



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-7000

OFFICE OF COMMUNITY PLANNING
AND DEVELOPMENT

Eugene Jones, Jr.
Executive Director
Virgin Islands Housing Finance Authority
3202 Demarara Plaza, Suite 200
St. Thomas, VI 00802-6447

Dear Mr. Jones:

The Department of Housing and Urban Development (HUD) has completed its review of the U.S. Virgin Islands' (USVI) Third Substantial Action Plan Amendment (APA) for Community Development Block Grant Mitigation (CDBG-MIT) funds appropriated by the Supplemental Appropriations for Disaster Relief Act, Public Law 115-123, originally submitted May 7, 2024. The Department has determined that the amendment complies with all applicable CDBG-MIT requirements, and accordingly, finds no basis to disapprove the proposed amendment, as revised following its resubmission to HUD on June 20, 2024.

This allocation of CDBG-MIT funds is administered under grant number B-18-DP-78-0002. The Virgin Islands Housing Finance Authority (VIHFA) has amended the CDBG-MIT Action Plan to redistribute funding allocations, add and remove eligible activity categories under previously approved economic development, housing and infrastructure activities, propose two new programs under the Economic Resilience and Revitalization activities and present the Veteran's Drive Covered Project.

Through this APA, the Grantee has reallocated CDBG-MIT funds by subtracting \$40,000,000 from the Economic Resilience and Revitalization category and adding it to the Infrastructure and Public Services category. In addition, \$20,000,000 was added to the Infrastructure and Public Services category from the Planning allocation. The Grantee has added eligible activities under the Infrastructure and Public Facilities, Economic Resilience and Revitalization, and Housing programs. It also added two Programs to the Economic Resilience and Revitalization category, the Entrepreneurship Resilience and Innovation Program and the Workforce Development Mitigation Program.

Table 1. Reallocation of Funds Table

Activity Category	Substantial Amendment I Allocation	Change	Substantial Amendment II Allocation
Infrastructure and Public Facilities	\$408,000,000	\$60,000,000	\$468,000,000
Housing	\$202,580,000	\$0	\$202,580,000
Economic Resilience and Revitalization	\$78,870,739	-\$40,000,000	\$38,870,739
Public Services	\$15,400,000	-\$0	\$15,400,000
Planning	\$30,627,861	-\$20,000,000	\$10,627,861
Administration	\$38,709,400	\$0-	\$38,709,400
Total	\$774,188,000	\$0-	\$774,188,000

The APA proposes Phase 2 of the Veteran's Drive (Route 30) Mitigation Improvements Project, a covered project in accordance with the August 30, 2019, *Federal Register* (FR) Notice (84 FR 45850), which requires grantees to include covered projects in Substantial Action Plan Amendments. To address unmitigated risk in the USVI, this notice defined a covered project as an infrastructure project having a total project cost of \$100 million or more, with at least | \$50 million of Community Development Block Grant (CDBG) funds (regardless of source: Community Development Block Grant Disaster Recovery (CDBG-DR); Community Development Block Grant National Disaster Resilience, CDBG-MIT, or CDBG). This Substantial Amendment is requesting \$124.21 million in CDBG-MIT funds to match the \$25 million in funding already secured through U.S. Department of Transportation's Rebuilding American Infrastructure with Sustainability and Equity funding to complete the \$166.21 million Veterans Drive (Route 30) Project.

According to the APA, the USVI Department of Public Works plans to implement transportation infrastructure and pedestrian improvements along the Island of St. Thomas's primary east to west highway, Veterans Drive (Route 30). This highway is in the capital city of Charlotte Amalie, and the contemplated project intends to increase the resilience and reliability of the transportation system pre-and post-the passing of hurricanes and other disaster events in the region, which will mitigate risks of loss of life and injury. These mitigation investments are part of the Charlotte Amalie Waterfront Revitalization Project. The Phase II Veterans Drive (Route 30) Project also includes transportation improvements that would rebuild the city of Charlotte Amalie's bayside transportation facilities to alleviate localized street flooding. This project would increase the resiliency of the waterfront district's critical roadway by considering enhancement changes such as: increasing roadway capacity and reducing congestion; improving access to evacuation routes, transportation facilities, and community lifelines; improving stormwater and drainage infrastructure; hardening retaining wall infrastructure; and enhancing pedestrian walkways, which will better enable low-and moderate-income (LMI) residents to access community lifelines during major storm events.

The grantee is responsible for ensuring that the CDBG-MIT eligible activity and LMI national objective compliance documentation for this project are retained as required in 84 FR 45858, inclusive of all pre-award costs. Consistent with the August 30, 2019, and September 10, 2019 *Federal Register* Notices, VIHFA submitted the CDBG-MIT Substantial

Amendment to the Department on May 7, 2024, after meeting the *Federal Register* notice public comment requirements by posting the APA prominently on its website, and documenting the public comments received. The USVI is encouraged to regularly coordinate with key stakeholders to ensure mitigation projects implemented by various agencies are aligned, and to focus on developing a strong implementation plan that ensures funds are expended within the required timeline and in compliance with all requirements, including environmental review and conflict of interest requirements.

As part of this amendment the grantee added, as eligible activities under the Resilient Multifamily Housing Program, the rehabilitation or development of housing and lead based paint hazard evaluation. While both items are eligible activities, the grantee is reminded that any housing project must also meet the definition of a CDBG-MIT activity. The same concern is raised by the newly created economic development activities, which are very similar to activities that exist in its CDBG-DR Action Plan. CDBG-MIT defines mitigation as activities that increase resilience to disasters and reduce or eliminate the long-term risk of loss of life, injury, damage to and loss of property, and suffering and hardship by lessening the impact of future disasters.

With this APA approval, grantee staff must make the required changes in the Disaster Recovery Grant Reporting System to reflect the amendments. Additionally, the grantee must ensure that the budget changes are accurately and consistently reflected in the Action Plan allocation tables (*Please see Table 1: CDBG-MIT Allocation, page 16, and Table 41: CDBG-MIT Program Allocations, pages 128-129*). As with any other HUD projects, the grantee must complete the appropriate levels of environmental review before disbursing funds. VIHFA must provide adequate subrecipient oversight to ensure these projects are operationalized and provide the intended benefits to the citizens.

The Department remains committed to assisting the VIHFA in its efforts to address the recovery needs of its region and looks forward to working with you and your staff to achieve this goal. If there are any questions regarding the information in this letter, please contact Ms. Ada Ortiz, Community Planning and Development Specialist, by email at Ada.V.OrtizNavarro@hud.gov.

Sincerely,

William L. Bedford
Director, Grants Management Division
Office of Disaster Recovery