate more economic growth in the Territory.

## Project Summary

Project #, Project Title	This Report Period	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
Administration, Administration	\$62,730.53	\$12,134,200.00	\$62,730.53
Economic Revitalization, Economic Revitalization	\$0.00	\$33,000,000.00	\$0.00
Housing, Housing	\$0.00	\$72,000,000.00	\$0.00
Infrastructure, Infrastructure	\$0.00	\$120,549,800.00	\$0.00
Planning, Planning	\$2,955.90	\$5,000,000.00	\$2,955.90



# Activities

**Project # / Title:** Administration / Administration

**Grantee Activity Number:** Admin-VIHFA

**Activity Title:** Admin-VIHFA

**Activity Category:**

Administration

**Activity Status:**

Under Way

**Project Number:**

Administration

**Project Title:**

Administration

**Projected Start Date:**

09/27/2018

**Projected End Date:**

09/27/2024

**Benefit Type:**

( )

**Completed Activity Actual End Date:**

**National Objective:**

N/A

**Responsible Organization:**

V.I. Housing Finance Authority (VIHFA)

**Overall**

**Total Projected Budget from All Sources**

**Apr 1 thru Jun 30, 2019**

N/A

**To Date**

\$12,134,200.00

**Total Budget**

\$0.00

\$12,134,200.00

**Total Obligated**

\$65,000.00

\$65,000.00

**Total Funds Drawdown**

\$62,730.53

\$62,730.53

**Program Funds Drawdown**

\$62,730.53

\$62,730.53

**Program Income Drawdown**

\$0.00

\$0.00

**Program Income Received**

\$0.00

\$0.00

**Total Funds Expended**

\$0.00

\$0.00

**Most Impacted and Distressed Expended**

\$0.00

\$0.00

**Match Contributed**

\$0.00

\$0.00

**Activity Description:**

Program administration entails activities related to the overall administration and execution of CDBG-DR. Eligible program administration costs include, but are not limited to costs associated with staffing and general management oversight and coordination.

**Location Description:**

VI Housing Finance Authority CDBG-DR Program 3438 Kronprindsens Gade GERS Complex 1st Floor St. Thomas, VI 00802

**Activity Progress Narrative:**





## Accomplishments Performance Measures

No Accomplishments Performance Measures

## Beneficiaries Performance Measures

No Beneficiaries Performance Measures found.

## Activity Locations

No Activity Locations found.

## Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

### Other Funding Sources

Amount

No Other Funding Sources Found

Total Other Funding Sources

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## Project # / Title: Planning / Planning

**Grantee Activity Number:** Planning

**Activity Title:** Planning

**Activity Category:**

Planning

**Project Number:**

Planning

**Projected Start Date:**

09/27/2018

**Benefit Type:**

Area ( )

**National Objective:**

N/A

**Activity Status:**

Under Way

**Project Title:**

Planning

**Projected End Date:**

09/27/2024

**Completed Activity Actual End Date:**

**Responsible Organization:**

V.I. Housing Finance Authority (VIHFA)

### Overall

**Total Projected Budget from All Sources**

**Apr 1 thru Jun 30, 2019**

N/A

**To Date**

\$5,000,000.00

**Total Budget**

\$0.00

\$5,000,000.00

**Total Obligated**

\$5,000.00

\$5,000.00

**Total Funds Drawdown**

\$2,955.90

\$2,955.90



<b>Program Funds Drawdown</b>	\$2,955.90	\$2,955.90
<b>Program Income Drawdown</b>	\$0.00	\$0.00
<b>Program Income Received</b>	\$0.00	\$0.00
<b>Total Funds Expended</b>	\$0.00	\$0.00
<b>Most Impacted and Distressed Expended</b>	\$0.00	\$0.00
<b>Match Contributed</b>	\$0.00	\$0.00

**Activity Description:**

Funds used for planning.

**Location Description:**

Virgin Islands Housing Finance Authority  
 3438 Kronprindsens Gade  
 GERS Complex 1st Floor  
 St. Thomas, VI 00802

**Activity Progress Narrative:**

**Accomplishments Performance Measures**

	This Report Period	Cumulative Actual Total / Expected
	Total	Total
<b># of Plans or Planning Products</b>	0	0/5

**Beneficiaries Performance Measures**

**No Beneficiaries Performance Measures found.**

**Activity Locations**

**No Activity Locations found.**

**Other Funding Sources Budgeted - Detail**

**No Other Match Funding Sources Found**

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	



