

### **Executive Summary – Substantial Amendment #3**

Substantial Amendment #3 reallocates funding for infrastructure and housing programs based on two factors: the remaining unmet need and the ability to expend funds within the remaining time allocated for the Virgin Islands’ CDBG-DR grant.

The table below shows, at the project level, the reallocation of funds and resulting percent of allocations:

<b>Programs</b>	<b>Substantial Amendment #2 Budget</b>	<b>Percent of Total Allocation</b>	<b>Change in Allocation</b>	<b>Substantial Amendment #3 Revised Allocation</b>	<b>Percent of Total Allocation</b>
<b>Housing</b>	\$ 326,703,038	32.5%	\$159,730,718	\$ 486,433,756	48.5%
<b>Public Services &amp; Public Facilities*</b>	\$ 37,500,000	3.7%	\$ (23,000,000)	\$ 14,500,000	1.4%
<b>Infrastructure</b>	\$ 574,403,330	57.2%	\$ (98,621,696)	\$ 475,781,634	47.4%
<b>Economic Revitalization</b>	\$ 65,109,022	6.5%	\$ (38,109,022)	\$ 27,000,000	2.7%
<b>Subtotal</b>	\$ 1,003,715,390	100.0%		\$ 1,003,715,390	100.0%
<b>Planning</b>	\$ 18,000,000		\$ -	\$ 18,000,000	NA
<b>Administration</b>	\$ 53,774,494		\$ -	\$ 53,774,494	NA
<b>TOTAL</b>	<b>\$ 1,075,489,884</b>		<b>\$ -</b>	<b>\$ 1,075,489,884</b>	

#### ***Housing***

The percentage of funding allocated to housing programs increased almost 13%, reflecting the continuing need for affordable owner occupied and rental housing within the Territory. While the EnVIsion program has been slow to achieve acceptable production levels, there has been substantial progress in the development (both rehab and reconstruction) of multifamily housing. There are currently 481 units of multifamily housing under development, with all but forty units are restricted to tenants at 80% or less of Area Median Income.

With the procurement of a high-capacity general contractor and the possibility of engaging not for profits in the repair of homes, VIHFA anticipates being able to serve the approximately six hundred homeowners currently in the EnVIsion program. Given HFA’s commitment to serve these homeowners and the continuing interest of multifamily developers, the need for increased funding for both EnVIsion and Public and Affordable Housing was indicated.

Another factor prompting the increase in funding for housing is the ever-increasing cost of materials, made more acute due to COVID and the need to seek both labor and materials from the mainland.

#### ***Public Facilities***

These programs that will be funded through a NOFA to be published in June. The initial NOFA will be to fund facilities that will provide interim housing and congregate facilities serving “at risk” populations: the homeless, elderly, disabled, and victims of domestic violence. Additional funding may be added at a later date for non-housing public facilities.

### ***Public Services***

\$4,000,000 has been allocated for the provision of public services. This represents an increase of \$3,500,000 over Substantial Amendment #2. VIHFA will publish a NOFA to select programs that achieve one of two goals: provide services to “at risk” populations or build the capacity of the Virgin Islands nonprofits to participate in federal funding opportunities.

### ***Infrastructure***

The allocation for infrastructure programs decreased by 5.8%. With the current projections, VIHFA intends to fund the following projects:

- Seven Waste Management Agency Convenience Centers
- Slope Stabilization Project
- Street Addressing Initiative
- Partial closure of Anguilla Landfill
- St. Thomas Port Dredging Project
- Water and Power Authority Harley Generator Project

These projects were selected because they can be expected to be completed prior the grant deadline. The remaining funding will be used to cover the non-federal cost share for FEMA and other federal programs that require a local match.

The infrastructure allocation was reduced after an analysis of the proposed projects determined that they may be more suitable for CDBG-Mitigation funding. In addition, the FEMA projects are moving at a much slower pace that was originally projected, which is constraining HFA’s ability to provide the anticipated match, as the CDBG-DR funding must follow FEMA’s expenditures.

### ***Economic Development***

The funding for economic development was reduced by 3.8%, reflecting the recategorization of the Port Dredging project from Economic Development to Infrastructure. VIHFA intends to reprogram the funds remaining from the Tourism Marketing and Workforce Development Program to programs that will support small businesses and commercial corridor revitalization activities.

### ***Planning***

There is no proposed change in the allocation for planning activities from Substantial Amendment #2 to Substantial Amendment #3.

### ***Administration***

The administrative allocation remains the same at the maximum 5% of the total grant. HFA is proposing to increase the allocation change that will trigger the need for a substantial amendment from 1% to 3% of the allocation amount.

### ***Low-Moderate Income Benefit***

With the changes in allocations, the Low-Moderate Income benefit is projected to be 70%. This projection is based on an identification of the infrastructure projects to be funded, and the intent of EnVIsion and the New Housing Construction – Own A Lot, Build A Home Program to serve households at 81-120% AMI as well as those below 80%. VIHFA will carefully track LMI expenditures to ensure that the 70% requirement is met.

A further distribution of funds is as follows:

Programs		Substantial Amendment #2 Budget	Change in Allocation	Substantial Amendment #3 Revised Allocation
Housing	Homeowner Rehabilitation and Reconstruction	\$ 135,203,038	\$ 59,843,690	\$ 195,046,728
	New Housing for Homeownership	\$ 85,000,000	\$ 8,237,500	\$ 93,237,500
	Rental Rehabilitation and Reconstruction	\$ 25,000,000	\$ 25,384,097	\$ 50,384,097
	Public and Affordable Housing Development	\$ 81,500,000	\$ 66,265,431	\$ 147,765,431
Public Facilities	Special Needs Housing & Other Public Facilities	\$ 37,000,000	\$ (26,500,000)	\$ 10,500,000
Public Services	Public Services for Vulnerable Populations	\$ 500,000	\$ 3,500,000	\$ 4,000,000
Infrastructure	Non-Federal Cost Share (FEMA match)	\$ 417,750,000	\$ (148,644,825)	\$ 269,105,175
	Infrastructure Repair and Resilience (including Ports and Airports Enhancement)	\$ 60,750,000	\$ 50,248,129	\$ 110,998,129
	Electrical Power Systems Enhancements and	\$ 95,903,330	\$ (225,000)	\$ 95,678,330
Economic Revitalization	Ports and Airports Enhancement	\$ 38,109,022	\$ (38,109,022)	\$ -
	Tourism Industry Support	\$ 10,000,000	\$ (7,622,500)	\$ 2,377,500
	Workforce Development	\$ 17,000,000	\$ (6,410,415)	\$ 10,589,585
	Neighborhood Revitalization	\$ -	\$ 14,032,915	\$ 14,032,915
	Total Programs	\$ 1,003,715,390	\$ -	\$ 1,003,715,390
	Planning	\$ 18,000,000	\$ -	\$ 18,000,000
	Administration	\$ 53,774,494	\$ -	\$ 53,774,494
	<b>TOTAL</b>	\$ 1,075,489,884		\$ 1,075,489,884