

U.S. Virgin Islands Community Development Block Grant – Disaster Recovery (CDBG-DR)

Proposed Amendment 1 to the Action Plan

Overview

The United States Virgin Islands (U.S. Virgin Islands or “the Territory”) is the recipient of \$1.86 billion of Community Development Block Grant – Disaster Recovery (CDBG-DR) funding from the U.S. Department of Housing and Urban Development (HUD) to assist in disaster recovery and rebuilding efforts resulting from Hurricanes Irma and Maria.

The Territory’s approved CDBG-DR Action Plan, approved by HUD on July 10, 2018, details how the U.S. Virgin Islands plans to spend \$242,684,000 grant funds on eligible disaster recovery and rebuilding activities, including priorities for long term recovery and eligibility criteria for each activity. This proposed amendment to the Action Plan would add \$779,217,000 to the approved amount, for a total of \$1,021,901,000 in grant funds.

Following HUD guidance, this amendment revises the budgets for each program and overall administration of the grant. In addition, changes have been made to the eligibility criteria for certain programs. If changes are not specifically identified in this Amendment, the eligibility criteria detailed in the Action Plan still governs the programs. Grantees are required to develop a substantial amendment to their Action Plan when there is a change in funding at a certain level defined by the grantee, in this case any change greater than 1% in total funding, the addition or deletion of any program, or change in eligibility criteria or designated beneficiaries of a program. Such amendments will be available for review by the public and approval by HUD. This proposed amendment would add \$779,217,000 to the approved amount, for a total of \$1,021,901,000 in grant funds.

Based on ongoing outreach and consultations with residents, nonprofit organizations, civic and government leaders and elected officials, the Government of the Virgin Islands (GVI) prioritized efforts for a comprehensive long-term recovery in both the Action Plan and Amendment that included a portfolio of programs to restore and create housing, increase sheltering capacity, repair infrastructure that will support housing, the provision of essential services and the creation of economic opportunities to improve the economic stability of residents and communities.

The grantee determined funding will be delivered through three primary methods based on the needs for services and the expertise of certain entities to complete specific projects. The first method will deliver funds directly to beneficiaries including primarily

residents and landlords depending on the eligibility criteria detailed within respective programs. The second method will be a direct grant to implementing entities, or subrecipients, to oversee a specific program and/or projects as outlined within the Method of Distribution. A third method will utilize subrecipients selected through a competitive process to deliver a service to beneficiaries under a specific program.

In addition to adding funding to programs and administration activities, this amendment includes adjustments to program eligibility and incorporates the requirements of Federal Register Notice 6109-N-01 which governs the second allocation of CDBG-DR funding to the GVI.

Notice of Public Comment Period and Meeting Opportunities

The comment period on the proposed CDBG-DR Action Plan Amendment 1 opened September 17, 2018, and **comments had to be received no later than Tuesday, October 16, 2018, at 11:59 PM (AST)**. The proposed CDBG-DR Action Amendment 1 and the mechanisms by which the public could submit comments were available at <https://www.vihfa.gov/disaster-recovery/citizen-participation>. Individuals were able to read the amendment, the currently approved Action Plan, and provide comment on the amendment. The document was made available in English and Spanish; a French Creole translation of the amendment was available upon request. The online materials were accessible for the visually impaired.

The following public meetings were held throughout the Territory:

- **St. Croix Meeting**
Date: Monday, September 24, 2018
Time: 6:30 PM - 8:00 PM
Location: UVI Albert A. Sheen Campus on St. Croix - Great Hall

- **St. John Meeting**
Date: Wednesday, September 26, 2018
Time: 6:30 PM - 8:00 PM
Location: Julius E. Sprauve School Cafeteria, Cruz Bay

- **St. Thomas Meeting**
Date: Tuesday, October 2, 2018
Time: 6:30 PM - 8:00 PM
Location: Charlotte Amalie High School – Auditorium

Mail/Fax Comments to:

Virgin Islands Housing Finance Authority ATTN: CDBG-DR Comments
100 Lagoon Complex, Suite 4
Frederiksted, VI 00840-3912

Fax: (340) 772-4002

For questions, please call:

Phone: (340) 772-4HFA (4432)

Physical copies of the amendment and the Spanish translation were available at VIHFA and partner government offices, public libraries, and post offices. **Digital comments could be submitted by emailing to cdbg-drcomments@vihfa.gov.** A large print version and an automated translation in Haitian Creole is available online and in print upon request. For accessibility or language assistance please call or email (see above).

At the end of the comment period, all public comments were reviewed, and any necessary changes made to the plan to incorporate public comments. A summary of the public comments and the Territory's responses are included with the submission of this Substantial Amendment.

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Some notes about the formatting of this Disaster Recovery Action Plan Amendment document:

The changes this substantial amendment (Amendment 1) proposes are described below.

1. A summary of changes by chapter has been provided in narrative form with indications of where new text will replace existing text. Minor content changes such as grammatical edits or small clarifications have been added directly to the full plan. Major content changes are included individually in this Amendment 1.
2. Context for these major changes are indicated by ***bold italics text***.
3. Once Amendment 1 is approved by HUD, the text of Amendment 1 will be incorporated into the Territory's overall approved Action Plan.
4. The approved CDBG Disaster Recovery Action Plan, without indication of the changes made through this amendment, will be published at <https://www.vihfa.gov/disaster-recovery/action-plan>. In the future, in addition to the current approved Action Plan, the Territory's CDBG Disaster Recovery website will include a full history of all amendments associated with the Action Plan.

AMENDMENT SUMMARY

The Territory is publishing this Amendment 1 for public comment, with the following proposed changes:

General

- Updates unmet needs assessment and the allocation distribution by program based on remaining unmet needs.
- Updates program descriptions and timelines.

Unmet Needs

- Updates the unmet needs analysis from the date the Action Plan was submitted to HUD on May 25, 2018, accounting for new data and information available.
- The overall unmet needs have decreased by \$1.18 billion and are now \$6.39 billion.

Housing

- Increases the Tranche 1 allocation of \$72 million by \$225 million for a total allocation of \$297 million to housing programs.
- Revises the prioritization within the Homeowner Rehabilitation and Reconstruction program.
- Per the Federal Register Notice governing the second allocation [FR-6109-N-01], modifies the affordability periods of Rental programs and the New Construction for Homeownership program; includes resale and recapture provisions for the New Construction for Homeownership program; and notes development of policies and procedures for determining cost effectiveness for rehabilitation and reconstruction.

Infrastructure

- Increases the allocation to infrastructure programs by \$488.3 million for a total allocation of \$608.8 million.
- Reallocates \$5 million from Tranche 1 for the Local Match for Federal Disaster Recovery program to Planning activities.
- Adjusts procedures and programs in keeping with the Federal Register Notice governing the second allocation [FR-6109-N-01].

Economic Revitalization

- Adds an additional \$27 million to the economic revitalization program increasing the total allocation to \$60 million.
- Adjusts procedures and programs in keeping with the Federal Register Notice governing the second allocation [FR-6109-N-01].

Planning and Administration

- Adds \$5 million to the Tranche 1 budget for Planning reallocated from the Local Match for Federal Disaster Recovery program.
- Accounts for 5% of the second allocation to increase the overall budget for Administration to \$51,095,050.

General Administration

- Adjusts procedures and programs in keeping with the Federal Register Notice governing the second allocation [FR-6109-N-01].
- Updates projections of expenditures and outcomes to include the second allocation.

Projections of Expenditures and Outcomes

- Adjusts Housing Assistance Expenditures chart. Program start date has been adjusted from Q4 2018 to Q1 2019.
- Adjusts Total CDBG-DR Grant Expenditures chart. Program is on track to draw funds in Q4 2018 for the total amount of \$3,000,000. Planning: \$2,500,000 and Administration \$500,000.
- Adjusts New Housing Construction Accomplishments chart. Program start date has been adjusted from Q4 2018 to Q1 2019.
- In reference to Residential Rehabilitation & Reconstruction Accomplishments, these programs are slated to begin in first quarter of 2019. Policies and procedures are being completed for both programs. A case manager team will be solicited. An outreach plan and application process will be developed in coordination with the case manager team. Additional program details will be provided.

Changes are proposed for all major chapters of the Action Plan, including the Appendices.

There are no changes to the Figures, except for changes to Figures 11, 13, 15, and 16.

There are no changes to Maps 1-18.

There are changes to most of the Tables, except for the following Tables: 5, 6, 11, 13, 14, 21, 22, 23, and 24.

Proposed Amendment 1

A list of Acronyms and Agencies has been added to the beginning of the document:

ACRONYMS AND AGENCIES

ADA – Americans with Disabilities Act
ADC – Activity Delivery Cost AMI – Area Median Income
BIR – Virgin Islands Bureau of Internal Revenue
BIT – Virgin Islands Bureau of Information Technology
CDBG-DR - Community Development Block Grant Disaster Recovery
CoC – Virgin Islands Continuum of Care
DAC – [FEMA] Direct Administrative Cost
DHS – Virgin Islands Department of Human Services
DOA – Virgin Islands Department of Agriculture
DOB – Duplication of Benefits
DOC – U.S. Department of Commerce
DoD – U.S. Department of Defense
DOE – Virgin Islands Department of Energy
DOF – Virgin Islands Department of Finance
DOI – U.S. Department of the Interior
DOL – Virgin Islands Department of Labor
DPNR – Virgin Islands Department of Planning and Natural Resources
DPP – Virgin Islands Department of Property and Procurement
DPW – Virgin Islands Department of Public Works
DR-4335 – Major Disaster Declaration for Hurricane Irma
DR-4340 - Major Disaster Declaration for Hurricane Maria
DRGR – Disaster Recovery Grant Reporting System
DSPR – Virgin Islands Department of Sports, Parks and Recreation
ED – U.S. Department of Education
EDA – U.S. Economic Development Administration [part of the U.S. Department of Commerce]
EIA – U.S. Energy Information Administration
EPA – U.S. Environmental Protection Agency
FAPs – Fiber Access Points
FEMA – Federal Emergency Management Agency [part of the U.S. Department of Homeland Security]
FEMA IA – FEMA’s Individual Assistance Program
FEMA PA – FEMA’s Public Assistance Program
FHWA-ER – U.S. Federal Highways Administration Emergency Relief Program
FVL – Full Verified Loss
GDP – Gross Domestic Product
GIS – Geographic Information Systems
HBCU – Historically Black Colleges and Universities

HCDA – Housing and Community Development Act of 1974
HCV – Housing Choice Voucher
HMGP – [FEMA] Hazard Mitigation Grant Program
HMIS – Homeless Management Information System
HQS – Housing Quality Standards
HUD – U.S. Department of Housing and Urban Development
IHP – Individual and Household Programs
IP – Internet Protocol
ISP – Internet Service Provider
LEP – Persons of limited-English proficiency
LIHTC – Low Income Housing Tax Credit
LMA – Low- to Moderate-income Area
LMI – Low- to Moderate-income Individual
LMR – Land Mobile Radio
LSS – Lutheran Social Services
MA – [FEMA] Mission Assignments
NFIP – National Flood Insurance Program
NG911 – Next Generation 911
NIST – National Institute of Standards and Technology
OIA – U.S. Department of Justice’s Office of Insular Affairs
PAAP – FEMA Public Assistance Alternatives Procedures
PAC – Program Administration Cost
PDM – FEMA Pre-Disaster Mitigation Grant Program
PDVSA – Petróleos de Venezuela
PFA – Virgin Islands Public Finance Authority
PP FVL – Personal Property Full Verified Loss
PV – Solar Photovoltaic System
PW – [FEMA] Project Worksheet
QPR – Quarterly Performance Report
RARAP – Residential Anti-displacement and Relocation Assistance Plan
RDA – U.S. Department of Agriculture’s Rural Development Program
RP FVL – Real Property Full Verified Loss
SBA – U.S. Small Business Administration
SCADA - System Control And Data Acquisition system
STEP – FEMA’s Sheltering and Temporary Essential Power Program
STJ – Shorthand for St. John
STT – Cyril E. King International Airport, also shorthand for St. Thomas
STX – Henry E. Rohlsen Airport, also shorthand for St. Croix
TIGER - U.S. Department of Transportation’s Transportation Investment Generating Economic Recovery Grants
UFAS – Uniform Federal Accessibility Standards
URA – Uniform Relocation Assistance and Real Property Acquisition Policies Act
USACE – U.S. Army Corps of Engineers
USDA – U.S. Department of Agriculture
USPS – U.S. Postal Service
UVI – University of the Virgin Islands

VICS – Virgin Islands Community Survey
VIDE – Virgin Islands Department of Education
VIHA – Virgin Islands Housing Authority
VIHFA – Virgin Islands Housing Finance Authority
VITEMA – Virgin Islands Territorial Emergency Management Agency
viNGN – Virgin Islands Next Generation Network
VIPA – Virgin Islands Port Authority
WAPA – Virgin Islands Water and Power Authority
WICO – West Indian Company, Ltd.
WIFIA – Water Infrastructure Finance and Innovation Act
WIIN – Water Infrastructure Improvements for the Nation
WMA – Virgin Islands Waste Management Authority
WTTC – World Travel and Tourism Council

Significant content changes and revised tables for the Executive Summary are detailed below:

1. EXECUTIVE SUMMARY

Total Damage Estimate: The two back-to-back Category 5 storms in September 2017 caused significant destruction to housing, infrastructure, and the economy; the current total damage is now estimated at \$11.25 billion, marking a \$490 million increase from the initial Action Plan.

Amendment 1 outlines the changes made to requirements for each program. The outline format was chosen to more easily highlight the key changes for the public. This outline was made available with the original Action Plan for reference, and put to public comment, going beyond the streamlined public engagement specifications of FR-6109-N-01. A public comment version of Amendment 1 was also sent directly to key stakeholders, implementing partners, and government agencies via email to solicit feedback on the changes.

For increased clarity on the distribution of funds, Table 1A provides brief details on the programs, implementing entities, National Objectives, eligible activities, and eligible applicants for funding. Many projects are being further defined in direct coordination between VIHFA and the implementing entity through a Scope and Budgeting Process. These projects will be tracked through Quarterly Progress Reports, which will also be shared with the public.

Table 1 has been updated as follows:

Table 1. Program Allocations from Tranches 1 & 2 CDBG-DR Funds

Program		Tranche 1			Tranche 2	
		Allocation : Tranche 1	Variance to Tranche 1	Revised Allocation: Tranche 1	Allocation: Tranche 2	Allocation: TOTAL
Housing	Homeowner Rehabilitation and Reconstruction Program	\$10,000,000	-	\$10,000,000	\$50,000,000	\$60,000,000
	New Construction for Homeownership Opportunity and First Time Homebuyer Assistance	\$10,000,000	-	\$10,000,000	\$40,000,000	\$50,000,000
	Rental Rehabilitation & Reconstruction	\$5,000,000	-	\$5,000,000	\$20,000,000	\$25,000,000
	Public & Affordable Housing Development	\$32,000,000	-	\$32,000,000	\$40,000,000	\$72,000,000
	Supportive Housing & Sheltering Programs	\$15,000,000	-	\$15,000,000	\$75,000,000	\$90,000,000
Infrastructure	Local Match for Federal Disaster Recovery	\$50,549,800	\$(5,000,000)	\$45,549,800	\$123,256,150	\$168,805,950
	Infrastructure Repair & Resilience	\$30,000,000	-	\$30,000,000	\$275,000,000	\$305,000,000
	Electrical Power Systems Enhancement and Improvement	\$45,000,000	-	\$45,000,000	\$90,000,000	\$135,000,000
Economic Revitalization	Ports and Airports Enhancement	\$23,000,000	-	\$23,000,000	\$17,000,000	\$40,000,000
	Tourism Industry Support Program	\$5,000,000	-	\$5,000,000	\$5,000,000	\$10,000,000
	Workforce Development	\$5,000,000	-	\$5,000,000	\$5,000,000	\$10,000,000
	Neighborhood Revitalization Small Business and Entrepreneurship Technical Assistance					
	Total Programs	\$230,549,800	(\$5,000,000)	\$225,549,800	\$740,256,150	\$965,805,950
	Planning	\$0	\$5,000,000	\$5,000,000	\$0	\$5,000,000
	Administration	\$12,134,200	-	\$12,134,200	\$38,960,850	\$51,095,050
	TOTAL	\$242,684,000		\$242,684,000	\$779,217,000	\$1,021,901,000

* Administration costs are capped at 5% of the overall allocation

Table 1A has been added:

Table 1A. CDBG-DR Program Eligibility Details for Tranche 1 and 2

Program	Planned Project	Project Location	Eligible Activities	National Objective	Implementing Agency	Eligible Applicants	Eligibility Criteria
Housing							
Homeowner Rehabilitation and Reconstruction Program	Repair and reconstruct hurricane-damaged owner-occupied homes	Territory Wide	<ul style="list-style-type: none"> • Code Enforcement • Clearance, Rehabilitation, Reconstruction, & Construction of Buildings (including Housing) • Public Services 	<ul style="list-style-type: none"> • Low- to Moderate-Income Housing • Urgent Need 	<ul style="list-style-type: none"> • V.I. Housing Finance Authority 	<ul style="list-style-type: none"> • Homeowners 	<p>Priority 1 Reconstruction:</p> <ul style="list-style-type: none"> • The impacted home is destroyed or has major/severe damages by either a FEMA-designation or has damage which meets the major/severe standard that GVI has defined • The applicant household meets federal LMI requirements • The applicant has limited or no other resources to reconstruct the home <p>Priority 2 Rehabilitation:</p> <ul style="list-style-type: none"> • The impacted home experienced major/severe damages by either a FEMA-designation OR has damage which meets the major/severe damage standard that GVI has defined • The applicant household meets federal LMI requirements • The applicant has limited or no other resources to rehabilitate the home
New Construction for Homeownership Opportunity	New home construction and subdivision infrastructure for first time homebuyers	<ul style="list-style-type: none"> • St. Croix • Estate Solitude • Mt. Pleasant • St. Thomas • Whispering Hills • Estate Fortuna • Nazareth • Ross Taarneberg 	<ul style="list-style-type: none"> • Clearance, Rehabilitation, Reconstruction, & Construction of Buildings (including Housing) • Acquisition • Public Services 	<ul style="list-style-type: none"> • Low- to Moderate-Income Housing • Urgent Need 	<ul style="list-style-type: none"> • V.I. Housing Finance Authority 	<ul style="list-style-type: none"> • First Time Homebuyers 	<ul style="list-style-type: none"> • Individuals must have been a resident during the date of the storm • Mortgage-ready w/ income ≤120% of AMI will be prioritized • LMI home buyers who are beneficiaries under this program must agree to occupy this home as their primary residence for a twenty-year affordability period in accordance with HFA's existing affordability period for homeownership programs.
Rental Rehabilitation and Reconstruction	Grants to landlords to repair and reconstruct rental units damaged by hurricanes; must rent to Low to Moderate Income individuals	Territory Wide	<ul style="list-style-type: none"> • Clearance, Rehabilitation, Reconstruction, & Construction of Buildings (including Housing) • Public Services 	<ul style="list-style-type: none"> • Low- to Moderate-Income Housing • Urgent Need 	<ul style="list-style-type: none"> • VI Housing Finance Authority • V.I. Housing Authority 	<ul style="list-style-type: none"> • Private Landlords • Landlords of HUD assisted, USDA-assisted, & LIHTC housing • Providers of supportive housing with outstanding needs not met by insurance proceeds 	<p>Priority 1:</p> <ul style="list-style-type: none"> • The impacted unit experiences major/severe damage and tenants were displaced • The tenants meet federal LMI requirements; OR • Units that are severely damaged and vacant, and eligible applicant agrees to rent to LMI individuals displaced by the storm <p>Priority 2:</p> <ul style="list-style-type: none"> • The impacted unit experienced major/severe damage and tenants were displaced
Public and Affordable Housing Development	Repair and reconstruct hurricane-damaged public housing; build new public and affordable rental housing	Territory Wide	<ul style="list-style-type: none"> • Acquisition of Real Property • Public Facilities and Improvements • Clearance, Rehabilitation, Reconstruction, & Construction of Buildings (including Housing) • Public Services 	<ul style="list-style-type: none"> • Low- to Moderate-Income Housing • Urgent Need • Preventing or Eliminating Slums or Blight 	<ul style="list-style-type: none"> • V.I. Housing Finance Authority • V.I. Housing Authority 	<ul style="list-style-type: none"> • Owners of one- and two-unit owner-occupied homes, with existing infrastructure, to build infill construction • For-profit Developers • Nonprofit Developers • Landlords of HUD assisted, USDA-assisted, & LIHTC housing • Providers of supportive housing • V.I. Housing Finance Authority • V.I. Housing Authority 	<ul style="list-style-type: none"> • The projects must help replenish the supply of affordable rental units; and • Units developed by this program will require compliance with long-term rental use requirements, evidenced by a minimum lease term of one year. • Affordability Period: New construction of multi-family rental projects with five or more units will be required to adhere to an affordability period of 20 years. Rehabilitation or reconstruction of multi-family rental projects with eight or more units will be required to adhere to an affordability period of 15 years.

<p>Supportive Housing and Sheltering Programs</p>	<p>Redevelop or repair senior care facilities Herbert Greg and Queen Louise; provide funding for emergency housing and supportive housing and services for disadvantaged populations</p>	<ul style="list-style-type: none"> • St. Thomas • St. Croix 	<ul style="list-style-type: none"> • Acquisition of Real Property • Clearance, Rehabilitation, Reconstruction, & Construction of Buildings (including Housing) • Public Services • Housing Services • Public Facilities and Improvements 	<ul style="list-style-type: none"> • Low- to Moderate-Income Housing • Urgent Need 	<ul style="list-style-type: none"> • V.I. Housing Finance Authority • V.I. Department of Human Services • Other qualified entities yet to be determined 	<ul style="list-style-type: none"> • Nonprofit & For-Profit Providers of supportive services for the vulnerable including but not limited to, the elderly, disabled, mentally ill, homeless, as well as individuals with substance abuse issues and victims of domestic violence, who charge no more than 30% of household income as rent for units improved through this program. • Public agencies that support housing for the vulnerable (including the V.I. Department of Human Services) 	<ul style="list-style-type: none"> • Applicants must demonstrate the existence of an unmet need. Unmet need is determined after accounting for all federal, Territorial, local, and/or private sources of disaster related assistance available to the applicant, including, but not limited to FEMA, SBA, and flood insurance proceeds; and • Applicants must utilize program funds to serve vulnerable populations.
<p>Supportive Housing for Vulnerable Populations</p>	<p>Rehabilitation and reconstruction, development of new housing, and enhancement of the support service network for vulnerable populations</p>	<ul style="list-style-type: none"> • St. Thomas • St. Croix 	<ul style="list-style-type: none"> • Acquisition of Real Property • Clearance, Rehabilitation, Reconstruction, & Construction of Buildings (including Housing) • Public Services • Housing Services • Public Facilities and Improvements 	<ul style="list-style-type: none"> • Low- to Moderate-Income Housing • Urgent Need 	<ul style="list-style-type: none"> • V.I. Housing Finance Authority • V.I. Department of Human Services • Other qualified entities yet to be determined 	<ul style="list-style-type: none"> • Nonprofit & For-Profit Providers of supportive services for the vulnerable including but not limited to, the elderly, disabled, mentally ill, homeless, as well as individuals with substance abuse issues and victims of domestic violence, who charge no more than 30% of household income as rent for units improved through this program. • Public agencies that support housing for the vulnerable (including the V.I. Department of Human Services) 	<ul style="list-style-type: none"> • Applicants must demonstrate the existence of an unmet need. Unmet need is determined after accounting for all federal, Territorial, local, and/or private sources of disaster-related assistance available to the applicant, including, but not limited to FEMA, SBA, and flood insurance proceeds; and • Applicants must utilize program funds to serve vulnerable populations. • Prioritization Criteria: Funding will be allocated to the individual program components as needed to ensure that the most vulnerable are served expediently and effectively. Due to limits in the funding available in the initial allocation, the Territory will prioritize the rehabilitation, reconstruction, and new development of housing for the elderly, youth at-risk of homelessness and other vulnerable populations, especially properties managed by the Department of Human Services in Tranche 1. The Territory reserves the right to include additional vulnerable populations.
<p>Emergency Shelter Development</p>	<p>Create new emergency shelters and harden and upgrade existing community structures to become safe and secure shelters</p>	<ul style="list-style-type: none"> • St. Thomas • St. Croix 	<ul style="list-style-type: none"> • Acquisition of Real Property • Code Enforcement • Clearance, Rehabilitation, Reconstruction, & Construction of Buildings (including Housing) • Public Facilities and Improvements 	<ul style="list-style-type: none"> • Low- to Moderate-Income Housing • Low- to Moderate-Income Area • Low- to Moderate-Income Limited Clientele • Urgent Need 	<ul style="list-style-type: none"> • V.I. Housing Finance Authority • V.I. Department of Human Services • Other qualified entities yet to be determined 	<ul style="list-style-type: none"> • Private Developers • For-Profit & Nonprofit Community Organizations • V.I. Department of Human Services • V.I. Housing Authority • V.I. Housing Finance Authority 	<ul style="list-style-type: none"> • The projects must increase the number of congregate shelter options for individuals and families who cannot or choose not to shelter in place during the storms; and • Shelters developed or hardened in this program will require compliance with emergency sheltering standards (including number of restroom facilities).

Program	Planned Project	Project Location	Eligible Activities	National Objective	Implementing Agency	Eligible Applicants	Eligibility Criteria
Infrastructure							
Local Match for Federal Disaster Recovery	Match FEMA funds for CDBG-DR eligible projects	Territory Wide	<ul style="list-style-type: none"> • Payment of Nonfederal Share • Acquisition of Real Property • Public Facilities & Improvements • Clearance, Rehabilitation, Reconstruction, & Construction of Buildings • Public Services • Relocation • Assistance to Institutions of Higher Education 	<ul style="list-style-type: none"> • Low- to Moderate-Income Area • Low- to Moderate-Income Limited Clientele • Urgent Need 	<ul style="list-style-type: none"> • V.I. Housing Finance Authority • V.I. Territorial Emergency Management Agency • Nonprofits • Other qualified entities yet to be determined 	<ul style="list-style-type: none"> • All entities eligible for FEMA PA, FHWA, USACE and other federal Agencies • Territory and municipal governments • Territorial agencies and authorities (including housing agencies VIHA and VIHFA for publicly-assisted housing) • Public and parochial schools (K-12) • University of the Virgin Islands • First Responders • Critical infrastructure facilities as defined by FEMA • Other local program applicants eligible to receive federal recovery funds, including eligible private non-profit organizations. 	<p>The projects must have an active FEMA Project Worksheet (PW) and be able to meet additional CDBG-DR cross-cutting requirements.</p> <p>Projects will be selected based on a weighted scale with the following criteria:</p> <ul style="list-style-type: none"> • LMI: Project beneficiaries are evidenced to be at least 51% low- and moderate-income persons or communities. • Readiness: Projects demonstrate they are ready to begin rehabilitation or construction. A project is considered "shovel-ready" if environmental review and engineering have already been completed, where required OR the project can demonstrate an accelerated timeline. • Criticality: Determined based on the extent to which the normal conduct of social, economic, or government processes is impeded without the project. Special consideration will be given to projects that have a strong tie to housing unmet needs or will contribute to long-term recovery and restoration of housing. • Resilience: Project includes measures that prevent vulnerability in the future or provide innovative solutions to existing vulnerabilities. • Technical Feasibility: The degree of specialized equipment or advanced technical capacity required. • Sustainability: Degree to which modern sustainability standards or best practices are taken into consideration for the project. • Economic Benefit: The project is evidenced to resolve an impediment to or create new opportunities for economic activities.
Infrastructure Repair and Resilience	Projects under development	Territory Wide	<ul style="list-style-type: none"> • Acquisition of Real Property • Public Facilities & Improvements • Clearance, Rehabilitation, Reconstruction, & Construction of Buildings • Public Services • Relocation • Assistance to Institutions of Higher Education 	<ul style="list-style-type: none"> • Low- to Moderate-Income Area • Low- to Moderate-Income Limited Clientele • Urgent Need 	<ul style="list-style-type: none"> • V.I. Housing Finance Authority • V.I. Territorial Emergency Management Agency 	<ul style="list-style-type: none"> • Any agency, including agencies providing critical services associated with health and safety for the community, particularly those used as shelters. 	<ul style="list-style-type: none"> • The projects must demonstrate a tie to the storm or have clear evidence of resiliency functions to prevent future damage.

<p>Electrical Power Systems Enhancement and Improvement</p>	<p>Projects under development</p>	<p>Territory Wide</p>	<ul style="list-style-type: none"> • Acquisition of Real Property • Public Facilities & Improvements • Clearance, Rehabilitation, Reconstruction, & Construction of Buildings • Relocation • Payment of Nonfederal Share 	<ul style="list-style-type: none"> • Low- to Moderate-Income Area • Low- to Moderate-Income Limited Clientele • Urgent Need 	<ul style="list-style-type: none"> • V.I. Housing Finance Authority • V.I. Territorial Emergency Management Agency • V.I. Water & Power Authority 	<ul style="list-style-type: none"> • V.I. Water and Power Authority • Other governmental entities which may have electrical projects outside of the existing V.I. Water and Power Authority network 	<p>Individual projects will be prioritized based on metrics in the following categories:</p> <ul style="list-style-type: none"> • LMI: Projects that benefit low- and moderate-income persons or communities; • Shovel-ready: Projects that are ready to begin rehabilitation or construction. A project is considered "shovel-ready" if environmental review and engineering have already been completed, where required; • Criticality: Based on the overall need of customers. Prioritization will be given to projects that have potential to reduce rates to customers, particularly in LMI areas; • Severity: Duration and frequency of outages in particular areas, where the most strain on capacity, load, and demand exists; • Resilience: Resilience measures considered in the project to improve and harden the electric line infrastructure to prevent vulnerability in the future; • Technical Feasibility: The degree of specialized equipment, and the use of innovative technology e.g. industry standard versus leading edge; • Sustainability: Degree to which green, LEED, Energy Star, sustainable materials, and other similar measures are taken into consideration for the project; • Execution Timing: Project environmental study status, permitting, design and construction timeline ensure project meets CDBG-DR funding, disbursement, and drawdown requirements; and • Economics: Cost benefit analysis for the project.
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Program	Planned Project	Project Location	Eligible Activities	National Objective	Implementing Agency	Eligible Applicants	Eligibility Criteria
Economic Revitalization							
Ports and Airports Enhancement	Dredging to allow access of quantum class cruise ships	<u>St. Croix</u> • Schooner Bay Channel <u>St. Thomas</u> • Charlotte Amalie Harbor • Crown Bay	• Public Facilities & Improvements • Clearance, Rehabilitation, Reconstruction, & Construction of Buildings • Special Economic Development Activity	• Low- to Moderate-Income Area Benefit • Low- to Moderate-Income Jobs • Low- to Moderate-Income Limited Clientele • Urgent Need	• V.I. Port Authority • West Indian Company Limited	• Ports and airports operators in the U.S. Virgin Islands.	For dredging projects, sea port operators must provide evidence of direct engagement with cruise lines aimed at reaching preferential berthing agreements when said agreements are necessary to increase utilization of existing berths. Similarly, airport operators will be expected to show direct engagement with airlines to increase airlifts upon expansion of passenger processing capacity. Projects should be shovel ready.
Tourism Industry Support	USVI Tourism Marketing and Business support	Territory Wide	Waiver Request Approved	• Low- to Moderate-Income Jobs • Low- to Moderate-Income Limited Clientele • Low- to Moderate-Income Area Benefit • Urgent Need	• V.I. Department of Tourism	• Potential training entities for the Industry Support portion of the program	• The projected use of funds for national marketing and outreach efforts will be focused as follows: event and festival planning and sponsorship in impacted areas within the Territory; advertising creation; niche marketing; and media placement (social media/ television/ radio/ digital and out-of-home advertising) in targeted markets. • Funds for small business and entrepreneurial technical assistance and workforce training must support the stabilization and enhancement of tourism-related businesses. Eligible businesses are those that: • Qualify as Section 3 businesses OR • Employ one or more workers that would qualify as Section 3 workers AND • Provide goods or services that support the tourism industry
Workforce Development	Coordinated workforce development with Education and UVI led by Department of Labor	Territory Wide	• Public Services • Planning • Assistance to For-Profit Entities	• Low- to Moderate-Income Clientel • Urgent Need	• V.I. Department of Labor • V.I. Economic Development Authority • Other qualified entities	• A consortium of accredited educational institutions • Certified vocational program providers; private businesses, including but not limited to those with in-house, certified on-the-job training programs • Certified apprenticeship program providers and nonprofit workforce and soft skills providers • Other organizations approved for workforce training by the U.S. Virgin Islands Workforce Development Board. • Individual workers seeking vocational training not offered by the training providers otherwise funded through this program.	Priority will be given to applicants that can meet the following conditions: • Serving predominantly LMI individuals; • A documented job placement program for trainees; • A curricular plan that is demonstrably tailored to meet market labor demand and is clearly connected to a career path and available jobs, apprenticeships, and on-the-job training opportunities; and • When appropriate, incorporation of digital literacy and soft skills training in the program's curriculum.
Planning	Planning expense for projects	Territory Wide			• V.I. Housing Finance Authority • Other implementing agencies		
Administration	Administration expense for projects	Territory Wide			• V.I. Housing Finance Authority • Other implementing agencies		

Table 1B has been added:

Table 1B. Low- to Moderate-Income Projections for Tranche 1 and 2

Program		Tranche 1		Tranche 2		Total	
		Low- and Moderate-Income Projection		Low- and Moderate- Income Projection		Low- and Moderate- Income Projection	
		\$	%	\$	%	\$	%
Housing	Homeowner Rehabilitation and Reconstruction Program	\$8,000,000	80%	\$40,000,000	80%	\$48,000,000	80%
	New Construction for Homeownership Opportunity and First Time Homebuyer Assistance	\$9,000,000	90%	\$36,000,000	90%	\$45,000,000	90%
	Rental Rehabilitation & Reconstruction	\$4,000,000	80%	\$16,000,000	80%	\$20,000,000	80%
	Public & Affordable Housing Development	\$28,800,000	90%	\$36,000,000	90%	\$64,800,000	90%
	Supportive Housing & Sheltering Programs	\$15,000,000	100%	\$75,000,000	100%	\$90,000,000	100%
Infrastructure	Local Match for Federal Disaster Recovery	\$29,607,370	65%	\$80,116,498	65%	\$109,723,868	65%
	Infrastructure Repair & Resilience	\$19,500,000	65%	\$178,750,000	65%	\$198,250,000	65%
	Electrical Power Systems Enhancement and Improvement	\$36,000,000	80%	\$72,000,000	80%	\$108,000,000	80%
Economic Revitalization	Ports and Airports Enhancement	\$4,600,000	20%	\$3,400,000	20%	\$8,000,000	20%
	Tourism Industry Support Program	\$1,000,000	20%	\$1,000,000	20%	\$2,000,000	20%
	Workforce Development	\$5,000,000	100%	\$5,000,000	100%	\$10,000,000	100%
	Planning Administration		N/A		N/A		
			N/A		N/A		
	TOTAL	\$160,507,370	71.2%	\$543,266,498	73.4%	\$703,773,868	72.9%

* Administration costs are capped at 5% of the overall allocation.

The following paragraph from page 8 in the approved plan has been slightly revised and moved after Table 1B:

LMI percentages in Table 1B above represent both projected beneficiaries of certain projects such as the housing and economic revitalization programs as well as initial analysis of projects within the infrastructure program. Every funded program is projected to include LMI activity. The U.S. Virgin Islands has established criteria within most programs to prioritize funds to initiatives that benefit LMI individuals and households. All programs will be monitored on a routine basis for their impact on LMI individuals and communities.

Table 2 has been updated as follows:

Table 2. Proportionality between Share of Unmet Needs and Share of Tranche 1 + 2 Program Allocations

Sector	Unmet Needs Assessment		Tranche 1 + 2 Program Allocation*	
	\$	%	\$	%
Housing	\$1,075,429,283	16.8%	\$297,000,000	30.8%
Infrastructure**	\$4,996,661,377	78.1%	\$608,805,950	63.0%
Local Match for Federal Disaster Recovery Program			\$168,805,950	17.5%
Infrastructure Resilience & Repair; Electrical Power Systems			\$440,000,000	45.6%
Economic Revitalization	\$322,766,670	5.0%	\$60,000,000	6.2%
Total	\$6,394,857,330	100%	\$965,805,950	100%

*Excludes Administrative costs

**Includes local match for housing. Since permanent work PWs are currently being developed, the match amount allocated specifically for public housing is still being determined.

Eight paragraphs following Table 2 are being replaced as follows:

As detailed within the Unmet Needs analysis in Section 3.0 below, the remaining unmet need for Housing is \$1.08 billion and \$4.99 billion for Infrastructure, meaning the infrastructure unmet need is almost 5 times the housing unmet need. The GVI is working across all federal resources to bring to bear a full recovery. This includes a coordinated approach across FEMA funding and the CDBG-DR allocation to address outstanding housing needs. One concurrent unmet need is the requirement that certain federal funding for infrastructure be matched by a local source. The current estimate for this local match requirement is upwards of \$500 million. Since the GVI does not have a financial reserve to meet the local match requirement, the GVI is dedicating a portion of each CDBG-DR allocation to meet its local match requirement. The GVI has requested a waiver of the local match requirement on the FEMA Public Assistance program as allowable under the Insular Areas Act. The request for a waiver has been granted under the Insular Areas Act for FEMA's Hazard Mitigation Grant Program but not yet for the Public Assistance program.

Such a waiver would allow the GVI to spend the CDBG-DR funding reserved for the local match program to meet other remaining needs, including enhanced housing programs.

Housing for displaced Virgin Islanders and those living in damaged homes remains the Territory's highest priority. As identified in the Unmet Needs analysis below, the total impact on housing, including rental and public housing, is estimated at \$2.5 billion with 86% of households that suffered "major" or "severe" damage occupied by LMI households. More than 14,000 owner-occupied and approximately 8,000 rental households received some level of damage. Of those, approximately 2,500 owner-occupied and 2,800 rental households were determined to have Major or Severe damage.

To date, \$1.43 billion has been disbursed from federal sources, insurance and other sources of funds. In total, \$900 million is anticipated from FEMA Permanent Construction, PA, STEP and HMGP programs as well as the first and second allocation of CDBG-DR to address the remaining unmet needs of \$1.08 billion.

While, the overall remaining unmet housing need represents 17% of total unmet needs, to date, approximately \$900 million from multiple sources, primarily FEMA and HUD, has been committed by the GVI, but not yet spent, to address the unmet housing needs of residents in the Territory. The Territory's unmet need for housing includes a multiplier for mitigation recognizing the critical importance of hardening homes against future disasters. With this goal in mind, the GVI plans to invest a portion of its third allocation to further meet the housing and sheltering needs of its residents and to mitigate homes against future disasters.

Additionally, matching funds for housing will be allocated as the funds are needed. If the local match is not waived by FEMA, as has been requested, the U.S. Virgin Islands will have to set aside several hundred million dollars in Tranche 3 for match.

Understanding the sequencing of funding from available federal sources for housing repairs, the GVI has developed a multi-pronged strategy to maximize resources from multiple federal agencies, primarily FEMA and HUD, to address immediate, short and long-term housing needs. The GVI also understands that CDBG-DR funds should not be used for "activities reimbursable by or for which funds are made available by the Federal Emergency Management Agency" or other federal agencies. In order to prevent this duplication of resources and efforts, immediately following the hurricanes, the GVI worked with FEMA, which is the first source of available funds to meet housing needs, to address temporary sheltering needs and to request that FEMA establish the Sheltering and Temporary Essential Power (STEP) and that FEMA maximize its Section 408 Permanent Housing Construction Program to repair and reconstruct both damaged owner-occupied and rental units.

As part of the first phase of housing recovery, the GVI initiated the STEP program in January 2018 to repair owner-occupied homes. In an ideal circumstance, the STEP program, known locally as the Emergency Housing Repair Virgin Islands (EHRVI), would have been deployed one month after the hurricanes, but was not initiated in earnest until January 2018.

While all residents with storm damage from either hurricane are eligible for STEP, hundreds of homeowners were initially not able to complete the program due to the level of damage to their roofs. While the U.S. Army Corps of Engineers placed temporary Blue Roofs in the early days after the storms, the temporary roofs have a shelf life of approximately 60 days. Prior to the onset of the 2018 hurricane season in June, the Government of the U.S. Virgin Islands requested that FEMA, in recognition of the urgent need to rebuild homes and the deterioration of many of the Blue Roofs, allow the STEP program to complete repairs to roofs that were damaged by the hurricanes.

In a major step towards the rebuilding of homes in the Territory, on August 9, 2018, FEMA authorized the STEP program to repair or reconstruct roofs for homes that had roof damage from the storms. FEMA also approved the ability for the Federal Coordinating Officer to make a case-by-case exception to increase the \$25,000 program cap. Following submission of the Amendment to HUD on November 20, 2018, FEMA approved the inclusion of roof repair and replacement under the STEP program. This is a transformative step in the repair of homes and allows the GVI to further refine the CDBG-DR resources to the remaining unmet needs such as reconstructing homes that were destroyed by the 2017 hurricanes.

As of September 5, 2018, the STEP program had analyzed approximately 2,400 of the 4,000-plus homes that may be eligible for roof repair or replacement that will meet the local building code.¹ Of these homes, 1,000 will need full replacement, while the remaining 3,000 will need some level of repair. This includes many homeowners that may have been ineligible for the STEP without this solution.

The inclusion of roof repairs and replacements is unprecedented and acknowledges the vulnerability of the Territory's residents in the wake of another storm. It is estimated that the roof repair/replacement solution will result in up to \$300 million being invested to repair hurricane-damaged homes.

Current estimates as of December 31, 2018, are that approximately 6,000 homes have been repaired with an estimated 1,300 homes within the STEP program to receive much needed roof repairs.

As detailed in this *Action Plan*, the Territory is in a unique position to take advantage of FEMA's full authority under the Insular Areas Act through the Section 408 Permanent Housing Construction program which allows full repairs and reconstruction for both owner-occupied and rental housing. FEMA's unique Permanent Housing Construction authority under the Section 408 of the Stafford Act allows them to do repairs and reconstruction in Insular Areas well beyond what the normal programs permit.² Since the hurricanes, the GVI

¹ Per the Department of Planning & Natural Resources, there are currently 18 inspectors deployed territory-wide.

² Permanent Housing Construction - The President may provide financial assistance or direct assistance to individuals or households to construct permanent or semi-permanent housing in insular areas outside the continental United States and in other locations in cases in which - (A) no alternative housing resources are

has repeatedly requested that FEMA utilize its full authority under the Insular Areas Act to repair damaged housing for Virgin Islanders to establish the Permanent Home Construction Program. The recently enacted Disaster Recovery Reform Act of 2018 provides FEMA with the authority to make grants to states/territories to run their own Section 408 (IA) Permanent Housing Construction programs. On October 30, 2018, the Governor of the Virgin Islands submitted a letter requesting that FEMA allow the GVI to follow provisions of the Disaster Recovery Reform Act of 2018 (DRRA) to implement the Section 408 Permanent Home Construction Repair and Reconstruction Program to complete full repairs and reconstruction. While the implementation details are still pending from FEMA, if approved, the GVI would be able to use FEMA IA funds to repair/reconstruct many of the approximately 750 homes territory-wide that are too badly damaged for STEP. This could provide another \$250M in FEMA funds to meet housing needs.

Rental housing needs have also been supported by FEMA through the Public Assistance program for the repair and replacement of the damaged public housing and other HUD-assisted housing. The amount of funding obligated or dispersed for repair and replacement of public housing under the Public Assistance program has increased from \$330,275 in March 2018 to more than \$23 million as of August 11, 2018. FEMA has also agreed to full replacement of the five most damaged buildings at the Tutu complex; the base cost is \$73 million and is expected to increase. The Territory currently owes more than \$65.4 million in match for critical infrastructure repair, reconstruction, and mitigation needs and public housing and other publicly assisted housing. Currently it is estimated that Phase I of the Tutu High Rise Public Housing development will require a match of approximately \$11 million for PA repairs.³ The Territory will prioritize critical infrastructure payments for WAPA and other entities as well as dedicate up to \$30 million for public and publicly-assisted housing over the first and second tranches depending on the need.

In total, approximately \$573 million is being dedicated through FEMA programs beyond Individual Assistance for repairs. This includes approximately \$500 million dedicated to the STEP program including the roof solution; \$23 million under the FEMA PA program to repair public- and publicly-assisted housing; and \$15 million from the HMGP program for buyouts. An additional HMGP allocation towards housing mitigation is under consideration.

In addition to the FEMA funding that is being invested through STEP and requested from the FEMA Section 408 program, the GVI has dedicated at least \$327 million of CDBG-DR funding from Tranches 1 and 2 of the CDBG-DR allocations to be used to support housing programs. This includes \$72 million from the first tranche, \$225 million from the second tranche and potentially up to \$30 million local match contribution for public housing across both tranches. This portfolio includes rehabilitation and reconstruction of owner-

available; and (B) the types of temporary housing assistance described in paragraph (1) are unavailable, infeasible, or not cost-effective.

³ The match calculation for housing is based on a 10% match requirement.

occupied homes, rehabilitation or reconstruction of affordable rental units, development of affordable owner-occupied and rental units and supportive housing for seniors and residents in need such as victims of domestic violence. The housing portfolio will also develop critical disaster sheltering. The GVI also intends to utilize funding from the third allocation to further address unmet housing needs and to mitigate homes against future disasters. The GVI intends to invest additional resources from the third tranche to continue to address the need for repairs and mitigation of homes for protection in future disasters. The GVI also intends to utilize the third allocation to create additional affordable owner-occupied and rental housing to mitigate against a critical shortage of affordable housing that pre-dates, and was exacerbated by, the 2017 hurricanes. Further, the GVI has aligned its infrastructure and economic revitalization investments to support housing needs as described further herein.

The CDBG-DR housing programs will prioritize the most vulnerable Virgin Islanders, especially those who remain displaced or living in severely damaged homes more than a year after the 2017 hurricanes. The Territory will further prioritize reconstruction for owner-occupied low- and moderate-income households whose homes were either completely destroyed or with major or severe damage with no other resources to complete rehabilitation or reconstruction. The roof repair solution under STEP has drastically reduced the number with unmet needs. Households not eligible for STEP are being evaluated for CDBG-DR funded home rehabilitation or reconstruction.

The proposed housing program will also support the repair and development of affordable rental and public housing as well as sheltering initiatives. The program will support landlords who continue to make repairs or build new rental housing to more quickly repair and expand the availability of affordable rental. Additionally, the Territory will build new affordable housing for eligible owners and renters. The program will case manage disaster-impacted, low- to moderate-income households that may be ready to move up to home ownership or are interested in subsidized and affordable rental housing.

New public housing and affordable rental units, the need for which predates but was exacerbated by the storms, will be built to provide long-term housing for LMI families throughout the U.S. Virgin Islands. Residential units for particularly vulnerable populations—the homeless, disabled, mentally ill, and elderly—will also be prioritized. New housing units funded through this Action Plan will meet the U.S. Virgin Islands’ enhanced building codes and HUD’s resilience standards, which will reduce the future need for emergency sheltering.⁴ Still, new and stronger sheltering facilities will be necessary to guarantee the safety of residents in the likely event of future disasters.

The GVI has recently requested an additional extension for STEP. In addition, the GVI continues to monitor the housing needs of its residents and, in addition to completing the STEP program and an outstanding request that FEMA allow the GVI to implement the Section 408 program, the Territory is working to stand up the slate of CDBG-DR programs described above to meet unmet housing needs.

⁴ https://www.vihfa.gov/sites/default/files/reports/SIGNED_USVI_STRONGER_HOMES_2018-4-13.pdf

2. INTRODUCTION

Coordination with the Task Force and the Office of Disaster Recovery: The Task Force's 2018 Report was published on July 20, 2018, for public comment and was finalized September 6, 2018, with 288 recommendations.⁵

To reflect this, the following is being added to page 30:

In addition, the U.S. Department of the Interior granted \$3 million in 2018 Hurricane Supplemental Funding for the U.S. Virgin Islands (USVI) to create and fund an Office of Disaster Recovery (ODR). Established by the Governor of the U.S. Virgin Islands within the Virgin Islands Public Finance Agency (PFA), ODR will provide reporting oversight and centralized coordination across the government to maximize coordination and integration among governmental entities and departments administering recovery dollars. Information sharing, and cross departmental coordination will be essential as disaster resiliency projects get underway. The ODR will track all federal expenditures for disaster assistance programs and transmit collected data through an electronic system and publication on a website to be updated monthly for transparency and awareness.⁶ The Territory understands federal relief funds are a precious resource and is fully committed to carrying out recovery in the most efficient, cost-effective, and resilient manner.

Allocations: The second allocation of CDBG-DR funds for the Territory was announced on April 10, 2018, totaling \$1,621,058,000 (Tranche 2). Of this amount, \$779,217,000 is intended to address the U.S. Virgin Islands' remaining serious unmet housing, infrastructure, and economic needs, including the enhancement and improvement of the electrical power system. FR-6109-N-01 establishes the requirements for the second allocation, amounting to \$779,217,000 for the U.S. Virgin Islands. The Territory has amended its Action Plan accordingly to ensure compliance and allocate Tranche 2 funds to the programs proposed herein.

A remaining tranche of funds for \$841,188,000 is intended to support mitigation activities that protect communities against predictable damage from future natural disasters as well as an enhanced electric grid.

⁵ USVI Hurricane Recovery and Resilience Task Force Report, September 6, 2018, <https://www.usvihurricanetaskforce.org/>

⁶ Press Release, August 28, 2018, DOI OIA. <https://www.doi.gov/oia/interior-provides-3-million-hurricane-supplemental-funding-create-office-disaster-recovery-us>

3. IMPACT AND UNMET NEEDS ASSESSMENT

Table 3 is being updated as follows:

Table 3. Agencies and Organizations Engaged in Preparation of CDBG-DR Action Plan (Updated September 6, 2018)

Federal Agencies	
• Environmental Protection Agency (EPA)	• U.S. Army Corps of Engineers (USACE)
• Federal Emergency Management Agency (FEMA) Hazard Mitigation Grant Program	• U.S. Census [2000 and 2010 data]
• FEMA Individual Assistance Program	• U.S. Department of Agriculture (USDA)
• FEMA Inundation Shapefiles	• U.S. Department of Commerce (DOC)
• FEMA Pre-Disaster Mitigation Program	• U.S. Department of Defense (DoD)
• FEMA Public Assistance Program	• U.S. Department of Education (ED)
• FEMA Shelter and Temporary Essential Power (STEP) Program	• U.S. Department of Housing and Urban Development (HUD)
• Federal Highway Administration Emergency Relief (FHWA-ER) Program	• U.S. Department of the Interior, Office of Insular Affairs
• Federal Reserve Bank of New York	• U.S. Energy Information Administration (EIA)
• National Center for Education Statistics	• U.S. Postal Service (USPS)
• Small Business Administration (SBA)	
International and Multilateral Organizations	
• Euromonitor International	• World Bank
• Florida-Caribbean Cruise Association	• World Travel and Tourism Council
• U.S. Virgin Islands Salvation Army	
Local Agencies and Authorities	
• University of the Virgin Islands	• Virgin Islands Economic Development Authority
• Virgin Islands Bureau of Economic Research	• Virgin Islands Housing Authority
• Virgin Islands Bureau of Information Technology	• Virgin Islands Housing Finance Authority
• Virgin Islands Community Survey (VICS) 2014	• Virgin Islands Hurricane Recovery and Resilience Task Force
• Virgin Islands Division of Banking, Insurance, and Financial Regulation	• Virgin Islands Next Generation Network
• Virgin Islands Department of Education	• Virgin Islands Port Authority
• Virgin Islands Department of Health	• Virgin Islands Public Services Commission
• Virgin Islands Department of Human Services	• Virgin Islands Territorial Emergency Management Agency
• Virgin Islands Department of Labor	• Virgin Islands Waste Management Authority
• Virgin Islands Department of Property and Procurement	• Virgin Islands Water and Power Authority
• Virgin Islands Department of Public Works	• The West Indian Company, Ltd. (WICO)
• Virgin Islands Office of Public Authority	• Virgin Islands Department of Finance

<ul style="list-style-type: none"> • Virgin Islands Office of Management and Budget • Virgin Islands Department of Planning and Natural Resources 	<ul style="list-style-type: none"> • Virgin Islands Department of Tourism
Community Organizations and Private Businesses	
<ul style="list-style-type: none"> • American Red Cross • Catholic Charities of the Virgin Islands • Coldwell Banker • Community Foundation of VI • Continuum of Care • Crucian Heritage and Nature Tourism, Inc • Cruzan Rum • Disability Rights Center of the Virgin Islands • Downtown Charlotte Amalie Revitalization Project • DWH Business Services Inc. • Eagle’s Nest Men’s Shelter • East Caribbean Center at the University of the Virgin Islands • Family Resource Center • Frederiksted Health Care • Gold Coast Yachts, Inc. • Island Therapy Solutions • Jackson Development Inc. • Limetree Bay Terminals, LLC • Lutheran Social Services of the VI • Renaissance St. Croix Carambola Beach Resort & Spa 	<ul style="list-style-type: none"> • Methodist Training and Outreach Center • Gov. Juan F. Luis Hospital & Med Center • My Brother’s Workshop • Rialto • St. Thomas Senior Housing • St. Croix Foundation for Community Development • St. Croix Mission Outreach • St. Croix Renaissance Group, LLP • St. John Community Foundation • Sugar Mills Villas • Sunny Isles Elderly Housing • Ten Thousand Helpers of St. Croix • The Carambola Hotel • The Salvation Army of the Virgin Islands • The Village – VI Partners in Recovery • Virgin Islands Hotel and Tourism Association • Virgin Islands Ja Goju Jitsu-Ryu Federation STT Parental Committee, Inc • WestCare Foundation • Women’s Coalition of St. Croix

3.2 Summary of Impact and Unmet Needs

Table 4 is being updated as follows:

Table 4. Estimated Unmet Needs for the U.S. Virgin Islands

Sector	Total Need	Funding Awarded or Obligated	Unmet Need
Housing	\$2,504,410,899	\$1,428,981,616	\$1,075,429,283
Infrastructure	\$7,175,262,720	\$2,178,601,343	\$4,996,661,377
Economic Revitalization	\$1,568,356,952	\$1,245,590,282	\$322,766,670
Total	\$11,248,030,571	\$4,853,173,241	\$6,394,857,330

Note: ‘Funding Obligated’ refers to funds awarded or known through an obligated PW (in the case of FEMA PA). This does not include ‘anticipated’ funding such as an estimated PW that has not yet been obligated.

Sources: FEMA Individual Assistance, Public Assistance, Hazard Mitigation Grant Program, Mission Assignments, and Pre-Disaster Mitigation program data; Federal Highway Administration Emergency Relief Program, SBA disaster loan approvals; U.S. Virgin Islands Division of Banking, Insurance, and Financial Regulation; effective August 10, 2018.

The second paragraph now reads:

The total need for the U.S. Virgin Islands is currently estimated to be \$11.25 billion, an increase of \$490 million from the initial Action Plan. With \$4.84 billion in other funding obligated to date, there is a current total unmet need of \$6.39 billion, down from \$7.58 billion as reported in the initial Action Plan. These estimates will be more refined as more recent, geographically-specific, and precise data are collected and analyzed, and as additional funding is committed and disbursed.

3.4 Unmet Housing Needs

Damaged Household Estimates are being updated: Based on the FEMA IA data as of August 10, 2018, the Territory estimates that approximately 23,301 households sustained some damage to their primary residences from one or both hurricanes, representing 54% of all housing stock on the islands. Of the 23,301 households that were impacted, 5,340 suffered Major or Severe damage; of these, approximately 2,510 are the owners’ primary residences and 2,830 are renter-occupied homes. Current data also indicate an additional 12,394 owner-occupied residences and 5,567 rental units sustained Minor damage. Table 7 describes housing damage by severity among FEMA IA applicants.

Table 7 and 8 are being updated with the following:

Table 7. Housing Units Damaged by Severity and Occupant Type for FEMA IA Applicants

Level of Damage	Owner		Renter		All Households		
	No. of Households	% of Damaged Households	No. of Households	% of Damaged Households	No. of Damaged Households	% of Damaged Households	% of Total Households
Minor Damage	12,394	83%	5,567	66%	17,961	77%	42%
Major Damage	1,955	13%	2,703	32%	4,658	20%	11%
Severe Damage	555	4%	126	2%	682	3%	2%
Total	14,904	100%	8,397	100%	23,301	100%	54%

Source: FEMA Individual Assistance Data, effective August 10, 2018; 2010 U.S. Census.

Table 8. Percent of Housing Stock with Major to Severe Damage and Impact on LMI

Tenure	No. of Households with Major to Severe Damage	No. of Households with Major to Severe Damage that are LMI	% of Households with Major to Severe Damage that are LMI
Owner	2,510	1,752	70%
Renter	2,830	2,830	100%
Total	5,340	4,582	86%

Source: FEMA Individual Assistance Data, effective August 10, 2018; 2010 U.S. Census.

Summary of Unmet Needs: The analysis of damages and unmet housing needs was based initially on the best available data as of April 27, 2018, updated as of August 10, 2018. Using the methodology outlined in Section 3.4.6 below, the total need identified via damages to the Territory’s housing stock is now estimated at \$2.50 billion, an increase of approximately \$210 million from the initial Action Plan. Of that amount, \$1.43 billion is now currently obligated for housing recovery, marking a \$180 million increase from the initial Action Plan. The remaining unmet need for housing is estimated at \$1.08 billion.

3.4.2 Impact on Homeowners

Table 9 is being updated as follows:

Table 9. FEMA Damage to Owner Stock

Level of Damage	HUD-Defined Damage Categories*		No. of Damaged Housing Units	% of Total Damaged Housing Units
	Real Property FVL Range	Personal Property FVL Range		
Minor – Low	\$1 to \$2,999	\$1 to \$2,500	9,547	64%
Minor – High	\$3,000 to \$7,999	\$2,500 to \$3,499	2,847	19%
Major – Low	\$8,000 to \$14,999	\$3,500 to \$4,999	1,230	8%
Major – High	\$15,000 to \$28,800	\$5,000 to \$8,999	725	5%
Severe	\$28,000 or more	\$9,000 or more	555	4%
Total			14,904	100%

* For any given household, the Level of Damage is deemed to be the highest one in which it is placed by either Real Property or Personal Property FVL.

Source: FEMA Individual Assistance Data, effective August 10, 2018; FR 6066-N-01; FR 6109-N-01.

STEP Application Counts: The STEP program has been accepting applications from homeowners since early February 2018. As of May 18, 2018, 9,326 applications had been received. Since May, the total number of applicants increased by 1,024 for a total of 10,350 applicants as of September 5, 2018. Application review has been completed for 8,962 homes and construction is complete on 5,129 homes.

Administrators anticipate that there will be approximately 7,500 households served.

Impact on Rental Stock

Table 10 is being updated as follows:

Table 10. FEMA Damage to Rental Stock

HUD-Defined Damage Categories*			No. of Damaged Housing Units	% of Total Damaged Housing Units
Level of Damage	Real Property FVL	Flooding Threshold		
Minor – Low	\$1 to \$1,000	N/A	2,841	34%
Minor – High	\$1 to \$1,000	N/A	2,727	32%
Major – Low	\$2,000 to \$3,499	1-4 feet of flooding on the first floor	1,630	19%
Major – High	\$3,500 to \$7,499	4-6 feet of flooding on the first floor	1,073	13%
Severe	\$7,500 or more	Destroyed and/or 6 or more feet of flooding on the first floor	126	2%
Total			8,397	100%

* For any given household, the Level of Damage is deemed to be the highest one in which it is placed by either Real Property FVL or Flooding Threshold.

Source: FEMA Individual Assistance Data, effective August 10, 2018; FR 6066-N-01; FR 6109-N-01.

Demand for rental stock is not isolated to renters: homeowners with damaged homes have themselves entered the housing market to find temporary rental housing until their homes can be adequately repaired. The market for purchasing homes also faces a supply shortage which places pressure on the availability of rental units.⁷

Mortgage-ready Families: VIHFA holds a waiting list of mortgage-ready families for their first-time home buyer programs. As of March 2018, 49 families on St. Croix and 92 families on St. Thomas were on the waitlist. Currently, there are 50 households on the waiting list on St. Croix and 103 on St. Thomas. Even more households were mortgage-ready but dropped out of the program due to a long waiting period for available inventory.

Insurance spikes: Current repair estimates for the properties are quoted at \$20 million.

Many developers of these communities are facing spikes in insurance two to three times pre-hurricane amounts.

3.4.3 Impact on Public Housing

Updated voucher statistics: As of March 20, 2018, VIHA was managing 1,733 tenant-based vouchers for households and a 24-unit VASH Voucher Program for homeless veterans. As of August 30, 2018, this number increased to 2,394.

While demand for vouchers remains high, VIHA reported in April 2018 that about 30% of vouchers are being returned unused, and that many households with vouchers are choosing to “port” their voucher and move away from the Territory to the mainland to find affordable housing. As of the end of August 2018, approximately seven households a week are choosing the option to port their vouchers.

3.4.7 Funding

Table 15 is being updated as follows:

Table 15. Housing Funding Sources as of September 2, 2018

Entity	Funded activities	Obligated or Disbursed
FEMA	Individual Assistance for Homeowners: Repair and Replacement awards	\$33,324,952
FEMA	Individual Assistance for Renters: Rental Assistance awards	\$22,055,097
FEMA	Individual Assistance for Homeowners and Renters: Other Needs Assistance awards	\$10,241,160
FEMA	Public Assistance (Public Housing, HUD-assisted housing, and other affordable housing)	\$22,225,892
FEMA	STEP - Temporary repairs to homes	\$235,898,083
SBA	Approved Disaster Loans for homes	\$399,133,800
NFIP	Publicly funded flood insurance	\$13,851,443
Private insurance	Payout for private insurance	\$620,251,188
CDBG-DR Tranche 1	Rehabilitation and Reconstruction, New Construction, Public & Affordable Housing	\$72,000,000
Total		\$1,428,981,616

* Obligated or Disbursed are combined given some complexities in separating them for some funding sources, such as SBA. This does not include funds anticipated but not yet obligated or disbursed.

Source: FEMA Individual Assistance Data, effective August 10, 2018; FEMA Public Assistance PWs effective August 10, 2018; SBA Disaster Loan Data and NFIP data via July 22, 2018 FEMA Incident Storyboard; Division of Banking, Insurance and Financial Regulation, April 26, 2018.

⁷ Updated in 2015 Housing Demand Study, original source 2010 Census.

Private insurance: Homeowners, renters and businesses may receive private insurance

payments for any of their real estate and personal property that is insured. As of August 23, 2018, \$1.66 billion had been disbursed in insurance claims according to the Territory’s Division of Banking, Insurance, and Financial Regulation. Of this \$1.66 billion in insurance claims, \$620.3 million went to households with 4,420 claims settled with payments from Irma and 3,189 from Maria.

Philanthropic funding: To date, \$11 million in disaster-related grants (as of September 7, 2018) have been disbursed via their Fund for the Virgin Islands, which was established just after the storms to support a broad set of recovery efforts. An increase of \$6.8 million since the initial Action Plan.

3.4.8 Unmet Need

Unmet Need Summary: The U.S. Virgin Islands currently has an identified total need of \$2.5 billion, with its unmet housing need as approximately \$1.08 billion. These amounts mark an approximate increase of \$210 million and \$40 million, respectively, from the initial Action Plan. 14,904 owner-occupied homes incurred damage as a result of the storm, including 2,510 that incurred serious damage. Using estimated costs to reconstruct less assumed assistance from the SBA, this amounts to an unmet need for owner-occupied homes of \$575.7 million. Similarly, 8,397 renter-occupied homes incurred damage as a result of the storm, including 2,830 that incurred serious damage. Using the estimated cost to reconstruct less assumed assistance from the SBA, this amounts to an unmet need for renter-occupied homes of \$499.7 million. The figures are detailed below in Tables 16 and 17.

Table 16 and 17 are being updated as follows:

Table 16. Serious Unmet Housing Need

Category	Number of units	Serious Unmet Housing Need Multipliers	Estimated unmet need for mitigation	Total unmet need (\$ value)
Owner				
Major-low	1,230	\$80,142	\$24,043	\$128,138,104
Major-high	725	\$97,672	\$29,302	\$92,006,400
Severe	555	\$116,351	\$34,905	\$83,995,792
Renter				
Major-low	1,630	\$80,142	\$24,043	\$169,872,340
Major-high	1,073	\$97,672	\$29,302	\$136,231,891
Severe	126	\$116,351	\$34,905	\$19,124,603
Total	5,340			\$629,369,131

Source: FEMA Individual Assistance Data, effective August 10, 2018; FR 6066-N-01; FR 6109-N-01

Table 17. Total Unmet Housing Need

Category	Number of units	Unmet Housing Need Multipliers	Estimated unmet need for mitigation	Total unmet need (\$ value)
Owner				
Minor-Low	9,547	\$10,453	\$3,136	\$129,735,692
Minor-High	2,847	\$38,329	\$11,499	\$141,865,735
Major-low	1,230	\$80,142	\$24,043	\$128,138,104
Major-high	725	\$97,672	\$29,302	\$92,006,400
Severe	555	\$116,351	\$34,905	\$83,995,792
Renter				
Minor-Low	2,841	\$10,453	\$3,136	\$38,603,850
Minor-High	2,727	\$38,329	\$11,499	\$135,854,877
Major-low	1,630	\$80,142	\$24,043	\$169,872,340
Major-high	1,073	\$97,672	\$29,302	\$136,231,891
Severe	126	\$116,351	\$34,905	\$19,124,603
Total	23,301			\$1,075,429,283

Source: FEMA Individual Assistance Data, effective August 10, 2018; FR 6066-N-01; FR 6109-N-01

Total Need: Current funding amounts to approximately \$1.43 billion, consisting largely of private insurance, SBA Disaster Loans, and FEMA’s STEP program for temporary home repair. By aggregating unmet need with existing funding (met need), the U.S. Virgin Islands currently calculates its total housing need as \$2.5 billion, a \$210 million increase from the initial Action Plan.

STEP Data: Many of these households were able to apply to the STEP program after the FEMA IA period closed. As a result, it is assumed that most households that sustained damage have entered an existing program for resources. As the Territory identifies the full impact of outstanding first-in funding support from programs like FEMA’s Temporary Sheltering and Direct Lease programs, its Multi-Family Lease and Repair program for rental housing, the Permanent Housing Construction program for owner-occupied units, and the STEP program it will compile and analyze data to understand ongoing repair needs.

GVI Contribution: In recognition of the extreme unmet housing needs in the U.S. Virgin Islands, the Government of the Virgin Islands (GVI) is committed to allocating substantive federal funding to ensure that Virgin Islanders have suitable permanent housing solutions. To this end, the GVI has committed more than \$900 million to address a portion of overall unmet housing needs across the full range of housing programs as outlined in this Action Plan. This includes \$327 million in CDBG-DR as well as more than \$573 million in FEMA (Public Assistance Program, STEP, Hazard Mitigation Grant Program, Permanent Housing Construction, etc.). The Territory also plans to invest a portion of its third allocation to further meet the housing and sheltering needs of its residents. In addition, over \$120 million in insurance proceeds have come to the Territory. This includes over \$30 million being applied to the VI Department of Education, over \$25 million to the Department of Public Works, and over \$9 million to Hospital & Community Health Centers.

Efforts are also underway to analyze the GVI's non-federal contribution to the disaster. Extensive analysis is required among over 50 governmental agencies and semi-autonomous entities to determine the cost of expenses for disaster-related efforts in the Territory.

3.5 Unmet Infrastructure Needs

All public schools were closed for just over one month; 17 schools were severely affected with damages to more than 50% to their facilities.⁸ Through the remainder of the 2017-18 school year, those schools that were open operated on a split session schedule with shortened class schedules. The new school year began on September 4th for 21 schools across the Territory, but construction delays for modular facilities postponed the start of classes for 13 others until September 17th and 27th. With the threat of Tropical Storm Beryl in July and Tropical Storm Isaac in September 2018, schools were once again being prepared as emergency shelters for the Territory. This yet again demonstrates that there's a need for emergency shelters that do not impact school schedules.

FEMA Public Assistance Program: For the 2017 disasters, the Territory's local cost share, initially set at 25%, was reduced to 10% for (i) permanent work, and (ii) emergency work (except for STEP) beyond May 18, 2018. The STEP Program was extended to include additional funding for permanent roof repair for qualified homes of a pool of about 4,000 homes. As of August 27, 2018, \$187 million has been obligated and \$49,248,083 is pending obligation for this expanded program.

As of August 27, 2018, \$1,557,482,393 in FEMA PA project costs have been identified, marking an approximate decrease of \$48 million decrease from the initial Action Plan. This includes \$924,872,323 in emergency work and \$632,610,070 in permanent work, not including administrative costs. The Territory estimates a final total of \$5 billion in PA permanent work. Based on the current federal cost share requirements, the current match required for PA work is \$63.4 million, including \$90,414 for emergency work and \$63.3 million for permanent work (see Table 18). In addition, Direct Administrative Costs are anticipated to be \$200,000,000 requiring a 10% local cost share of \$20,000,000, see Table 19.

⁸ U.S. Virgin Islands Department of Education.

Table 18 is being updated as follows:

Table 18. Local Share Need for FEMA Public Assistance as of August 25, 2018.

FEMA Public Assistance work	Total Project Cost	FEMA Share 90%	Local Share 10%
Permanent Work PWs already Obligated that requires a local match	\$407,024,700	\$366,322,230	\$40,702,470
Permanent Work PWs pending Obligation that requires a local match	\$225,585,370	\$203,026,833	\$22,558,537
Emergency work already Obligated that requires a local match	\$904,141	\$813,727	\$90,414
Emergency work pending Obligation that requires a local match	\$0	\$0	\$0
Total	\$633,514,212	\$570,162,790	\$63,351,421

Source: FEMA Public Assistance data as of August 25, 2018.

FEMA Hazard Mitigation Grant Program: The FEMA Hazard Mitigation Grant Program (HMGP) will be a critical part of the long-term recovery process in both rebuilding and protecting housing stock and vital infrastructure. These grant funds are calculated as 15% of the total FEMA IA and PA allocations attributable to the disasters. As of September 9, 2018, FEMA’s HMGP projected funds ceiling for the Territory is \$456 million. On May 18, 2018, the White House announced that FEMA will cover 100% of the federal cost share for HMGP. To date, \$26.5 million has been obligated in HMGP funds, an increase of \$14.5 million from the initial Action Plan. HMGP projects provide support across multiple infrastructure sectors and fund hazard mitigation planning activities; thus, HMGP the federal obligation will be included in the total unmet needs in Table 19 but not split across specific sectors.

FEMA Pre-Disaster Mitigation Program (PDM): PDM grants are funded annually by Congressional appropriations and are awarded on a nationally competitive basis. FEMA has awarded the U.S. Virgin Islands \$8.2 million in PDM grants for four projects for FY 2017, including the Territorial Hazard Mitigation Plan Update. FEMA announced the availability of \$235.2 million in FY 2018 for grant applications, which could be an additional source of funding for the Territory. For PDM, the Territory’s local match obligation has been established at 25% of eligible project costs.

FEMA Mission Assignments (MA): MAs provide emergency support across multiple sectors; thus, MA obligations will be included in the total unmet needs (Table 19) but not split across specific sectors (Table 20). As of September 1, 2018, there have been 46 DFA Mission Assignments awarded to the U.S. Virgin Islands totaling \$486 million. Approximately six MAs

are still operational (as of September 2018). The federal share for MAs was 100% until the extension for emergency federal cost share expired on May 3, 2018 for Hurricane Irma and May 14, 2018 for Hurricane Maria.

Federal Highway Administration Emergency Relief (FHWA-ER): The Federal Highway Administration (FHWA) also offers several funding programs, including an Emergency Relief program (FHWA-ER). FHWA-ER is for the repair or reconstruction of federal-aid highways and roads on federal lands which have suffered serious damage as a result of (i) natural disasters or (ii) catastrophic failures from an external cause. For this disaster, the U.S. Virgin Islands' federal share is 100%.⁹ As of August 27, 2018, \$32 million in FHWA-ER quick release funds have been approved for 86 total projects. This FHWA funding is expected to increase with the addition of several FHWA BUILD Transportation Discretionary Grants, for which applications were submitted on July 10, 2018.

⁹ Confirmed with DOT on 9/5/18.

Table 19 is being updated as follows:

Table 19. Required Local Match for Federal Disaster Relief Programs by Category as of August 25, 2018

Federal Disaster Relief Program	Total Project Amount	Total Amount Awarded or Obligated (Federal Share)	Federal Share of Total Project Amount		Nonfederal Share Estimate of Total Project Amount	
			%	\$	%	\$
FEMA PA Category A (Debris Removal) [Emergency]*	\$135,488,102	\$93,220,650	100%	\$135,488,102	0%	\$0
FEMA PA Category B STEP [Emergency]*	\$235,898,083	\$186,650,000	100%	\$235,898,083	0%	\$0
FEMA PA Category B (except STEP-100%) [Emergency]*	\$552,581,996	\$538,870,183	100%	\$552,581,996	0%	\$0
FEMA PA Category B (except STEP-90%) [Emergency]*	\$904,141	\$904,141	90%	\$813,727	10%	\$90,414
FEMA PA Categories C-G [Permanent]*	\$632,610,070	\$407,024,700	90%	\$569,349,063	10%	\$63,261,007
FEMA PA Direct Administrative Costs [DAC]	\$16,821	\$16,821	90%	\$15,139	10%	\$1,682
CAT Z	\$59,706,927	\$7,413,548	100%	\$59,706,927	0%	\$0
FEMA HMGP **	\$455,920,388	\$26,469,377	100%	\$455,920,388	0%	\$0
FEMA PDM	\$8,222,164	\$0	75%	\$6,166,623	25%	\$2,055,541
FEMA MA	\$486,000,000	\$486,000,000	100%	\$486,000,000	0%	\$0
FHWA-ER	\$32,000,000	\$32,000,000	100%	\$32,000,000	0%	\$0
TOTAL	\$2,599,348,693	\$1,778,569,420		\$2,533,940,049		\$65,408,644

* Cat A is 100% Federal Share until September 15, 2018, 90% thereafter; Cat B STEP is 100% Federal Share until November 30, 2018, 90% thereafter; Cat B non-STEP and Cat C-G 90% federal share began May 18, 2018. The White House statement says "Under the President's order today, the Federal share for Other Needs Assistance under Section 408 of the Stafford Act and all categories of Public Assistance is authorized at 90 percent, except for assistance previously approved at 100 percent; the 100 percent Federal cost share for debris removal and emergency protective measures is extended for 120 days, with the extension of emergency protective measures being limited to Sheltering and Temporary Essential Power (STEP); and the Federal share for hazard mitigation measures under Section 404 of the Stafford Act is authorized at 100 percent of total eligible costs."¹⁰

¹⁰<https://www.whitehouse.gov/briefings-statements/president-donald-j-trump-amends-u-s-virgin-islands-disaster-declarations-2/>

** Includes 6-month lock-in amounts of \$33,324,269.32 for Hurricane Irma & \$422,596,118.68 for Hurricane Maria.

Source: FEMA Public Assistance data as of August 25, 2018; Hazard Mitigation Grant Program, Pre-Disaster Mitigation, and Mission Assignments program data; and Federal Highway Administration Emergency Relief program effective April 21, 2018.

U.S. Department of the Interior August 28, 2018, the office announced an additional \$3 million in 2018 Hurricane Supplemental Funding for the U.S. Virgin Islands (USVI) to create and fund an Office of Disaster Recovery. The Office of Disaster Recovery (ODR) will assess expenditures of all federal disaster assistance programs and transmit collected data through an electronic system and publication on a website to be updated monthly for transparency and awareness.¹¹ The office will be staffed by several new or reassigned public sector employees along with support from consultants and advisors with experience in federal disaster assistance programs. While individual departments are capable and responsible for managing their own distinct projects, ODR will play a critical coordination, integration and oversight role to maximize the effective use of disaster aid and promote accountability and transparency in the spending of government funds.

Summary: Based on available data for total needs and funding sources, the current unmet need for the Territory's infrastructure is \$4.99 billion, a decrease of approximately \$88 million from the initial Action Plan.

¹¹ Press Release, August 28, 2018, DOI OIA. <https://www.doi.gov/oia/interior-provides-3-million-hurricane-supplemental-funding-create-office-disaster-recovery-us>

Table 20 is being updated as follows:

Table 20. Infrastructure Unmet Needs by Sector* as of August 25, 2018

Sector	Emergency & Temporary Repairs	Permanent Repairs & Resilience	Total Need	Total Awarded or Obligated	Unmet need
Energy**	\$594,000,000	\$1,688,000,000	\$2,282,000,000	\$1,001,044,927	\$1,280,955,073
Roads	\$45,862,720	\$1,200,000,000	\$1,245,862,720	\$56,861,486	\$1,189,001,234
Education	\$112,000,000	\$793,000,000	\$905,000,000	\$104,521,979	\$800,478,021
Healthcare	\$225,000,000	\$572,000,000	\$797,000,000	\$10,562,601	\$786,437,399
Public and Community Facilities	\$69,000,000	\$500,000,000	\$569,000,000	\$155,029,215	\$413,970,785
Waste and Wastewater	\$176,300,000	\$291,000,000	\$467,300,000	\$15,350,238	\$451,949,762
Telecom	\$15,600,000	\$424,500,000	\$440,100,000	\$1,161,045	\$438,938,955
Ports and Airports	\$35,000,000	\$111,000,000	\$146,000,000	\$11,141,784	\$134,858,216
Water	\$10,000,000	\$113,000,000	\$123,000,000	\$3,392,069	\$119,607,931
***Direct Administrative Costs (DAC)	\$30,000,000	\$170,000,000	\$200,000,000	\$16,821	\$199,983,179
CDBG-DR Tranche 1 - Infrastructure				\$120,549,800	(\$120,549,800)
FCC				\$186,500,000	(\$186,500,000)
FEMA HMGP				\$26,469,377	(\$26,469,377)
FEMA MA				\$486,000,000	(\$486,000,000)
Total	\$1,312,762,720	\$5,862,500,000	\$7,175,262,720	\$2,178,601,343	\$4,996,661,377

* Most totals are rounded with the exception of Total Awarded or Obligated.

** This only captures the emergency needs of Energy (not funds received but total damage).

*** It is anticipated that DAC will be determined at the 2-year anniversary of the storm. DAC is estimated to be 4% of \$5 billion in FEMA PWs = \$200 million, of which 10% will require a cost share.

Sources: FEMA Public Assistance data as of August 25, 2018; Hazard Mitigation Grant Program, Mission Assignments, and Pre-Disaster Mitigation program data; Federal Highway Administration Emergency Relief program; and input from Government of the Virgin Islands agencies effective August 13, 2018.

3.5.1 Energy

The costs of building a more resilient electrical power system will be significant. WAPA has identified a need of \$594 million for emergency and temporary repairs to utility

infrastructure from Hurricanes Irma and Maria, in addition to \$1.69 billion for permanent repairs and measures to prevent future storm damage to generation, transmission, and electricity delivery infrastructure. As of August 25, 2018, \$1,001,044,927 in federal funding has been awarded.¹² Hazard Mitigation Grant Program and Pre-Disaster Mitigation funding projects have also been proposed for energy infrastructure and as of August 25, 2018, \$174 million in permanent work is awaiting obligation for electrical distribution system-wide repairs.

Therefore, excluding the federal share, the U.S. Virgin Islands' current estimate of its unmet energy infrastructure needs totals approximately \$1.28 billion, a decrease of roughly \$600 million from the initial Action Plan.

3.5.2 Roads

Damage Update: The U.S. Virgin Islands has 1,120 miles of public roads across St. Croix, St. John, and St. Thomas, including 885 miles in local roads and 235 miles in federal highways. All the Territory's public roads are operated and maintained by the U.S. Virgin Islands Department of Public Works (DPW), and 21% of public roads are also federal-aid highways.¹³ One of the challenges the Territory faces is of many private roads that do not belong to the government but are nonetheless critical for access (often to residential property owners in an area) that have sustained heavy damages. In some cases, the owners of these private roads lack the financial resources necessary to effectuate the appropriate repairs, while in other instances, the corporations that owned certain roads have gone defunct. This challenge is present in several instances across the Territory and has resulted in severely damaged roads in residential neighborhoods that remain unaccounted for, increasing the challenge of accessing homes for repairs.

DPW Survey and Mandate: DPW has completed surveying the islands to create a comprehensive view of roads damages and identify remaining emergency needs, permanent repair and reconstruction projects incorporating resilience and mitigation. DPW continues to work on developing the scope of work and cost estimates to address eroded shoulders, filled ditches and culverts, pavement settlement, mud and debris deposits, slope sloughing, and slip-outs in cut or fill slopes. As per a gubernatorial mandate established December 20, 2017, DPW will repair all roads not maintained by federal funds in accordance with FHWA's Standard Specifications for Construction from FP-14.

Total Unmet Need: DPW expects the cost of resilience and mitigation measures to be up to \$1.25 billion, an \$80 million increase from the initial Action Plan, for projects to permanently repair, build up to code, and make resilient the islands' road system. This is based on a \$1 million per mile cost estimate and does not include the additional anticipated costs of building in stormwater management structures and utilities, which is estimated could

¹² In the initial Action Plan, only the "obligated" amount was presented. This version presents an "awarded" amount, which is a more accurate representation.

¹³ Federal Highway Administration.

increase costs to \$10 million per mile. As of August 25, 2018, \$56.8 million has been obligated in federal funding for roads, marking a \$6.39 million increase from the initial Action Plan.

The current total unmet need for the U.S. Virgin Islands' roads is approximately \$1.18 billion, marking a \$60 million increase from the initial Action Plan.

3.5.3 Educational Facilities

Damage Status: As of August 27, 2018, 52 schools were in need of permanent work, with several schools possibly needing full reconstruction. At this time, FEMA is still determining if the 50% damage threshold was met in these instances. The need for permanent work is currently estimated at approximately \$793 million, marking an increase of \$117 million from the initial Action Plan. This includes contingency and resilience. The extent of damages includes leaks in roofs, flooding, structural damage, and broken windows.

The U.S. Virgin Islands Department of Education has deployed temporary facilities, comprising 246 modular buildings and 6 sprung structures. As of September 4, 2018, 21 schools across the Territory opened for regular classes, but construction delays for modular facilities postponed the start of classes for 13 others until at least September 17th and some until the 27th, with Central High School having to close again within the first week due to electrical outages. An estimated completion date for all modular facilities currently set for September 24, 2018.

Total Unmet Need: As of August 25, 2018, \$1.46 million in FEMA PA project costs has been identified for VIDE and UVI. Hazard mitigation projects have also been submitted by VIDE for HMGP funding. VIDE also has several other potential funding sources, including the U.S. Department of the Interior's Office of Insular Affairs, the U.S. Department of Agriculture's Rural Development programs, and the U.S. Department of Education's Pell Grant and charter school programs.

The current total unmet need for the U.S. Virgin Islands' education infrastructure is \$800 million, a \$104 million decrease from the initial Action Plan.

3.5.4 Healthcare Facilities

Damage Status: Although the damaged facilities are still being used for noncritical patients, temporary clinics, including three portable operating rooms, have been built on St. Thomas and St. Croix to provide supplementary patient care and a 4,000-square foot temporary clinic is expected to be completed by the end of May 2018. The estimated cost of all emergency measures, such as these, is \$225 million.

Total Unmet Need: The estimated need amounts to \$572 million for permanent repair, resilience, and mitigation activities making a total need of \$797 billion.

As of August 25, 2018, \$10.5 million has been obligated for healthcare facilities, marking an \$8.3 million increase from the initial Action Plan. The Department of Health has also requested HMGP funding. The Center for Disease Control, the U.S. Department of Agriculture's Rural Development programs, and private insurance are also possible sources of funding.

Other sources of funding for healthcare infrastructure will be continuously assessed and unmet need will be updated accordingly to ensure no duplication of benefits. The total unmet need for the U.S. Virgin Islands' healthcare infrastructure is \$786 million.

3.5.5 Public and Community Facilities

Total Unmet Need: As of August 2018, \$155 million has been obligated.

The total unmet need to date for the U.S. Virgin Islands' public and community facilities is \$413 million, a decrease of \$103 million from the initial Action Plan.

3.5.6 Waste and Wastewater

Total Unmet Need: As of August 25, 2018, \$15.35 million has been obligated in FEMA PA. Other potential funding sources include the Environmental Protection Agency, the U.S. Department of Agriculture's Rural Development programs, and the U.S. Army Corps of Engineers, and \$2.4 million for a 406 Hazard Mitigation project has been proposed to FEMA to improve an underground sewer pump station.

Currently, the total unmet need for the U.S. Virgin Islands' waste and wastewater infrastructure is \$452 million, marking a \$10 million increase from the initial Action Plan.

3.5.7 Telecommunications

Total Unmet Need: The telecommunications sector has estimated a need of \$424 million for additional mitigation measures.

The total unmet need for the U.S. Virgin Islands' telecommunications infrastructure is \$438 million, a \$1 million decrease from the initial Action Plan.

Funding Awarded: viNGN has been awarded a grant from the DOI OIA for \$497,000 in technology expansion and a possible grant for \$500,000 for maintenance issues is pending.

As of August 25, 2018, the telecommunications sector has been awarded \$1.16 million by FEMA. Other potential sources of funding include FEMA HMGP, viNGN's private insurance, the U.S. Department of Agriculture's Rural Development programs, and the Federal Communications Commission (FCC). On May 28, 2018 the FCC announced almost \$900 million in medium- and long-term funding for telecom recovery and improvements in the U.S. Virgin Islands and Puerto Rico. Of this, it is anticipated at least \$186.5 million will go to

the expansion of connectivity in the Territory over the next decade, with final distribution for short-term restoration and 4G LTE mobile broadband still being finalized.

3.5.8 Ports and Airports

Total Unmet Need: As of August 25, 2018, the Port Authority had a total need of \$146 million, of which \$11,141,784 obligated.

The total unmet need for the U.S. Virgin Islands' airports and ports is \$134.8 million, marking an approximate decrease of \$10 million.

3.5.9 Water

Total Unmet Need: WAPA has identified potable water emergency repair and reconstruction needs of \$10 million, with additional resilience and mitigation needs of \$113 million. As of August 25, 2018, \$3,392,069 has been obligated for drainageways and water-related projects.

The total unmet need for the U.S. Virgin Islands' public water infrastructure is \$119.9 million, a \$3 million decrease from the initial Action Plan.

Funding Awarded: The Environmental Protection Agency (EPA) has already allocated \$100,000 to WAPA for protecting and improving water quality in the Territory.¹⁴ The U.S. Army Corps of Engineers has authorized \$400,000 (each) for two studies on flood control projects and has several potential projects under review for funding, three of which qualify for a feasibility study and carry an estimated total of \$30 million for each.

3.6 Unmet Needs Economic

Hotel Occupancy: Given the scale of hotel closures caused by the storms, the Territory-wide hotel occupancy rate averaged 11% in the first quarter of 2018 fiscal year compared to 51% in fiscal year 2017. Before the storm, there were approximately 4,500 accommodations available compared to an estimated amount of 1,800 currently available.

Limetree Agreement Updated: On July 31, 2018, The Government House announced Governor Kenneth Mapp's approval of an agreement with Limetree Bay Terminals, LLC to resume oil refining operations on St. Croix. The agreement is expected to create an estimated 1,300 construction jobs and as many as 700 long-term positions in addition to the hundreds of Virgin Islanders already employed at Limetree's oil terminal storage facility. The reopening of the refinery will inject hundreds of millions of dollars into the economy, providing support to new and existing businesses.

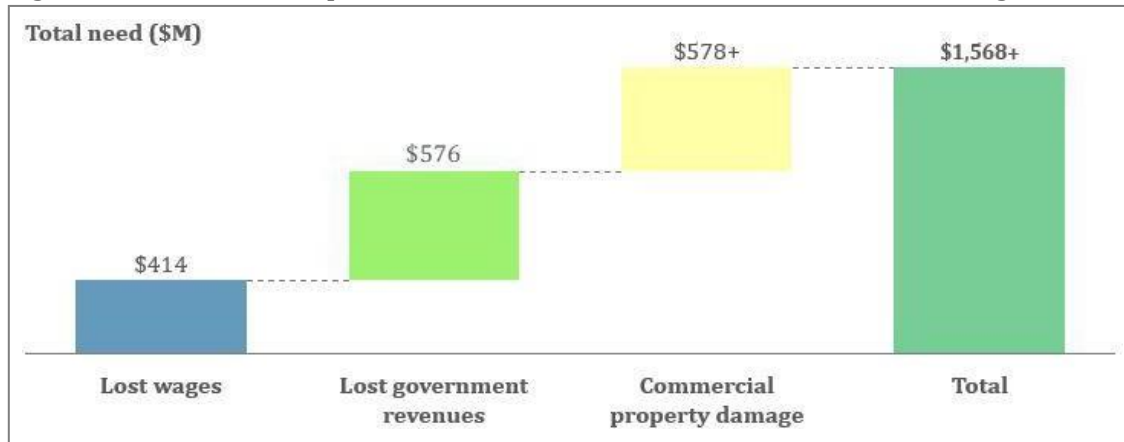
¹⁴ U.S. Environmental Protection Agency.

Rum Shipments Status: During the first two quarters of fiscal year 2018, the amount of rum shipments to the United States declined approximately 11% compared to the first six-months of fiscal year 2017. March 2018 fiscal year-to-date rum excise tax collections were \$125.7 million.¹⁶

Total Unmet Needs: Given the far-reaching impact of the storms, the total damages to the U.S. Virgin Islands’ economy are calculated by aggregating lost wages, lost government tax revenue, and damage to commercial property. This approach yields approximately \$1.57 billion in damages to the U.S. Virgin Islands economy as a result of Hurricanes Irma and Maria.

Figure 11 has been updated to the following:

Figure 11. Economic Impact of Hurricanes Irma and Maria on the U.S. Virgin Islands



3.6.1 Lost Wages

Unemployment Statistic Update: In fact, 5,295 individuals claimed unemployment between September 2017 and April 2018, compared with 1,444 claims in the same period last year.¹⁷

Wages Lost: As illustrated in Figure 13, the total amount of wages lost due to the 2017 storms is estimated to be approximately \$414.1 million. This updated amount represents an increase of roughly \$16 million from the initial Action Plan.

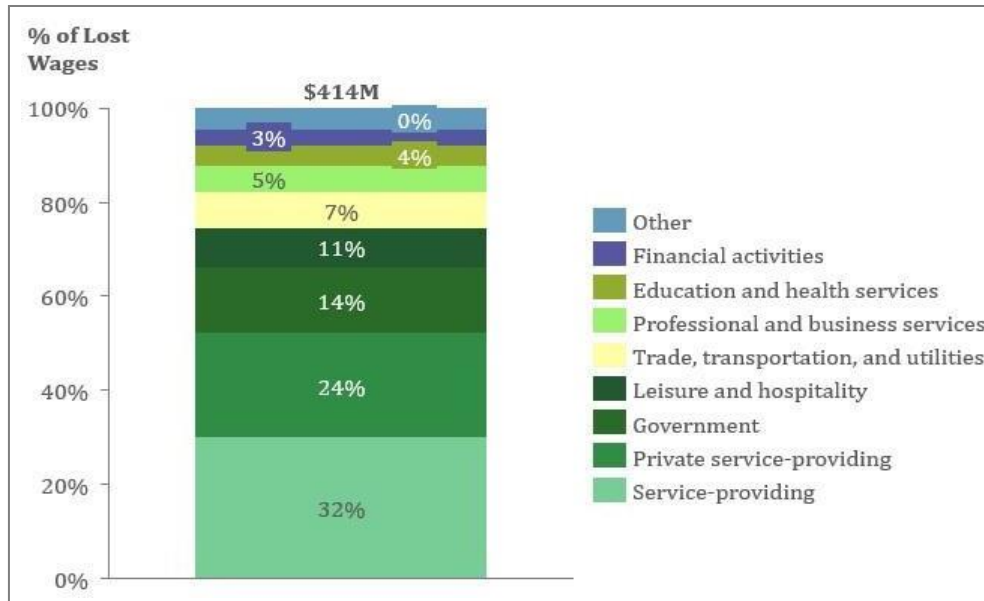
¹⁵ <https://viconsortium.com/breaking-news/first-new-hotel-built-in-territory-in-over-38-years-mapp-says/>

¹⁶ U.S. Virgin Islands Economic Review & Outlook Fiscal Year-to-Date May 2017.

¹⁷ U.S. Virgin Islands Department of Labor.

Figure 13 has been updated to the following:

Figure 13. Lost Wages in the U.S. Virgin Islands by Sector through 2020



3.6.3 Commercial Property Damages

SBA Loans Damage Estimate: The total amount of physical damage to businesses based on SBA loans is estimated to be over \$426 million, an increase of \$18 million from the initial Action Plan, as shown in Figure 15.

Figure 15 has been updated as follows:

Figure 15. Value of SBA Small Business Disaster Loan Applications



Source: U.S. Small Business Administration. Includes all approved as well as denied applications

Total Damages: Aggregating the damages to small businesses (based on SBA loan applications) and the damages to the biggest hotels, total commercial property damage now amounts to \$578 million, a \$17 million increase from the initial Action Plan.

3.6.4 Analysis of Unmet Economic Needs

Amount Disbursed: So far, recovery funds disbursed amount to \$1,245,590,282.

Table 25 is being updated as follows:

Table 25. Disbursement of Funds for Economic Revitalization

Funding Source	Total Funding to Date
Private Insurance Payments	\$1,044,299,480
SBA Small Business Disaster Loans	\$119,265,800
Unemployment Insurance	\$30,918,917
SBA Economic Injury Disaster Loans	\$7,871,900
U.S. Dept. of Labor Dislocated Worker Grants	\$3,000,000
FEMA Disaster Unemployment Assistance	\$7,234,185
CDBG-DR Tranche 1	\$33,000,000
Total	\$1,245,590,282

Source: Small Business Administration, U.S. Virgin Islands Department of Labor, U.S. Virgin Islands Division of Banking, Insurance, & Financial Regulation. Data as of August 23, 2018. Insurance include 311 commercial property claims settled with payment for Maria and 865 for Irma adding up to \$1.03 billion. Remaining \$14 million includes business interruption and commercial auto insurance.

Total Unmet Need: The unmet need for the Territory’s economy is \$322.8 million and unmet needs will be updated accordingly to ensure no duplication of benefits. This amount marks a \$346.3 million decrease from the initial Action Plan.

3.7 Unmet Need Public Services

Significant content changes were made to the Public Services description of needs, therefore, the previous content is proposed to be removed completely and replaced with the following:

To date, the Territory has identified a number of resource needs that may fall within the public services activities including a need for increased health and human services needs as a result of disaster, including critical hospital services such as dialysis and mental health services. While some of these needs are being addressed through other funding sources such as disaster case management through FEMA and support to rebuild hospitals through FEMA and the U.S. Department of Health and Human Services.

Several acute public services needs include activities that will reduce crime, improve emergency response times, improve public safety, and improve the efficiency of multiple government services. The cornerstone public service needed in the Territory is a standardized address mapping system. Currently, HMGP is anticipated to fund this important project as there are many homes and buildings that have no verified address, making recovery planning and future mitigation difficult. This also has distinct negative impacts on the ability for health and safety emergency services to find people in need. This initiative is therefore closely tied to the need for enhanced 911 services, called E-911, which seeks to strengthen the 911 networks to better withstand power and telecommunications outages.

A unique public service to the area is the need for improved water delivery services. As described in Section 3.5.9, cisterns are a critical part of homes in the Territory. However, they can also be a cost burden as the household's cistern will occasionally run out of water due to a lack of rainfall and continued usage. That household will then need to purchase a water truck from a commercial provider; though there are varying sizes of water trucks, customers typically have to pay for an entire truck-load of water for the service to be delivered. A 5,200-gallon truck costs between \$400 and \$500. These one-time, unpredictably high costs can be particularly taxing for the largely low- and moderate-income population of the Territory. This is a pressing concern given the fact that the Territory experienced drought conditions as recently as 2015, requiring increased water services and imports.¹⁸ The service and cistern re-fill options available to residents for water delivery may be a need to be addressed through the public services activities.

Another suite of activities that may be undertaken as public services are a wide variety of job training and young adult to adult educational opportunities facilitated by VIDOL and VIDE. An example of a pressing need in this area is the lacking availability of industry-certified trainers. In the past, employment centers and programs have provided training opportunities, particularly for larger industrial employers like HOVENSA. With the closing of HOVENSA in 2012, many jobs and trainers left the Territory. While VIDOL has worked to bring back these training programs, there is a distinct gap in individuals qualified to run certification and apprenticeship programs, as well as, businesses willing to commit to the expenses of a full certification program.

Despite the isolated geography and imminent concerns of overflowing landfills, there is no public recycling program in the U.S. Virgin Islands. The 825,316 cubic yards of debris from the storms overwhelmed current facilities but an advanced recycling service will help curb landfill waste significantly. This will be a necessity for enhancing both sustainability and resilience of larger public systems and may require CDBG-DR funding.

Additional public services needs include homelessness support systems, particularly for those needing shelter and supplies for coming storms. Meals on Wheels has been identified by the Virgin Islands Department of Human Services as a growing need as staff has reduced despite an increase in demand after the storms. Additionally, DHS has had to fill gaps in missing non-profit support services for the elderly and home-bound. Their house call and food delivery services are spread thin, resulting in delayed deliveries and long wait lists for the area's aging population.

Although the Territory has chosen not to include Public Services as a standalone program, these types of services will likely be addressed within compatible programs for territory-wide resilience and public safety. In fact, of the thirteen programs listed in this Plan, nine have the potential for Public Services activity (as listed in “Eligible Activities” under each program).

4. METHOD OF DISTRIBUTION, PROGRAMS, AND ALLOCATIONS

Changes to the program designs and descriptions were made for every program, significant changes are listed here.

The grantee determined funding will be delivered through three primary methods based on the needs for services and the expertise of certain entities to complete specific projects. The first method will deliver funds directly to beneficiaries including primarily residents and landlords depending on the eligibility criteria detailed within respective programs. The second method will be a direct grant to implementing entities, or subrecipients, to oversee a specific program and/or projects as outlined within the Method of Distribution. A third method will utilize subrecipients selected through a competitive process to deliver a service to beneficiaries under a specific program.

In addition to adding funding to programs and administration activities, this amendment includes adjustments to program eligibility and incorporates the requirements of Federal Register Notice 6109-N-01 which governs the second allocation of CDBG-DR funding to the GVI.

For increased clarity on the distribution of funds, Table 1A provides brief details on the programs, implementing entities, National Objectives, eligible activities, and eligible applicants for funding. Many projects are being further defined in direct coordination between VIHFA and the implementing entity through a Scope and Budgeting Process.

4.2 Connection to Unmet Needs

Percent of Allocation for Administration: Up to 5% of the overall allocation (\$51,095,050 from Tranches 1 & 2) will be used for administration of the grant.

Total Unmet Needs: The Territory has identified approximately \$11.25 billion in damages and, despite funds committed for emergency response and immediate recovery efforts, at least \$6.39 billion in unmet needs remain based on the best available data.

National Objective: All programs will first strive to meet the Low- to Moderate-Income National Objective. When this is not possible, other National Objectives may be needed, including Urgent Need. This will be determined as programs are implemented and documented as required. National Objectives are further defined by program and are detailed in Table 1A above.

Table 26 is being updated as follows:

Table 26. Proportionality between Share of Unmet Needs and Share of Tranche 1 and 2 Program Allocations

Sector	Unmet Needs Assessment		Tranche 1 +2 Program Allocation	
	\$	%	\$	%
Housing	\$1,075,429,283	16.82%	\$297,000,000	30.75%
Infrastructure	\$4,996,661,377	78.14%	\$608,805,950	63.04%
Economic Revitalization	\$322,766,670	5.05%	\$60,000,000	6.21%
Total	\$6,394,857,330	100%	\$965,805,950	100%

¹⁸ <https://www.nrcs.usda.gov/wps/portal/nrcs/detailfull/pr/technical/?cid=nrseprd390019>

Public Services: With the exception of the Workforce Development program, there are currently no standalone Public Services programs. However, public services is an allowable activity within a number of programs including, but not limited to, the Homeowner Rehabilitation and Reconstruction, Supportive Housing and Sheltering and the Infrastructure Repair and Resilience programs. Each program anticipates that public services may be needed such as legal services within the Homeowner Rehabilitation and Reconstruction and emergency housing within the Supportive Housing program.

Nonprofits and agencies that provide public services for health identified within the updated Unmet Needs section, such as programs for youth and public health services, may be funded through a competitive application process within the Supportive Housing program. VIHFA will continue to assess additional needs for public services and potentially design programs to support these needs. For all public services, providers will be hired with skills or trained to accommodate diverse populations to ensure vulnerable residents can receive these public services. Differently-abled individuals, including physical and mental impairments, will also be accommodated in accordance with the Americans with Disabilities Act to facilitate access and receipt of the counseling, legal, workforce development, and any other services provided with CDBG-DR funds.

4.2.1 Housing

STEP Program Update: As of September 4, 2018, the STEP program has completed repairs on more than 5,129 homeowners out of 10,350 applicants. Another 2,168 homes are currently under construction.¹⁹ It is estimated that 7,500 applicants will complete the program.

As of August 9, 2018, FEMA approved the roof replacement solution under the STEP program. Therefore, the HMGP program will dedicate approximately \$15 million to buyout of homes in repetitive flood zones. This new solution within the STEP program will enable more than 4,000 homeowners to receive a repaired or replaced roof up to hurricane standards. It is estimated that the roof repair/replacement solution will result in an additional \$300 million being invested to repair hurricane-damaged homes.

Funding Options: With the expectation that FEMA could provide at least \$536 million to STEP and additional funding through the Permanent Housing Construction and the Hazard Mitigation programs, the Territory is getting a better picture of the remaining housing repairs.

While FEMA has not exercised its full power under the Insular Areas Act in the Permanent Reconstruction Program, the allowance of the roof repair solution is significant and will contribute another approximately \$300 million to households to provide permanent, hurricane proof roofs. The Government of the Virgin Islands has also dedicated \$225 million from its second tranche of CDBG-DR funds to address remaining unmet housing needs.

To this end, the GVI has pledged approximately \$900 million to meet the \$250 million

identified by HUD as serious unmet housing need and to continue to address a portion of overall unmet housing needs across the full range of housing programs as outlined in the Action Plan using federal funds that may be made available by FEMA (Public Assistance Program, Hazard Mitigation Grant Program, Permanent Housing Construction, etc.), including the approximately \$500 million committed to the STEP program, HUD (CDBG-DR) or other federal agencies.

To complement the federal assistance programs, and to ensure that CDBG-DR is used as the funding of last resort, the Territory is dedicating 31% of Tranches 1 and 2 program funding to housing.

Public Housing Funding: To date, approximately \$23 million in FEMA PA has been obligated for repairs for public, HUD-assisted housing, and other affordable housing through this program. In addition, FEMA has also agreed to full replacement of the five most damaged buildings at the Tutu complex; the base cost is \$73 million and is expected to increase.

The following content and a new table have been added to ensure coordination and integration with Territorial planning initiatives:

In alignment with the USVI Hurricane Recovery Task Force's 2018 Plan, the CDBG-DR programs concur that steps must be taken to avoid buyouts. Several homes are anticipated to be require a buyout through the HMGP program to keep residents out of harm's way, but wherever possible, programs promote repairs over reconstruction. The housing programs in CDBG-DR have been designed to provide resources for homeowners and renters to make necessary repairs, but also provide temporary housing options and new shelters, which has been prioritized by the Task Force. All housing construction and repairs are projected to use sustainable building code standards as well as looking to opportunities to include retrofits, a program detail supported by the recommendations of the Task Force and in keeping with the Department of Natural Resource's *Stronger Home Guide* released in May 2018. Table 27 details the specific alignments with this, and other key Territorial planning initiatives.²⁰

¹⁹ STEP Program Dashboard September 4, 2018.

Table 27: Housing Program Alignment with Local Planning Initiatives

CDBG-DR Programs		U.S. Virgin Islands 2015-2019 Consolidated Plan for Housing & Community Development ²⁴	USVI Hurricane Recovery and Resilience Task Force Report 2018 ²⁵	2014 Territorial Hazard Mitigation Plan Update ²⁶
<i>Housing</i>	Homeowner Rehabilitation and Reconstruction Program	Priority 1	Housing and Buildings: 1, 11	Objective 2.1
	New Construction for Homeownership Opportunity and First Time Homebuyer Assistance	Priority 1	Housing: 1, 2, 4, 11	Objective 2.1
	Rental Rehabilitation & Reconstruction	Priority 1	Housing: 2 & 4, 11	Objective 2.1
	Public & Affordable Housing Development	Priority 1	Housing: 5, 11	Objectives 2.1, 3.2
	Supportive Housing & Sheltering Programs	Priority 2	Housing: 5, 6, 7, 9, 11 Vulnerable Populations: 1, 2, 5, 10 Education: 11	Objective 2.1

²⁰ USVI Stronger Homes Guide is available at:

https://www.vihfa.gov/sites/default/files/reports/SIGNED_USVI_STRONGER_HOMES_2018-4-13.pdf

²⁴

<https://www.vihfa.gov/sites/default/files/reports/VI%20Consolidated%20Plan%20%26%20Annual%20Plan%20draft%207-8-15.pdf>

²⁵

https://first.bloomberglp.com/documents/257521_USVI_Hurricane+Recovery+Taskforce+Report_DIGITAL.pdf

²⁶

<https://www.vihfa.gov/sites/default/files/reports/2014%20VI%20Territorial%20Haz%20Mit%20Plan%20Update%20%281%29.pdf>

4.2.2 Infrastructure

Percent of Total Allocation: The Territory is committed to dedicating 17% (\$168,805,950) of the first and second allocation of CDBG-DR program funds to cover projects deemed eligible for CDBG-DR funding under the Local Match for Federal Disaster Relief Programs. Some federal recovery funds, including FEMA Public Assistance, require a “local match” contribution.

Match Requirement: The Territory currently owes more than \$65 million in match for critical infrastructure repair, reconstruction, and mitigation needs and public housing and other publicly assisted housing. This is reduced significantly from the previously estimated \$112 million because many Category B PWs were determined to fall under the 100% cost share.

Coordination with Planning and Territorial Investments

To align future CDBG-DR projects with existing Territorial capital improvement projects, DPNR will be consulted. As with all programs, an environmental review is required for infrastructure projects. This process includes coordination among multiple entities with relevant jurisdictions for coastal, historic preservation, archaeological needs. It is also a requirement of the project scope and budget process for implementing agencies to demonstrate coordination with Territorial plans, agency-based plans, and relevant executive orders in the design of projects to receive funding under the Infrastructure Programs. Much of the proposed energy and water-related work anticipated under these programs already align with goals and previous capital projects envisioned by WAPA in their 2012 Power Generation Action Plan. Infrastructure projects will continue to build on this vision. Projects should comply with Executive Order No. 474-2015 which ensures that climate change adaptation policy and planning is conducted in a coordinated and collaborative manner through the U.S. Virgin Islands Climate Change Council under the authority of the Office of the Governor. Additionally, the Infrastructure Policies and Procedures detail recommendations for inter-agency liaisons, assisted by VIHFA program staff, to help provide dedicated coordination services for large, complex projects.

The Table 28 demonstrates how the CDBG-DR programs align with specific goals and priorities of three key Territorial plans. The 2014 Territory Hazard Mitigation Plan Update is currently in effect but is being updated to stay in compliance with 44 CFR, §201.6, 2 CFR, Part 200. Additionally, the U.S. Virgin Islands 2015-2019 Consolidated Plan for Housing & Community Development is slated for an update beginning in 2019-2020. VIHFA will closely coordinate with and monitor these significant plan updates to ensure continued alignment to promote sound, sustainable long-term recovery planning informed by a post-disaster evaluation of hazard risk, especially in land-use decisions that reflect responsible floodplain management and consider future possible extreme weather events.

USVI Hurricane Recovery Task Force’s 2018 Plan (Task Force Plan) takes care to prioritize the need for territory-wide studies and planning efforts and create the necessary

information foundations to recover effectively.²⁷ The projects and programs under CDBG-DR will align with many planning recommendations undertaken by the Territory. The Task Force Plan's infrastructure recommendations also prioritize hardening of infrastructure, burying telecoms and power lines, and improving pipelines and cistern infrastructure. CDBG-DR programs will address many of these recommendations, further prioritizing systems-wide resilience in addition to physical hardening and mitigation activities. A major concern throughout the Task Force Plan is the impact of climate change and need for adaptation. The Territory's attention to climate impacts is a priority for infrastructure recovery as resiliency measures must consider the likelihood of more frequent and intense future storms. Much of the activities related to climate adaptation and resilience are ongoing through a variety of federal funding sources. CDBG-DR Infrastructure Programs, along with other programs, will further address this need.

²⁷ https://first.bloomberglp.com/documents/257521_USVI_Hurricane+Recovery+Taskforce+Report_DIGITAL.pdf

Table 28. Infrastructure Program Alignment with Local Planning Initiatives

CDBG-DR Programs		U.S. Virgin Islands 2015-2019 Consolidated Plan for Housing & Community Development	USVI Hurricane Recovery and Resilience Task Force Report 2018	2014 Territorial Hazard Mitigation Plan Update
Infrastructure	Local Match for Federal Disaster Recovery	Priorities 3 & 4	Energy: 1-11 Communications (Private): 1-4, 7 Communications (Public): 1-4 Transportation: 1-7, 18, 19 Water: 1-5, 7 Solid Waste and Wastewater: 5-8, 24 Health: 1-2 Education: 5, 7-10	Objectives 1.1, 2.1, 2.3, 3.1, 3.2
	Infrastructure Repair & Resilience	Priorities 3 & 4	Communications (Private): 1-4 Communications (Public) 1-4 Transport: 1-10, 20, 21, 24 Water: 1-5, 7 Solid Waste and Wastewater: 5-8, 24 Health: 1-2	Objectives 1.1, 2.1, 2.3, 3.1, 3.2
	Electrical Power Systems Enhancement and Improvement	Priority 4	Energy: 1-11 Communication (Private): 3, 7 Communication (Public): 2 Transportation: 22, 23 Health: 3 Vulnerable Populations: 7	Objectives, 1.1, 2.1, 2.3, 3.1, 3.2

While local agencies and authorities' plans will guide many projects, the funding should also provide opportunities for enhanced private investment. For example, mitigated road designs may include investment opportunities for broadband and telephone infrastructure with pre-fabricated channels to provide the foundations for future underground fiber optic cables.

Given the breadth and complexity of coordinating the multiple federal funding streams, planning processes, and capital investments, the Virgin Islands Office of Disaster Recovery (ODR) has been established under the Virgin Islands Department of Finance. The ODR will provide critical financial management coordination across each agency and entity receiving disaster recovery funds. ODR will assess expenditures of all federal disaster assistance

programs and transmit collected data through an electronic system and publication on a website to be updated monthly for transparency and awareness.

4.2.3 Economic Revitalization

As stated in Section 4.2.3 of the Action Plan, the U.S. Virgin Islands has invested additional resources in its economic revitalization programs to stem the significant losses in key economic sectors outlined in the Economic Unmet Needs (Section 3.6) of the Action Plan and to provide opportunities to train Virgin Islands' residents to participate in recovery-related workforce opportunities. These programs include an additional allocation of funding to the Ports and Airports Enhancement Program to stabilize and grow the tourism industry through key improvements to ports that will increase the Territory's capacity to receive tourists, an additional \$5 million for a Tourism Industry Support Program focused on offsetting the negative perceptions of storm-related damages to the U.S. Virgin Islands and support small businesses and entrepreneurs within the industry to increase opportunities as the industry rebounds. The Territory increased the allocation to the Workforce Development program to support LMI residents in getting the skills necessary to participate in recovery-related sectors such as construction. The programs, including eligibility criteria, remain as outlined in the Action Plan. No changes were made to the programs beyond an increase in funding.

- ***Ports and Airports Enhancement Program allocation increased from \$23 million to \$40 million.***
- ***Tourism Industry Support Program allocation increased from \$5 million to \$10 million.***

The following bullet is being added to the list on page 137-8:

- Generate job growth/retention through the Ports & Airports Enhancement Program, Tourism Industry Support Program, and Workforce Development Program.

The following content and a new table have been added to ensure coordination and integration with Territorial planning initiatives:

In alignment with the USVI Hurricane Recovery Task Force's 2018 Plan, Economic Revitalization programs will prioritize the tourism industry's recovery by modernizing and mitigating ports and airports. Beyond the tourism industry, this plan and the recommendations of the Task Force will together ensure that a diversified economy, education and training programs, workforce development, and entrepreneurship all contribute to a more resilient U.S. Virgin Islands. VIHFA will coordinate with the USVI Hurricane Recovery Task Force and VIDOL to ensure the project-specific requests of the Task Force Plan are incorporated into the implementation of these Economic Revitalization programs. Table 29 details the specific alignments with this, and other key Territorial planning initiatives.

Table 29: Economic Revitalization Program Alignment with Local Planning Initiatives

CDBG-DR Programs		U.S. Virgin Islands 2015-2019 Consolidated Plan for Housing & Community Development	USVI Hurricane Recovery and Resilience Task Force Report 2018	2014 Territorial Hazard Mitigation Plan Update
<i>Economic Revitalization</i>	Ports and Airports Enhancement	Priority 4	Transportation: 4, 14, 15	Objective 3.2
	Tourism Industry Support Program	Priority 4	Economy: 5	-
	Workforce Development	Priority 4	Energy: 17 Health: 19-20 Transportation: 10 Vulnerable Populations: 12, 16 Economy: 3	-
	Neighborhood Revitalization	Priority 4	Transportation: 13	-
	Small Business and Entrepreneurship Technical Assistance	Priority 4	Economy: 6	-

Table 27 is renumbered to Table 30 and replaced with the following:

Table 30. Allocations from Tranche 1 & 2 of CDBG-DR Funds (FR 6066-N-01)

Programs		Funds Allocated: Tranche 1-2
Housing	Homeowner rehabilitation and reconstruction program	\$60,000,000
	New construction for homeownership opportunity and first-time homebuyer assistance	\$50,000,000
	Rental rehabilitation & reconstruction	\$25,000,000
	Public & affordable housing development	\$72,000,000
	Supportive housing & sheltering programs	\$90,000,000
Infrastructure	Local match for federal disaster recovery	\$168,805,950
	Infrastructure repair & resilience	\$305,000,000
	Electrical power systems enhancement and improvement	\$135,000,000
Economic Revitalization	Ports and airports enhancement	\$40,000,000
	Tourism industry support program	\$10,000,000
	Workforce development	\$10,000,000
	Neighborhood revitalization	\$0
	Total programs	\$965,805,950
	Planning	\$5,000,000
	Administration*	\$51,095,050
	Total	\$1,021,901,000

The following content has been added to Section 4.5:

Under the Tourism Industry Support Program, the Business and Entrepreneurial Support component will provide technical assistance and training to businesses specific to the tourism industry. Program details are in development.

4.3 Housing Programs

Table 28 is renumbered to Table 31 and replaced with the following:

Table 31. Summary of Housing Programs for Tranches 1 & 2

Beneficiary	Program	Total Allocation
Homeowners	Homeowner Rehabilitation and Reconstruction Program	\$60,000,000
Homeowners	New Construction for Homeownership Opportunity and First Time Homebuyer Assistance	\$50,000,000
Landlords	Rental Rehabilitation & Reconstruction	\$25,000,000
Developers (public, for-profit, nonprofit)	Public & Affordable Housing Development	\$72,000,000
Supportive Housing and Sheltering Programs	Supportive Housing & Sheltering Programs	\$90,000,000
Total Allocation for Housing Programs		\$297,000,000

*Local Match funding will be administered in the Infrastructure program – Local Match for Federal Disaster Relief Program.

Eligibility: Eligibility for the housing programs is outlined in the Action Plan and did not change. Allocations were increased for all programs. Changes were made to the maximum award or prioritization criteria to some programs as noted in the Amendment.

URA Compliance: Program activities will be reviewed to determine URA and 104d compliance and required actions. The policies and procedures will be further developed in modifications to the existing Residential Anti-displacement and Relocation Assistance Plan (RARAP) and a soon-to-be-developed Optional Relocation Policy.

STEP Update: More than 10,000 homeowners have applied to the STEP program. The recent approval by FEMA to repair and replace roofs under the STEP program will assist an estimated 4,000 of these households in getting secure, hurricane-proof roofs. It is estimated that approximately 7,500 people will complete the program.

Planned Expenditures: With ongoing FEMA funding and planned expenditures of \$236 million for STEP and additional funding from the Permanent Housing Construction program, the Territory is identifying homeowners and renters who may have remaining needs even with the current resources.

Cost Effectiveness: In keeping with the requirement outlined in FR 6109-N-01, the Territory will develop policies and procedures to outline the process to assess the cost-effectiveness of each proposed project through its residential rehabilitation or reconstruction programs funded under the CDBG-DR program. This will include a methodology to determine if potential alternatives such as elevation or buyouts are more suitable. The policies and procedures will also include a process for determining exceptions

to the amount of maximum assistance or cost effectiveness criteria.

Duplication of Benefits: As in all programs, VIHFA and other implementing entities will conduct a thorough review of the sources of funding received by all eligible applicants within the housing programs to prevent duplication of benefits. This includes an analysis of households that received support under FEMA’s Permanent and Semi-Permanent Housing Programs. The Territory will implement resilient home construction standards including a focus on retrofits for housing to make it more able to withstand future disasters.

Housing Counseling: VIHFA will provide housing counseling services in the New Construction for First Time Homebuyer Program through existing funding. As needed, VIHFA may include within other programs such as the Homeowner Rehabilitation and Reconstruction program.

4.3.1 Owner Occupied Housing for Disaster Impacted Households

URA Compliance: While there is no current CDBG-DR funded voluntary buyout or acquisition program under consideration, VIHFA understands that homeowners who participate in a voluntary acquisition or buyout are not eligible to receive temporary or permanent relocation assistance. If it is determined a needed solution, additional details of this program will be included within a future action plan amendment. VIHFA will also seek technical assistance from HUD on URA requirements if such a program is developed.

4.3.2 Homeowner Rehabilitation and Reconstruction Program

Eligible Activities: Removed Acquisition of Real Property and Disposition of Real Property as eligible activities from the Rehabilitation and Reconstruction Program because no voluntary buyout or acquisition is considered within this program.

Program Allocation: \$60,000,000 ((\$10,000,000 (initial allocation); \$50,000,000 (second allocation))

Estimated Start and End Dates: Quarter 1, 2019 through Quarter 2, 2020.

Prioritization Criteria: Updated based on unmet needs for housing analysis.

Priority 1: Reconstruction:

- The impacted home experienced is destroyed or has Major/Severe Damages by either a FEMA-designation or has damage which meets the Major/Severe damage standard that GVI has defined; and
- The applicant household meets federal LMI requirements.
- The applicant has limited or no other resources to reconstruct the home.

Priority 2: Rehabilitation:

- The impacted home experienced Major/Severe Damages by either a FEMA-designation OR has damage which meets the Major/Severe Damage standard that GVI

- has defined; and
- The applicant household meets federal LMI requirements; and
- The applicant has limited or no other resources to rehabilitate the home.

4.3.3 New Construction for Homeownership Opportunity and First Time Home Buyer Assistance

Program Allocation: \$50,000,000 ((\$10,000,000 (initial allocation); \$40,000,000 (second allocation))

Estimated Start and End Dates: Quarter 1, 2019 through Quarter 3, 2022.

Eligible Activities: Clearance, Rehabilitation, Reconstruction, and Construction of Buildings (including Housing) (HCDA Section 105(a)(4)); Acquisition (HCDA Section (105)(a)(1); Public Services (HCDA Section 105(a)(8)).

Maximum Award (Method 1) Turn-Key Development: Awards may be up to \$325,000 per home including the infrastructure and construction of homes for first time home buyers. Circumstances where additional costs may be incurred will be reviewed against cost reasonableness guidelines.

Maximum Award (Method 2) Have a Lot, Build a Home: Awards may be up to \$150,000 per home including the infrastructure and construction of homes for first time home buyers. Circumstances where additional costs may be incurred will be reviewed against cost reasonableness guidelines.

New: Affordability Period and Resale and Recapture Restrictions: In Section IV.B.10. the Affordability Period for New Construction of Single-Family LMI Homeowner Housing (40320), HUD requires “grantees receiving funds under this notice to implement a minimum five-year affordability period on all newly constructed single-family housing that is to be made available for low- and moderate-income homeownership. This requirement for an affordability period does not apply to the rehabilitation or reconstruction of single-family housing. This notice requires grantees to develop and impose affordability (i.e., resale and recapture) restrictions for single-family housing newly constructed with CDBG- DR funds and made available for affordable homeownership to low- and moderate-income persons, and to enforce those restrictions through recorded deed restrictions, covenants, or other similar mechanisms, for a period not less than five years. Grantees shall establish resale or recapture requirements for housing funded pursuant to this paragraph and shall outline those requirements in the action plan or substantial amendment in which the activity is proposed. The resale and recapture provisions must clearly describe the terms of the resale and recapture provisions, the specific circumstances under which these provisions will be used, and how the provisions will be enforced.”

VIHFA’s existing homeownership and single-family construction programs has established a twenty-year affordability period. VIHFA also currently follows the regulations of the

Territory for affordable housing, including the resale and recapture provisions, which are detailed in the U.S. Virgin Islands' code Title 21, Chapter 1 and are further defined in the *Joint Rules and Regulations for the U.S. Virgin Islands Affordable Housing Program* outlined in Title 29, Chapter 16, Sections 930 of the code. These provisions are further codified in VIHFA's Deed of Conveyance which is instituted for each sale within the existing program. To keep consistent between the CDBG-DR funded New Construction for First Time Homebuyer Program and VIHFA's existing programs, the new program will adopt the existing affordability policies and the resale and recapture policies and procedures. These provisions are summarized below from the existing program and U.S. Virgin Islands code. Further details are included within the policies and procedures governing this program.

Resale Provisions

Affordable housing units constructed or offered for sale under this Program shall not be sold during a control period of twenty (20) years from the date of the original sale for a price greater than a sales price which equals the original selling price plus a percentage of the unit's original selling price equal to the increase in the cost of living as determined by the United States Department of Labor's Consumer Price Index, plus the fair market value of improvements made to the unit between the date of original sale and the date of resale, plus an allowance for payment of closing costs. The affordable sale price formula may be amended or modified from time to time by the Agency.

Recapture Provisions

Affordable housing units sold to eligible persons and families under the Program and subsequently offered for resale to the public by the original purchaser during the twenty (20) year control period in contravention of paragraph (c) of this Section 212 shall be subject to the following recapture rule:

Affordable housing units shall not be sold, transferred or otherwise disposed of within two hundred forty (240) months from the date of the original purchase thereof under the Program unless (i) the transferee of the affordable housing unit satisfies the eligibility requirements under the Program in effect on the date of sale and transfer or (ii) the original purchaser or his transferee agrees to pay a recapture penalty based on a percentage of the amount of the selling price in excess of the original purchase price ("excess profits") of the unit.

The recapture provisions shall be incorporated in a Second Priority Mortgage in the amount of the subsidy. This mortgage creates a lien on the buyer and the property and shall be subordinate only to the primary mortgage.

The resale and recapture requirements will be further outlined in the program's policies and procedures.

4.3.4 Rental Rehabilitation and Reconstruction

Program Allocation: \$25,000,000 ((\$5,000,000 (initial allocation); \$20,000,000 (second allocation))

Estimated Start and End Dates: Quarter 1, 2019 through Quarter 3, 2021.

Priority 1 applicants must meet the following criteria:

- The impacted unit experienced Major/Severe Damage and tenants were displaced;
- The tenants meet federal LMI requirements; OR
- Units that are Major/Severely Damaged and vacant, and eligible applicant agrees to rent to LMI individuals displaced by the storms.

Priority 2 applicants must meet the following criteria:

- The impacted unit experienced Major/Severe Damage and tenants were displaced.

Affordability Period: Rehabilitation or reconstruction of multi-family rental projects with eight or more units will be required to adhere to an affordability period of 15 years.

4.3.5 Public and Affordable Housing Development

Program Allocation: \$72,000,000 ((\$32,000,000 (initial allocation); \$40,000,000 (second allocation))

Estimated Start and End Dates: Quarter 1, 2019 through Quarter 4, 2022.

Affordability Period: New construction of multi-family rental projects with five or more units will be required to adhere to an affordability period of 20 years. Rehabilitation or reconstruction of multi-family rental projects with eight or more units will be required to adhere to an affordability period of 15 years.

4.3.7 Supportive Housing for Vulnerable Populations

Program Allocation: \$60,000,000 ((\$15,000,000 (initial allocation); \$45,000,000 (second allocation))

Estimated Start and End Dates: Quarter 1, 2019 through Quarter 2, 2023.

4.3.8 Emergency Shelter Development

Geographic Area(s) Served: University of Virgin Islands, St. Croix, and other areas in the Territory as determined by the program.

Program Allocation: \$30,000,000 (second allocation)

Estimated Start and End Dates: Quarter 1, 2019 through Quarter 4, 2022.

4.4 Infrastructure Programs

Contribution to Housing Recovery: Infrastructure activities will contribute to comprehensive long-term recovery and restoration of housing in a number of ways. The Match Program includes local cost share funds to ensure other federal recovery projects can be completed for lifeline sectors to get power and telecommunications back online, fix damaged roads, and build temporary and permanent school facilities, all of which are important to helping homeowners and landlords repair housing units and giving confidence to residents that neighborhoods are being rebuilt. The Repair and Resilience Program works with, and in some cases goes beyond, the scope of other federal funding sources, to improve roads serving residential areas and between economic hubs, waste and wastewater improvements, and other utilities improvements to help return accessibility and long-term redundancy of systems to improve the quality of life for the Territory's residents. The Electrical Power Systems Enhancement Program supplements FEMA's PA work to restore physical electrical infrastructure by focusing the funding on activities that buy down the cost of power for households, while increasing redundancy and reliability of power to families.

URA Compliance: Program activities will be reviewed to determine URA and 104d compliance and required actions. The policies and procedures will be further developed in the soon-to-be-developed Residential Anti-displacement and Relocation Assistance Plan (RARAP) and Optional Relocation Policy.

Racial, Ethnic, Low-Income Concentrations - Projects must also assess how planning decisions may affect members of protected classes, racially and ethnically concentrated areas, as well as concentrated areas of poverty; will promote the availability of affordable housing in low-poverty, nonminority areas where appropriate; and will respond to natural hazard-related impacts.

Table 29 is being renumbered to Table 32 and replaced with the following:

Table 32. Summary of Proposed Infrastructure Programs

Program	Sectors	HCDA Eligible Activities (Section 105(a))	Total Allocation
Local Match for Federal Disaster Relief Programs	<ul style="list-style-type: none"> • Educational Facilities • Energy • Government Facilities • Hospitals & Healthcare Facilities • Telecommunications • Transportation (including roads, ports, & airports) • Waste: Solid Waste / Landfill Debris • Water & Wastewater 	<ul style="list-style-type: none"> • Payment of the Nonfederal Share • Acquisition of Real Property • Public Facilities and Improvements • Clearance, Rehabilitation, Reconstruction, and Construction of Buildings • Public Services • Relocation • Assistance to Institutions of Higher Education 	\$168,805,950
Infrastructure Repair and Resilience	Same as above	<ul style="list-style-type: none"> • Acquisition of Real Property • Public Facilities and Improvements • Clearance, Rehabilitation, Reconstruction, and Construction of Buildings • Public Services • Relocation • Assistance to Institutions of Higher Education 	\$305,000,000
Electrical Power Systems Enhancement and Improvement	Energy	<ul style="list-style-type: none"> • Acquisition of Real property • Public Facilities and Improvements • Clearance, Rehabilitation, Reconstruction, and Construction of Buildings • Relocation • Payment of the Nonfederal Share 	\$135,000,000
Total			\$608,805,950

Significant additions have been made to this section to address new guidance from HUD through the Federal Register Notice’s infrastructure-specific applicable rules (83 FR 40321).

The following section is being added to demonstrate how mitigation will be integrated into projects, including how projects will adhere to elevation requirements:

Integration of Mitigation for Resilience

The Territory is acutely concerned with the potential impacts of future storms and therefore will prioritize mitigation across all programs to build comprehensive resilience. Resilience is the state of a community in which the foundational systems are strong and capable of withstanding, or quickly bouncing back from, a disruption. Whether this is a natural or man-

made hazard or an unanticipated economic downturn, the social cohesion, diverse economic opportunities, strong infrastructure, and emergency response capacities all contribute to such resilience. A resilient U.S. Virgin Islands is a mitigated U.S. Virgin Islands.

The following estimates demonstrate the financial benefits associated with sector-wide mitigation activities being incorporated into the recovery of the 2017 storms:

- Energy Sector: \$825 million benefit in avoided cost of repairs and GDP losses for future storms.
- Education Sector: \$420 million benefit projected if resilience measures reduce future damage to school facilities during a storm.
- Healthcare Sector: \$320 million benefit projected if resilience measures avoid future repairs to healthcare facilities and systems.
- Transportation Sector: \$285 million benefit over ten years in avoided cost of road repairs and GDP impacts of lost mobility due to damaged roads from future storms.
- Government Facilities: \$220 million benefit in avoided repairs to existing facilities and temporary support costs.
- Landfills and Debris: \$115 million benefit from resilience measures that increase the lifecycle and efficiency of waste facilities.
- Telecommunications: \$225 million benefit from avoided cost of repairs to the system and GDP losses from disrupting digital banking and communications during a loss of power.
- Water Systems: \$155 million benefit from avoided costs of water delivery, repairs, and GDP impact of health and productivity due to water disruptions.
- Wastewater Systems: \$34 million benefit from avoided costs of continually repairing lines and pipes after a storm.²⁹

Given these substantial benefits, all infrastructure under the FEMA PA is being designed to consider mitigation components and this will continue to be done under CDBG-DR. Proactive measures to promote risk-informed infrastructure development may include diversification of power generation, micro-grid development, relocation of critical facilities, and flood-mitigated roads. As part of the FEMA HMGP program, VITEMA is currently updating the 2014 Territory Hazard Mitigation Plan to account for post-storm needs. All projects undertaken through the CDBG-DR infrastructure programs will be coordinated with the results of this planning process. This will be done during the scope and budget process for projects submitted after the adoption of the new plan and an amendment to Tables 27, 28, and 29 of this plan will be done to account for any revised alignment needs. VIHFA may also adjust program policies and procedures to comply with the recommendations of future plans and planning processes. In addition, HMGP funding for important mapping and hydrologic studies are anticipated to be obligated soon, which will provide up-to-date data and land use recommendations that are critical for roads and power-related projects. VIHFA is working closely with VITEMA to stay up-to-date on related efforts being funded through HMGP, which

²⁹ For methodology on these calculations, see Appendix 2

are also coordinated through the Territory of the Virgin Islands Administrative Plan for the Hazard Mitigation Grant Program.

Recipients of funds may be required to provide a narrative of how mitigation principles and practices will be incorporated before the signing of contract agreements to ensure mitigation is a key factor from the onset of project design. The specific mitigation measures and technologies included in the project or program will again be evaluated during a scope and budget phase. This may be done in collaboration with HMGP and PDM work to ensure coordination with the Territory's other approaches to mitigation. Potential infrastructure or resilience projects may also be evaluated based on guidance outlined in FEMA's Hazard Mitigation Assistance Guidance including:

- Technical Feasibility
- Cost and cost-reasonableness
- Effects on the environment and cultural resources
- Community support
- Promotion of community resilience
- To what extent the project design reduces vulnerability
- To what extent the project includes measures to avoid or minimize adverse impacts to floodplains, wetlands, or other environmental and cultural resources
- Accessibility accommodations for individuals with disabilities and/or access and functional needs

A key consideration for future storms is mitigating the water distribution systems on the island. It is estimated that over 50% of the island is not connected to municipal water and rely on cisterns. While resilient expansion of water systems will be part of the infrastructure programs, CDBG-DR funding will also consider household-level cistern mitigation as a form of critical infrastructure to ensure these homes can access water in the event of another long-term power outage. Some of this work may also be supported by funding from the Housing Programs or upcoming tranche of mitigation funds.

Additional resilience measures for future extreme weather events may include the burying of power lines, hardening of power poles, and the elevation of homes and critical infrastructure, such as substations. Home elevation is not common in the Territory, as it is not often required due to the mountainous and hilly terrain. Further, the cistern is often connected to the foundation of the home and provides some elevation to the home. Elevation will be done where required by the Territory's building code, which in accordance with 44 CFR 59.1, requires the first floor of structures located in the 1 percent annual (or 100-year) floodplain that receive federal assistance to be at least two to three feet above the 1 percent annual base flood elevation as determined by best available data.

In addition to hardening infrastructure and following elevation requirements, the Territory will seek to incorporate the "no adverse impacts" approach (NAI) set forth by the Association of State Floodplain Managers, a national group of floodplain managers. This strategy relies on a calculated mix of mitigation approaches to ensure infrastructure development does not

increase flooding risks. A key consideration in NAI is green infrastructure and the use of green spaces and natural systems to promote safer, more predictable conveyance of water through communities. Green infrastructure is defined as the integration of natural systems and processes, or engineered systems that mimic natural systems and processes, into investments in resilient infrastructure. These solutions take advantage of the services and natural defenses provided by land and water systems such as wetlands, natural areas, vegetation, sand dunes, and forests, while contributing to the health and quality of life of those in recovering communities. All projects under the Infrastructure Programs will be required to provide a narrative summary of the green infrastructure components applicable to the project during the scope and budget development and are encouraged to use the ASFPM's NAI How-to-Guide for Infrastructure to assist in effective project design.³⁰ Additional guidance on incorporating green infrastructure into projects will be included in the Infrastructure Program Policies and Procedures.

The following potential guidance for assessing cost and benefits has been added:

Costs and Benefits

Infrastructure projects typically carry a high cost of labor and materials, relative to the continental U.S., due to the isolated geography and limited workforce in the Territory. Each project will be informed by a consideration of cost and benefits, considering these unique circumstances, but whenever possible, will utilize local/regional talent and materials to reduce costs.

The Territory's approach to assessing costs and benefits may be based on two existing frameworks. The first, HMGP's Guidance on cost effectiveness relies on a Benefit Cost Analysis, where projects for which benefits exceed costs are generally considered cost effective. The project cost estimate includes a line-item breakdown of all anticipated costs, including, as applicable:

- Costs for anticipated environmental resource impact treatment or historic property treatment measures
- Costs for engineering designs/specifications, including hydrologic and hydraulic studies/analyses required as an integral part of designing the project
- Construction/demolition/relocation costs, such as survey, permitting, site preparation, and material/debris disposal costs
- All other costs required to implement the mitigation project, including any applicable project-type specific costs

Benefits in this methodology are often calculated using standard loss of function estimates provided by relevant federal agencies, which may also be utilized by the Territory. One disadvantage of this method is that benefits may only be measured as avoided damage, loss of function, and displacement and not fully consider the socio-economic factors involved. Given the Territory's approach to mitigation and resilience as giving full consideration systemic, inter-related processes that promote resilience, the method produced through the

³⁰ <https://www.floods.org/ace-images/ASFPM-InfrastructureFinalJuly28.pdf>

National Disaster Resilience Competition (NDRC) will help to supplement some of these factors.

Under this method, to the greatest extent possible, a narrative description may be produced to identify evidence-based practices as the basis for the project proposal. This method includes the following steps:

1. A full proposed cost, including Federal, Territorial, and private funding, as well as expected operations and maintenance costs and functionally related to geographically related work;
2. A description of the current situation and the problem to be solved (including anticipated changes over the analysis period);
3. A description of the proposed project or program including functionally or geographically related elements and estimated useful life;
4. A description of the risks to the community if the proposal and any land use, zoning or building code changes are not implemented, including costs that might be avoided if a disaster similar to the qualifying disaster struck again, including costs avoided if as a result of the project remaining effective in a future disaster;
5. A list of the benefits and costs of the proposal and the rationale for including each effect using the table provided according to the following categories:
 - a. Lifecycle costs;
 - b. Resiliency value;
 - c. Environmental Value;
 - d. Social Value; and
 - e. Economic Revitalization.
6. A description of risks to ongoing benefits from the proposed project or program; and
7. An assessment of challenges faced with implementing the proposal.³¹

The exact method of benefit and cost assessments may vary and will be detailed further in the Infrastructure Policies and Procedures.

The following content has been added to ensure economic opportunities are created by infrastructure projects while also avoiding disproportionate impacts:

Opportunities and Impacts

Infrastructure programs will generate a wide array of employment opportunities and the Territory is committed to ensuring local firms and jobseekers are fully engaged in this work. Coordination is underway with the Virgin Islands Department of Labor (DOL) to ensure employers' and jobseekers' needs are being considered for both large and small-scale infrastructure projects. DOL is a critical partner in ensuring the Territory's workforce

³¹ <https://www.hudexchange.info/resources/documents/NDRC-Phase-2-NOFA-Appendix-H-Benefit-Cost-Analysis-Instructions.docx>

is trained, prepared, and qualified for the work initiated by infrastructure construction. Therefore, an entire program has been included as a Workforce Development Program to provide CDBG-DR assistance to DOL to better serve this need (see Section 4.5.3).

A key target population for this program will be low-income residents and businesses that qualify under Section 3. The Section 3 program requires that recipients of certain HUD financial assistance, to the greatest extent possible, provide training, employment, contracting and other economic opportunities to low- and very low-income persons, especially recipients of government assistance for housing, and to businesses that provide economic opportunities to low- and very low-income persons. Each agency receiving funds under the Infrastructure Programs will receive technical assistance from VIHFA and direct hiring and training assistance from DOL to ensure their projects are compliant with Section 3 to the greatest extent feasible. Further information on Section 3 efforts is outlined in Section 5.1.9.

It is a guiding principle of this allocation to combat the effects of disproportionate impacts for vulnerable populations. Each project will be assessed during the design and implementation to determine who benefits from the resulting infrastructure repairs and improvements. For all three Infrastructure Programs, geographic and demographic analysis will be used to determine how oft-neglected communities will be impacted by a project. In the U.S. Virgin Islands, low- and moderate-income residents will be the priority beneficiaries for all infrastructure work. Currently, it is estimated that 65% of Local Match program funding and the Repair and Resilience funding are allocated for LMI beneficiaries, while 80% of the Electrical Power Systems Enhancement and Improvements program is anticipated to benefit LMI residents and businesses (see Table 1A).

The Territory will also employ the Social Vulnerability Index from the Center for Disease Control to better serve at-risk populations.³² Social vulnerability refers to the demographic and socioeconomic factors that can affect the resilience of communities. The Index uses 14 different factors collected in Census Bureau statistical data on housing, poverty, accessibility to resources, and others to rank census tracts by vulnerability in 4 different categories. As part of the initial scope and budget process, projects will go through a social vulnerability analysis, to determine the type and severity of social vulnerability in the census tracts of the relevant area. Potentially negative impacts found through this analysis will be addressed during the detailed scope and budget phase of the project. Projects that have demonstrated negative impacts in vulnerable census tracts will not receive a Notice To Proceed (NTP) until program staff have determined project re-design or mitigation of the impacts to be sufficient. The Territory will rely on existing Social Vulnerability Index

³² Social Vulnerability Toolkit – Center for Disease Control - <https://toolkit.climate.gov/tool/social-vulnerability-index>

data sets and mapping tools, but in areas where data is missing or insufficient, may determine a comparable method to assess vulnerability with the best available data.³³

Additional impacts being considered in the design and implementation of infrastructure projects are for those disproportionately impacted by the threat of climate change in the Territory. The U.S. Virgin Islands' Climate Change Executive Order (No. 474-2015) provides a mechanism for all social sectors and groups to work together in building resilience to climate change, and the U.S. Virgin Islands Climate Change Council (the Council) is charged with facilitating this process. Under this order, a 2016 assessment was presented to the Council with guiding principles on better incorporating the needs of vulnerable populations into climate and resilience activities. These guiding principles may be incorporated into the Infrastructure Programs and include:

- Design of processes and materials to facilitate access and full participation by at-risk groups.
- Facilitating access to financial resources, technical assistance, and logistics support to ensure adequate preparation and full participation.
- Ensuring that at-risk groups are allowed to articulate and represent their interests.
- Ensuring that assessment protocols for policies, programs, strategies, and projects include measures for assessing the impact on at-risk groups.³⁴

The following content has been added to demonstrate how the Territory is employing adaptable, reliable technologies to guard against premature obsolescence of infrastructure:

Adaptable and Reliable Technologies

The Territory understands the critical need to strike a balance between advanced technology and reliable results. That is why the projects under the Infrastructure Programs may incorporate sustainability standards that have already been set and tested around the world, such as Leadership in Energy and Environmental Design (LEED) and International Green Construction Code (IGCC). Projects that incorporate such sustainability and technological standards may receive additional priority considerations. All projects will also be encouraged to follow the predevelopment principles described in the Federal Resource Guide for Infrastructure Planning and Design.³⁵ Under each program, prioritization criteria will also consider the technical feasibility of a project as a factor in how it will receive funding to encourage realistic project design from the onset. However, it is also understood that traditional energy systems and infrastructure pathways might not be the most

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<https://www.arcgis.com/home/webmap/viewer.html?webmap=22f7aef0c950486c89ef30b3e0649d97>

³⁴ <http://www.fdpi.org/wp-content/uploads/2016/08/Briefing-Paper-on-At-Risk-Groups-in-the-USVI-Climate-Change-Initiative.pdf>

³⁵ <http://portal.hud.gov/hudportal/documents/huddoc?id=BAInfraResGuideMay2015.pdf>

geographically relevant or effective solution for long-term recovery, so resiliency will be heavily weighted as a prioritization criterion as well.

The Territory will rely on professional engineers and subject matter experts, procured by HFA, implementing partners, and subrecipients, to employ adaptable and reliable technologies to guard against premature obsolescence of infrastructure. The Detailed Scope and Budget Package required for each project will include a mechanism for program staff and project managers to consider how project design will ensure the longevity and sustainability of the infrastructure. Each project is also subject to relevant Territorial and federal design standards, which through the Bipartisan Budget Act, will be used to bring infrastructure up to modern industry standards regardless of pre-storm condition and direct damage.

Implementing Partners should emphasize expectations for appropriate technologies and designs that consider climate adaptation strategies and mitigation components during the project development and procurement process. Relevant Memorandums of Understanding or Subrecipient Agreements may also include this as an expectation of the agreement and subsequent monitoring of the project may track the implementation of this condition.

Covered Projects

Requirements under 83 FR 40314 state that projects surpassing a total investment of \$200 million threshold or that are complex enough in the opinion of the Federal Permitting Improvement Steering Council will require enhanced oversight including additional environmental reviews. While the Territory has not identified any infrastructure projects that currently reach this threshold, should any projects meet this criteria, the Territory may choose to complete these additional requirements under Fixing America's Surface Transportation, Title 41 (FAST-41), which established federally accepted procedure to improve early consultation and coordination among government agencies; increase transparency through the publication of project-specific timetables with completion dates for all federal authorizations and environmental reviews; and increase accountability through consultation and reporting on projects.³⁶

4.4.1 Local Match for Federal Disaster Relief Program

Estimated Start and End Dates: Quarter 1, 2019 through Quarter 3, 2024.

The following edits fall under the Proposed Use of Funds section:

Data Update: The U.S. Virgin Islands is receiving FEMA PA funds through two disasters: FEMA-4335-DR-VI for Hurricane Irma and FEMA-4340-DR-VI for Hurricane Maria. As of August 25, 2018, FEMA has written 710 Project Worksheets for a total of \$1,617,189,320 which includes \$63.1 million for DR-4335 and \$1.55 billion for DR-4340. These amounts will continue to increase.

Direct Administrative Costs Match Requirement: Additionally, a 10% local share amount is required for FEMA Direct Administrative Costs (DAC), which is anticipated to total approximately \$20 million. FEMA calculates this based on the total cost of a Project Worksheet. For this disaster, all DAC line items are being pulled out of the individual PWs and into one large DAC-only PW. Therefore, the administrative cost and resulting cost share requirement will not be incorporated for each PW, but must be addressed separately.

Eligibility Criteria: The projects must have an active FEMA PW and be able to meet additional CDBG-DR cross-cutting requirements (see Section 5.1).

Prioritization Criteria Definitions Updated – The following definitions now take the place of previous criteria definitions for all three Infrastructure Programs:

Projects will be selected based on a weighted scale with the following criteria:

- **LMI:** Project beneficiaries are evidenced to be at least 51% low- and moderate-income persons or communities.
- **Readiness:** Projects demonstrate they are ready to begin rehabilitation or construction. A project is considered “shovel-ready” if environmental review and engineering have already been completed, where required OR the project can demonstrate an accelerated timeline.
- **Criticality:** Determined based on the extent to which the normal conduct of social, economic, or government processes is impeded without the project. Special consideration will be given to projects that have a strong tie to housing unmet needs or will contribute to long-term recovery and restoration of housing.
- **Resilience:** Project includes measures that prevent vulnerability in the future or provide innovative solutions to existing vulnerabilities.
- **Technical Feasibility:** The degree of specialized equipment or advanced technical capacity required.
- **Sustainability:** Degree to which modern sustainability standards or best practices are taken into consideration for the project.
- **Economic Benefit:** The project is evidenced to resolve an impediment to or create new opportunities for economic activities.

Program Allocation: \$168,805,950 (\$45,549,800 (initial allocation), \$123,256,150 (second allocation))

³⁶ <https://www.energy.gov/oe/mission/transmission-permitting-and-technical-assistance-division/fast-41>

Table 30 is being updated as follows:

Table 33. Infrastructure Match Requirements for Federal Programs

Federal Agency	FEMA Section	Category of Work	Program	Type of Work	Federal Cost Share*	Local Cost Share
FEMA	Section 407	A	Debris Removal	Emergency	100%	0%
FEMA	Section 403	B	Emergency Protective Measures	Emergency	100%; 90%**	0%; 10%
FEMA	Section 403	B	Sheltering and Temporary Essential Power (STEP)	Emergency	100%; 90%**	0%; 10%
FEMA	Section 406	C-G	Public Assistance	Permanent	90%	10%
FEMA	Section 428	C-G	Public Assistance Alternative Procedures (PAAP)	Permanent	90%	10%
FEMA	N/A	N/A	Direct Administrative Costs (DAC)	N/A	90%	10%
FEMA	N/A	Z	State Management Costs (SMC)	N/A	100%	0%
FEMA	Section 404	N/A	Hazard Mitigation Grant Program (HMGP)	Mitigation	100%	0%
FEMA	Section 203	N/A	Pre-Disaster Mitigation (PDM)	Mitigation	75%	25%
FHWA	N/A	N/A	Emergency Relief Program	Emergency, Permanent	100%	0%
USACE	N/A	N/A	N/A	Permanent	100%	\$250,000 max. per project

*Subject to change per Congress.

**100% federal cost share for 240 days from the start of the incident period for Hurricanes Irma and Maria, ending August 31, 2018, for Hurricane Irma and September 11, 2018, for Hurricane Maria; 90% thereafter.

***100% federal cost share from the first 180 days after the disaster occurs, 90% thereafter.

4.4.2 Infrastructure Repair and Resilience Program

Estimated Start and End Dates: Quarter 2, 2019 through Quarter 3, 2024.

Eligible Applicants: WAPA, DPW, BIT, and other infrastructure related governmental and quasi-governmental entities.

Eligibility Criteria: The projects must demonstrate a tie to the storm or have clear evidence of resiliency functions to prevent future damage.

Prioritization Criteria Definitions Updated: (See 4.4.1 note)

Program Allocation: \$305,000,000 (\$30,000,000 (initial allocation), \$275,000,000 (second allocation))

4.4.3 Electrical Power Systems Enhancement and Improvement Program

Estimated Start and End Dates: Quarter 1, 2019 through Quarter 4, 2022.

Eligible Applicants: WAPA and other governmental entities which may have electrical projects outside of the existing WAPA network.

Program Allocation: \$135,000,000 (\$45,000,000 (initial allocation), \$90,000,000 (second allocation)).

The following sentence has been updated: At 38 cents per kilowatt-hour, residential electricity rates are 3 times the U.S. national average (12.5 cents per kilowatt-hour) and 1.8 times higher than Puerto Rico (21 cents per kilowatt-hour).

4.5 Economic Revitalization Programs

Contribution to Housing Recovery: Economic Revitalization activities will contribute to the long-term recovery and restoration of housing in a multitude of ways. The benefits of a rebounded and stronger tourism industry through the Tourism Industry Support Program will provide more employment opportunities at family-sustaining wages. Similarly, the Ports and Airports Enhancement Program modernizes the Territory's most critical access points for these tourists, as well as import/export commerce, allowing Virgin Islands' businesses to remain competitive in the Caribbean marketplace. The Workforce Development Program provides direct support to individuals and businesses to develop lifelong workplace skills for the Territory's most economically-vulnerable residents. These opportunities create a recovery strategy that allows lower-income residents to gain economic stability after the disruption of the 2017 disasters. More financially secure households will have access to better insurance coverage, as well as physical home repair and protective measures, directly impacting their ability to fully restore (beyond what federal resources are providing) or replace their storm-damaged housing now and protect their homes in future hazard events.

URA Compliance: Program activities will be reviewed to determine URA and 104d compliance and required actions. The policies and procedures will be further developed in modifications to the existing Residential Anti-displacement and Relocation Assistance Plan (RARAP) and a soon-to-be-developed Optional Relocation Policy.

Figure 16 was replaced with Table 34 to include the allocation from Tranche 2:

Table 34. Economic Revitalization Programs and Tranche 1 & 2 Allocations

Program	HCDA Eligible Activities	Tranche 1 Allocation	Tranche 2 Allocation	Total Allocation
Ports and Airports Enhancement Program	Public Facilities and Improvements	\$23,000,000	\$17,000,000	\$40,000,000
	Clearance, Rehabilitation, Reconstruction, and Construction of Buildings			
	Special Economic Development Activity			
Tourism Industry Support Program	Waiver Request Approved.	\$5,000,000	\$5,000,000	\$10,000,000
Workforce Development Program	Public Services	\$5,000,000	\$5,000,000	\$10,000,000
Neighborhood Revitalization Program	Code Enforcement	\$0	\$0	\$0
	Clearance, Rehabilitation, Reconstruction, and Construction			
	Public Services			
	Special Economic Development Activity			
Small Business and Entrepreneurship Technical Assistance Program	Technical Assistance	\$0	\$0	\$0
	Special Economic Activity			
Total		\$33,000,000	\$27,000,000	\$60,000,000

4.5.1 Ports and Airports Enhancement Program

Estimated Start and End Dates: Quarter 1, 2019 through Quarter 2, 2023.

³⁸ U.S.V.I. Bureau of Economic Research.

Program Allocation: \$40,000,000 (\$23,000,000 (initial allocation); \$17,000,000 (second allocation))

4.5.2 Tourism Industry Support Program

Estimated Start and End Dates: Quarter 2, 2019 through Quarter 4, 2021

Proposed Use of Funds Data Update: The most recent cruise passenger arrival statistics highlights the extent of the problem: during the eight-month period of fiscal year 2018, cruise passengers were 850,193 compared to 1,266,802 cruise passengers who came in 2017, representing a decline of 33%. The drop in cruise passengers is expected to continue for the remainder of fiscal year 2018, due to the summer season and scheduled cruise calls to St. Croix ended in May 2018.

The number of flights fell dramatically as a result of the 2017 hurricanes and have only very slowly recovered since. During the eight-month period of fiscal year 2018, air arrivals were 225,702, representing a loss of 60% compared to the 566,828, air visitors one year ago. Major carrier seats in fiscal year 2017 averaged 17,123 compared to 17,293 seats in fiscal year 2016, a decline of 1%. The number of major carrier seats during the seven months of fiscal year 2018 was 8,817. The average number of seats during the same period in fiscal year 2017 was 18,401, a decline of 52%.³⁸

To quantify the impact of the Program, the Department of Tourism and the Bureau of Economic Research will collect annual statistics and will measure jobs created or retained due to tourism activity in the Territory. Post-disaster analytics to measure the return of pre-storm rates of tourism activity to the most impacted areas will include:

- Number of pre-disaster tourists and visitors
- Revenue generated by impacted areas through tourism industry
- Number of businesses stabilized
- Number of jobs created or retained

The program will be evaluated using the same data sources on the basis of which the Territory has estimated the impact of the storms on tourism and the economy at large, including the U.S. Virgin Islands Department of Tourism, the U.S. Virgin Islands Bureau of Economic Research, the Virgin Islands Hotel and Tourism Association, and the World Travel and Tourism Council.

Program Allocation: \$10,000,000 (\$5,000,000 (initial allocation), \$5,000,000 (second allocation), including \$9,000,000 to Tourism Marketing; \$1,000,000 to business and entrepreneurial support))

4.5.3 Workforce Development Program

Low- and Moderate-Income Projection: 100%; At least 51% of participants of the

Workforce Development Program will be Low- and Moderate-Income.

Added additional National Objective: Low-and Moderate-Income Clientele, Low- and Moderate-Income Jobs

Added additional Eligible Activity: Public Services (HCDA 105(a)(8)), Assistance to For Profit Businesses (HCDA 105(a)(17))

Estimated Start and End Dates: Quarter 1, 2019 through Quarter 3, 2023.

Program Allocation: \$10,000,000 (5,000,000 (initial allocation), \$5,000,000 (second allocation))

5. GENERAL ADMINISTRATION

For this Amendment, the Territory has not identified any material changes in its processes or procedures that could potentially impact prior statements concerning the Certification Documentation and Risk Analysis Documentation.

5.1.5 “Demonstrable Hardship” and “Not Suitable for Rehabilitation”

Removed: For the purpose of providing temporary relocation assistance to property owners through CDBG-DR funded activities, demonstrable hardship may include such conditions as prolonged job loss, substantial reduction to household income, death of a family member, unexpected and extraordinary medical bills, disability, etc. VIHFA will incorporate this definition and the process by which it will consider requests for accommodation in its program policies and procedures.

5.1.10 Environmental Review

Added: Per the new Federal Register notice, the Appropriations Act goes beyond the Prior Appropriation and authorizes recipients of CDBG-DR funds under the Appropriations Act that use such funds to supplement Federal assistance provided under Section 408(c)(4) as well as Sections 402, 403, 404, 406, 407 or 502 of the Stafford Act may adopt, without review or public comment, any environmental review, approval, or permit performed by a Federal agency to satisfy responsibilities with respect to environmental review, approval or permit. Such adoption shall satisfy the responsibilities of the recipient for environmental review, approval, or permit that is required by the HCD Act. VIHFA will notify HUD in writing of its decision to adopt another agency’s environmental review. VIHFA will also retain a copy of the review in its environmental records.

5.1.11 Cost Verification

Added: Federal guidelines require that project costs funded with CDBG–DR are necessary and reasonable. 83 FR 40314 provides additional details as to how grantees can demonstrate and verify costs: “14. A description of the grantee’s controls for assuring that construction costs are reasonable and consistent with market costs at the time and place of construction. The method and degree of analysis may vary dependent upon the circumstances surrounding a particular project (e.g., project type, risk, costs), but the description must address controls for housing projects involving eight or more units (whether new construction, rehabilitation, or reconstruction), economic revitalization projects (involving, construction, rehabilitation or reconstruction), and infrastructure projects. HUD may issue guidance to grantees and may require a grantee to verify cost reasonableness from an independent and qualified third-party architect, civil engineer, or construction manager.”

VIHFA will establish the following processes to ensure cost reasonableness of construction costs as well as other goods and services:

- First and foremost a fair and open procurement action, which surveys the market and welcomes _____ competition from available, capable bidders, is the preference of VIHFA and will support and

ultimately determine what is “reasonable.” A key objective in undertaking a full and open procurement is to establish at what price the market is currently willing to provide whatever goods and services are being procured considering all market factors in the current post disaster environment for the specific geography.

- As part of establishing cost reasonableness during procurement, a cost estimate will be prepared in advance of issuing the procurement as a benchmark for evaluating proposals received. This benchmark might include market research that takes into account current post disaster capacity and capability in the market, or a review of financial aspects of a previously let contract which takes into account providing goods or services in a remote geography which has been significantly impacted by multiple recent storms. Input will also be sought from subject matter resources resident in VIHFA and implementing agencies and subrecipients including but not limited to employees and pre-existing contractors with specific knowledge of the requirements of what is being procured.
- VIHFA, implementing agencies and other subrecipients will also review proposed prices with historical data from previous similar pre-disaster construction projects against cost estimates for projects in the current post-disaster setting.

5.2 Administration and Planning

5.2.1 Reimbursement of Disaster Recovery Expenses

Added: VIHFA is tracking those activities undertaken prior to execution of its grant agreement with HUD for reimbursement including tracking time spent on CDBG-DR related activities including development of this Action Plan. Pre-award costs covered by Administration and Planning include the activities related to the development of the Action Plan as well as subsequent Action Plans and Amendments, financial management systems, consultant costs related to Action Plan development, and staff time prior to the Action Plan approval.

5.2.2 Consultation with Local Governments and Public Housing Authority

Recovery Room Meetings Added: Multiple levels of consultation were used to ensure local government partners were involved in the policy and program development for the Action Plan. "Recovery Room" meetings and follow up communications were conducted with department heads and key community members, such as business owners and non-profits, to understand the unmet needs in their sector and the resulting programmatic work required for recovery. The results of these meetings directly informed the development of the policy and budget for the programs. These consultations were followed by budget and policy changes in Amendment 1 in consultation with these partners during the development of the Amendment, as well as during the public comment **period via additional meetings, email, and phone correspondence.**

Hurricane Recovery and Resilience Task Force Added: The Task Force released its initial 280-page report on September 9, 2018, containing 288 actionable recommendations pertaining to the long-term recovery to improve critical infrastructure and public services, and to make businesses more resilient to future storms and other natural disasters. The

recommendations generally fall into four major strategies: hardening infrastructure; re-configuring systems; changing governance and regulation; and improving planning, coordination and preparation. Many of these are already in the process of implementation.

⁴¹ All data from USVI Bureau of Economic Research, “Historical Consumer Price Indexes for the All Islands CPI,” 8/14/2018.

6. APPENDICES

After a 30-day comment period, the following comments and staff responses are being added to the Public Comments Appendix.

6.1 Public Comments

This section describes the comments received from the public following Amendment 1 to the initial Action Plan. Each section reflects the public's comments on the corresponding proposed modifications made to the Territory's Action Plan and subsequent staff answers.

Action Plan Amendment 1 (Substantial Amendment)

- Release Date: September 17, 2017
- Comment Period: September 17, 2017 – October 16, 2017
- Approved by HUD: TBD

Residents were be able to read the amendment, the currently approved Action Plan, and comment on the amendment in English and Spanish; a French Creole translation of the amendment was available upon request. A large print version was available online and the online materials were also accessible for the visually impaired.

Physical copies of the amendment and the Spanish translation were available at VIHFA and partner government offices, public libraries, and post offices. Comments were accepted by email, written and verbal comments at public meetings, and by mail.

Responses to public comment below are organized by comment subject. Because comments may fit into multiple subjects, the number of subjects in aggregate are greater than total number of comments received during the comment period

Summary of Amendment 1 Public Comments and Responses:

1. STEP Contractor Competency and Quality of Work

Several commenters voiced frustration with the Territory's STEP program and their challenges with the tradesmen and contractors for the repair work.

Staff Response: The Territory respects the frustrations expressed by homeowners. To address concerns and issues with the program, homeowners should call: 855-378-0799.

On November 17, 2017, FEMA sent to the Territory the Recovery Program Guidance authorizing the Sheltering and Temporary Essential Power (STEP) Pilot program for the Virgin Islands. The program initial scope was to enable the Territory to perform minor

emergency repairs in single-family owner-occupied residences. The initial guidance prohibited roof repair for homeowners who received Blue Roof installations through the U.S. Army Corps of Engineers. In a letter dated July 10, 2018, FEMA issued policy clarification allowing residents that applied and are eligible for STEP assistance that also received a Blue Roof installation that is no longer functioning to receive roofing assistance through STEP. The STEP Program is still ongoing. In addition, a major change to the program was to provide repair or full replacement of roofs was approved on August 9, 2018. FEMA also approved the ability for the Federal Coordinating Officer to make a case-by-case exception to increase the \$25,000 program cap. The need for roof repair had prevented many homeowners from being able to complete the STEP program. This new solution within the STEP program will enable an estimated 4,000 homeowners to receive a repaired or replaced roof that will meet local building code. It is estimated that the roof repair/replacement solution will result in an additional \$300 million being invested to repair hurricane-damaged homes.

As of October 22, 2018, the STEP program received 10,353 applications, of those 8,692 are eligible for the program and 5,477 homes have been repaired. The expansion of the STEP program to provide repair and full roof replacement requires crews to return to all 8,692 potentially eligible homes and re-evaluate the recovery need against the new program's parameters. FEMA's deadline for homes to receive an assessment is Friday, November 30, 2018, although the Government of the Virgin Islands has requested an extension.

2. Program Standards for Quality of Work

Some commenters would like to know that there are standards being applied to different projects within the portfolio of programs, particularly the Housing Programs. The commenters are also interested in the education of the public about these standards and how the quality of the work will be addressed, specifically for housing repair work.

Staff Response: Projects taking place under the CDBD-DR portfolio are required to follow standards set by HUD, the Territory and other federal agencies if relevant. Standards will vary by program. These include, but are not limited to, Territorial Building Code, Federal Highway Safety Standards, and sustainability standards like Leadership in Energy and Environmental Design LEED. Standards and compliance tracking will vary between projects, however, all projects procured under CDBG-DR funds will have contracts available for public review on VIHFA's website. These contracts will detail some of these standards and methods for accountability for the contractor and will be made available for public review upon signing of the work contract.

HUD requires Green Building Standards for the Housing Programs, but these are to be defined by the Territory and work will also follow the Strong Homes Guide of V.I. Department of Planning and Natural Resources. Fact sheets on these standards and other relevant codes will be made available to residents and contractors throughout the life of the program.

For the Homeowner Repair Program, the program will conduct 100% Quality Assurance/Quality Control (QA/QC) of each Applicant and Property eligibility. The process for this QA/QC check will be developed by the Compliance & Monitoring Division and will be

conducted by Intake Center supervisors and HFA staff, prior to the applicants moving forward to property inspections and environmental review. An independent third-party QA/QC contractor will be used for to review damage assessment reports. After a successful final inspection, a desk review of the file is done to review all documentation. An Operations QA/QC Checklist is also completed and reviewed internally by the Construction Manager.

3. Agency Capacity

With HFA extending their resources for these projects, who is HFA engaging for assistance with program development and how are they ensuring due diligence in the quality of the work?

Staff Response: VIHFA has developed an organizational capacity plan to increase internal capacity to manage the CDBG-DR grant. VIHFA has hired key senior level staff positions and is actively hiring staff for the CDBG-DR program. These job postings can be found at <https://www.vihfa.gov/disaster-recovery/jobs>. The Authority has contracted with Witt O'Brien's and Ernst & Young to provide strategic assistance in developing the CDBG-DR program. HUD also provides continual Technical Assistance resources to the staff to ensure the work is done in compliance with federal regulations and responsible program design. Additionally, VIHFA is periodically hiring full-time positions to increase capacity as necessary.

The implementing agencies and subrecipients of funding will also be expected to expand their capacity to ensure there is adequate staff to dedicate to these programs and their implementation. VIHFA will conduct a Risk and Capacity Assessment of implementing partners and subrecipients to identify the capacity and potential areas of risk.

The methodology to be used is based on the 2 CFR 200 requirements as well as HUD's guidance on assessing capacity of subrecipients. The process includes assessing the subrecipient's history of grant management, program and activity experience, staffing capacity and experience, financial processes, and knowledge of relevant rules and regulations.

4. St. John

The common concern voiced by St. Johnians is that the island of St. John should receive proportionate attention when considering the allocation of CDBG-DR recovery funding. Concerns range from trash and post-disaster debris collection; the need for a restored means of transportation to and from St. John; the need for better evacuation routes; as well as an expedited recovery and restoration plan of emergency services to make such services fully operational as soon as possible. Additionally, a large portion of the St. John's street lighting is still defunct posing significant public safety issues. St. Johnians voice a strong desire to have an on-island program office that is easily accessible allowing citizens to be more involved with the program.

Staff Response: VIHFA remains committed to St. John’s recovery as it continues to allocate the CDBG-DR funding to satisfy unmet needs. These allocations will address large-scale trash and debris cleanup, as well as other public safety concerns including restoration of street lighting. More readily accessible transportation to and from St. John will also be addressed through the program’s Infrastructure and Economic Revitalization recovery efforts. VIHFA will ensure that St. Johnians are able to participate and voice their concerns. To the greatest extent feasible, VIHFA will take up for consideration the establishment of a satellite office in St. John. Better evacuation routes for St. John will be also be considered. Improved sheltering opportunities are currently under consideration for HMGP funds, in coordination with VIHFA.

Additionally, under FEMA’s Public Assistance program, there are currently 94 projects underway dedicated to the recovery effort on St. John. The combined value of these projects is over \$97 million – an amount that is expected to increase. Of those projects, 7 projects are dedicated to the V.I. Fire Service on the island amounting to at least \$415,000 in recovery funds, an amount that is anticipated to increase.

Further, the GVI has applied to FEMA for funding from the HMGP program for emergency shelters on each island. The Territory’s plan will fortify existing buildings to be used as shelters and will seek to develop new shelters on each island, including St. John.

5. Concern with lack of funding in Economic Revitalization Programs

Several comments were received from the business community in respect to the concern that no funding has been allocated to date for the Neighborhood Revitalization or the Small Business and Entrepreneurship Technical Assistance Programs. These stakeholders consider a revitalized downtown critical to recovery and provided examples for why a larger portion of the funding should go to supporting the private sector. In addition, there was a request for proposed dates for when funding will be allocated for these economic programs.

Staff Response: The Territory agrees that recovery of physical infrastructure must be complemented with strengthened local economies and diversification of the private sector to create a resilient Virgin Islands. While, the Neighborhood Revitalization and Small Business and Entrepreneurship Technical Assistance Programs are not currently funded under this Action Plan Amendment, the Amendment does increase funding for much-needed workforce development through the Workforce Development Program and small business assistance as part of the Tourism Industry Support Program. Depending on guidance from HUD on the Third Tranche, which focuses particularly on long-term mitigation strategies, these programs may be funded.

6. Local Hiring

Several comments expressed concern with the outsourcing of repair work jobs to off-island contractors rather than local hires. The concerns centered on excessive expenditures on housing and hiring off-island contractors who may not be providing high-quality services.

Staff Response: CDBG-DR programs will generate a wide array of employment opportunities and the Workforce Development Program can assist in recruiting, training, and providing resources for local firms and jobseekers to be fully engaged in this work. VIHFA will work with implementing agencies to prioritize local hiring of businesses and workers within the allowable parameters of HUD regulations. Coordination is underway with the Virgin Islands Department of Labor (DOL) to ensure employers' and jobseekers' needs are being considered for both large and small-scale projects. For VIHFA's programs, Section 3 is the primary tracking and goal-setting component of the overall allocation for ensuring local, low-income job opportunities are created. Further information on Section 3 efforts is outlined in Section 5.1.9. Unfortunately, the workforce available in the Territory is also limited by quantity and skillsets applicable to the work needed. Any residents who are interested in participating in the recovery, developing new skills, applying for work contracts, or businesses seeking new hires should contact the Department of Labor to be included in jobseeker and employers contact lists to be reached out to directly as resources for employment become available. Please email wdb@vidol.gov for more information.

In addition, the recovery is a strong opportunity to employ residents that are low- and very low-income. In fact, HUD sets a goal under Section 3 to hire qualified residents and businesses that are low- and very low-income. This will be a priority of the Territory to help develop entrepreneurship and provide opportunities to low-income job seekers.

In October 2018, a contractor workshop was held to advertise contract opportunities for two large road projects that will receive CDBG-DR funding. VIHFA is also planning a contractor workshop in late 2018 for contracting opportunities within the CDBG-DR program. As part of this effort, VIHFA will do outreach and invitations to local existing contractors and potential new contractors.

7. Distribution of Allocation by Recipient Type

- (A) Is there a proposed allocation percentage for non-profits vs government entities, and
- (B) Is there proposed percentage of local and non-local agencies?

Staff Response: There is not a proposed allocation percentage for non-profits versus government entities. Most of the unmet needs are based on recovery for the most impacted sectors (water, wastewater, roads, electricity, public housing, etc.). These sectors are overseen by governmental entities that have relevant jurisdictional oversight. These entities may choose to seek non-governmental assistance in the implementation of their projects. In such cases, a non-profit would become a subrecipient of the relevant implementing agency, the prevalence of which will vary from sector to sector. Therefore, this Action Plan cannot prescribe a certain distribution percentage by recipient type.

8. Waste Management

A commenter stated that this plan is very high-level, but they would like to see more detail on where the funding for waste management will go. The resident detailed collapsed sewer

lines, and major solid waste concerns and would like to know (A) what money is going toward fixing this?; and (B) if the implementing agencies (VI Waste Management Agency) are going to engage the community with for their input on solid waste issues before spending the funding?

Staff Response:

(A) Given the consolidated nature of this Action Plan, the breakdown of how specific agencies spend the allocated funds has not yet been determined. This level of detail will be informed by the projects that agencies submit to VIHFA in requests for funds, as well as their own internal prioritization processes. The prioritization criteria for all three Infrastructure Programs in Section 4.4 may clarify how projects will be selected. More detailed information on the weighting of these criteria and what types of projects will be funded first will be detailed in the Infrastructure Policies and Procedures. This document is under development and will be posted on VIHFA’s website upon completion.

(B) Regarding public input on the agency-based projects that will be funded by CDBG-DR, some projects will require a public process as part of permitting or environmental review. Additionally,—existing agency protocols for citizen participation will be followed by implementing partners and public information will be provided online and when required, in print, to advertise of major construction projects to local residents.

9. Homeless Population

A public comment has been made about addressing the homeless population. Will funds be spent to assist the homeless population?

Staff Response: The Supportive Housing & Sheltering Programs allows for support of residential units for particularly vulnerable populations—the homeless, disabled, mentally ill, and elderly—will be prioritized. A portion of the allocated funding under the programs will be used to support homelessness prevention and emergency housing for vulnerable populations.

10. Hospitals & Schools

A public comment was made about addressing the transparency in supporting hospitals and schools. Also, a request further transparency for an open procurement process for local contractors was made.

Staff Response: There are several hospital and school projects underway using funds granted through FEMA’s Public Assistance program: 51 projects in education and 46 projects in healthcare (which includes hospitals and health care centers). CDBG-DR funds may be provided as the local match for these projects. VIHFA will follow the obligation of funds under the FEMA program and will coordinate with FEMA and hospitals and schools to understand unmet needs where funding from the CDBG-DR program could be applied to ensure that both hospitals and schools are restored back to standard and hardened for future disasters.

11. Energy

There was a public comment made about addressing the energy sector. What will be done to repair and improve energy sources? How will the energy cost be taken down?

Staff Response: Energy resilience measures will keep public facilities operational in times of disaster. Making these facilities less vulnerable to future disasters will provide communities with that first layer of support beyond the home. Energy resilience measures may include but are not limited to: backup solar power with or without battery storage, standby generators for emergency purposes (not base load), and other types of distributed energy resources located on site or within a nearby community (e.g., microgrids). Currently, over \$1 billion in FEMA Public Assistance is being dedicated to the energy sector.

Enhancing the electrical power system also involves optimizing the type of generation, including conventional and renewable sources. One of the initial priorities for the Territory is to invest in utility-scale solar and wind projects, and eventually consider community-scale or rooftop solar programs. The abundance of solar and wind make the Territory a prime location for investment in renewable energy. Decreasing capital costs and zero marginal fuel costs also make renewable energy technologies an increasingly attractive opportunity for investment. This reduction in variable operating cost could also be passed on to customers, thus decreasing the cost of electricity for ratepayers, including LMI households.

12. Sheltering

A comment has been submitted regarding the establishment of adequate shelters for future storms equipped with storage facilities that will house basic recovery supplies.

Staff Response: CDBG-DR funds will be spent on ensuring that means of sheltering for Virgin Islanders are in place in the event of future storms. As a first effort, a multi-purpose complex will be built on St. Croix that will be established to serve as a means of sheltering from natural disasters. Shelters are being considered for St. Thomas and St. John. As noted above, the GVI has applied to FEMA for funding from the HMGP program for emergency shelters on each island. The Territory's plan will fortify existing buildings to be used as shelters and will seek to develop new shelters on each island, including St. John.

13. Telecommunications

A comment was submitted regarding viNGN's request of funds to relocate the remaining aerial fiber optic cables of telephone poles underground, the rebuilding of public computing centers, and the building of additional fiber optic cables to select towers.

Staff Response: Recovery efforts for the government-owned broadband network emphasize hardening of viNGN's system. None of the buried cables were damaged, but approximately 75 miles of above-ground broadband cables were damaged. Thus, to improve the resilience of the network and mitigate against damages of future hazard events, viNGN has identified several needs to replace and bury middle-mile and last-mile infrastructure. Activities may

include burying aerial last-mile cable, burying and extending fiber to all radio towers, burying and extending fiber optic lines to cellular towers, burying the back-bone or middle mile of the system, burying aerial connectors to submarine facilities, and burying WAPA power lines at all fiber access points (FAPs) or continuous duty generators. viNGN has identified emergency needs of \$15 million, with additional permanent repair, resilience, and mitigation needs of \$393 million.

As of April 21, 2018, BIT and viNGN have submitted \$908,985 in projects to the FEMA PA program, with \$860,550 obligated. Other potential sources of funding include FEMA HMGP, viNGN's private insurance, the U.S. Department of Agriculture's Rural Development programs, and the Federal Communications Commission (FCC). On March 6, 2018, the FCC proposed providing funding to the U.S. Virgin Islands' telecommunications infrastructure, though it has not obligated or disbursed any funds as of April 27, 2018, nor has the FCC given any further information on expected timing or use of funding for the U.S. Virgin Islands.

Other sources of funding for telecommunications infrastructure will be continuously monitored and unmet need will be updated accordingly to ensure no duplication of benefits. The total unmet need for the U.S. Virgin Islands' telecommunications infrastructure is \$439 million.

14. Historic Preservation

A comment has been submitted regarding the use of CDBG-DR funds toward historic preservation.

Staff Response: Historic preservation review will be followed on all projects where required, as part of the environmental review process. Also, the Homeowner Rehabilitation and Reconstruction Program may be repairing homes within the Territory's historic districts. Additionally, several programs, including the Neighborhood Revitalization Program and the rental repair programs, may support historic preservation in the historic downtowns.

15. Healthcare

A comment has been made requesting CDBG-DR funding for mental health facilities and clinic expansions for each island, in addition to a birthing center on St. John.

Staff Response: There is a critical need for permanent rebuilding of existing healthcare facilities with a safe and more resilient structure. The estimated need amounts to \$572 million for permanent repair, resilience, and mitigation activities. As of April 21, 2018, the Department of Health has submitted \$5.7 million to FEMA PA for review, with \$2.2 million obligated. The Center for Disease Control, the U.S. Department of Agriculture's Rural Development programs, and private insurance are also possible sources of funding. Other sources of funding for healthcare infrastructure will be continuously monitored and unmet need will be updated accordingly to ensure no duplication of benefits. The total unmet need for the U.S. Virgin Islands' healthcare infrastructure is \$795 million.

16. Road Repairs

Several questions were received seeking more detail on the types of road repairs that will be undertaken with CDBG-DR, with particular interest in the standard to which roads will be developed.

Staff Response. The Territory proposes \$305 million from Tranches 1 & 2 be used to satisfy broader repair and resilience needs, which may include projects to bring local roads up to Federal Highway Administration standards. As per a gubernatorial mandate established December 20, 2017, DPW will repair all roads not maintained by federal funds in accordance with FHWA's Standard Specifications for Construction from FP-14. This means that roads repaired with CDBG-DR funds will be held to national quality, safety, and mitigation standards, which many of the roads on the islands are not currently held to. For more detailed information on these standards, visit <https://flh.fhwa.dot.gov/resources/specs/>. Other federal funding sources like FEMA Public Assistance and FHWA Emergency Relief grants are also making large investments to the repairs of roads. These will also follow these same standards.

17. Fraud

Multiple commenters have expressed concern with the abuse of the large the influx of money coming to the Territory. Instances of corruption have happened in the past and some residents would like to know what policies are in place to hold administrators and recipients of funds accountable to their responsible use.

Staff Response: The U.S. Department of Housing and Urban Development's Office of Inspector General (HUD OIG) is the body of oversight that protects HUD's programs and taxpayers' dollars from unscrupulous individuals and corporations who take advantage of the programs administered by HUD like CDBG-DR.

A major mission of HUD OIG is to prevent waste, fraud, abuse and serious mismanagement by HUD's customers, employees, contractors and other vendors associated with these funds. The OIG conducts audits and investigations to identify both internal and external problems. Audits and investigations are both a preventative and a reactive measure to identify weakness within the programs and recover funds and tax dollars associated with HUD's programs if necessary.

A second mission of HUD OIG is to prevent problems before the problem becomes a major issue. Therefore, "Fraud Prevention" is a key component to protecting HUD's programs for all individuals and the Department. All funding in VIHFA's CDBG-DR programs are supervised, allocated, and tracked in accordance with Territorial and federal laws, requiring stringent financial controls and procurement policies for both VIHFA, as well as any recipients of funds through VIHFA. Finally, VIHFA has an Internal Auditor who will facilitate the prevention of fraud, waste, and abuse for CDBG-DR funds.

The Financial Policies and Procedures and Procurement Policies and Procedures will provide detailed information about how siphoned funds, abuse, conflicts of interest, and other financial fraud are to be prevented, tracked, and disciplined. These documents are under development but will be posted to VIFHA's website before any programs begin spending funds. In addition, anyone with knowledge or concerns of instances of fraud, waste, or abuse should contact the HUD OIG at **1-800-347-3735 (Toll-Free)**.

18. Street Names and Address Mapping

There was a public comment asking whether streets will be named and signs will be installed.

Staff Response: Under FEMA's Hazard Mitigation Grant Program, the Government of the Virgin Islands has applied for funding to develop an address mapping project for the Territory. The application has been approved by the local FEMA branch and is under consideration at FEMA's headquarters. In addition, many roads projects being developed by the Virgin Islands Department of Public Works include proper signage for roads, bridges, and walkways.

19. Incorporating Walkability into the CDGB-DR Action Plan

The V.I. Department of Health along with the Taskforce for Global Health funded through the Centers for Disease Control and Prevention has created a document as to why each recovery effort should include walkability in its plans, the commenter would like VIHFA to include the principles of walkability from this document in the plan.

Staff Response: The Authority agrees that walkability is critical for healthy lifestyles, activated shops and restaurants, pedestrian safety, and reduced dependence on motor vehicles. As possible, VIHFA will coordinate with the Department of Planning and Natural Resources, Department of Public Works, and other implementing agencies to incorporate walkability principles into various program design and implementation. For CDBG-DR, the Neighborhood Revitalization Program may be of interest for advocates of walkability to stay involved with as walkability improvements to pedestrian safety may be funded through this. Additionally, VIHFA is looking at how the repairs of roads and the installation of power and telecommunications can be coordinated with initiatives like the expansion of trails and safe routes for pedestrians.

20. Rental Repair and Reconstruction Program funding and request to include pre-award costs.

(A) The HFA did not propose an allocation of Program funds that primarily considers and addresses unmet housing needs. The Rental Repair and Reconstruction Program is only funded at \$20 million and is the only Housing program within the Action Plan that could potentially address the needs of the low-income housing tax credit properties and other existing affordable rental housing affected by the hurricanes. The Amendment should be

updated to reflect a significantly increased allocation to the RRR program, and to specifically allocate sufficient funds to the Properties.

(B) The Amendment should be updated to allow Program funds to reimburse otherwise eligible costs. The HFA is allowed under HUD regulation and guidance to use Program funds to reimburse costs of multifamily housing rehabilitation conducted by private parties. The HUD Notice allowed HFA to reimburse pre-award/pre-application costs that are otherwise eligible under the Program. The Amendment should be updated to allow for reimbursement of preapplication and pre-award otherwise eligible costs.

Staff Response: The Authority appreciates the efforts that private landlords have made to utilize insurance proceeds, SBA loans and other private financial resources to bring much needed affordable rental units back online. As the allocating agency of the Low-Income Housing Tax Credit (LIHTC) program and the largest builder of affordable housing in the Territory, the Authority is extremely aware of the immediate need for the repair of affordable rental units. In response, the GVI increased the allocation to the Rental Rehabilitation and Reconstruction Program. The Rental Rehabilitation and Reconstruction Program will be available to landlords that provide rental units that serve very low- and low-income households below 80% of AMI and have not been repaired to date because of the lack of insurance proceeds or other limited funding. Landlords that have 20 units or less and agree to house tenants holding Housing Choice Vouchers (HCV) will be prioritized in the first phase of the program. The GVI has requested that HUD the third tranche of CDBG-DR, to be released later this year, to be used for remaining housing need. The Authority may consider reimbursement of eligible costs as additional funding is made available to this program.

A Glossary of Terms is being added to the Appendices:

6.2 Glossary of Terms

Action Plan: A plan to guide the spending of a HUD *CDBG-DR* grant award to address unmet housing and infrastructure needs after a disaster.

Amendment: A change to the *Action Plan*, can be a *substantial amendment*, constituting a financial change of \$1 million or significant change to a program, or non-substantial amendment which includes data or content updates that do not impact the structure of the programs.

Allocation: 1) Amount of a *grant award* that has been determined for a particular *grantee*.
2) Amount of funding attributed to a program.

Applicant: An individual or the head of a household who has applied for Federal disaster assistance.

Area Median Income (AMI): The midpoint of a region's income distribution – half of families in a defined area earn more than the median and half earn less than the median.

Award: Funds determined to be given to a beneficiary or a project based on eligibility and project scope.

Blight: A structure is blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare.

Community Development Block Grant Program (CDBG): Created under the Housing and Community Development Act of 1974, this program provides grant funds to local and state governments to develop viable urban communities by providing decent housing with a suitable living environment and expanding economic opportunities to assist low- and moderate-income residents. *CDBG* replaced several categorical grant programs, such as the Model Cities program, the Urban Renewal program, and the Housing Rehabilitation Loan and Grant program.

Community Development Block Grant – Disaster Recovery (CDBG-DR): Flexible grant assistance from HUD to help the Territory recover from presidentially declared disasters, especially in low-income areas, subject to availability of supplemental appropriations.

Cross-cutting regulations: Regulations outside of *CDBG-DR* regulations that apply to *CDBG-DR* programs. These include regulations pertaining to financial management, procurement, environmental, labor, acquisition, relocation, fair housing, and non-discrimination.

Davis Bacon and Related Acts (DBRA): Federal law requiring payment of local prevailing wages as determined by the Department of Labor on public works projects. It applies to contractors and subcontractors performing work on federally funded or assisted contracts in excess of \$2,000 for the construction, alteration, or *repair* of public buildings, public works or residential buildings with more than 7 units.

Direct Assistance: Assistance provided to disaster survivors by the Federal Government in the form of physical resources; essentially all assistance that is not provided monetarily. This includes housing units that are acquired by purchase or lease, directly for individuals or households who, because of a lack of available housing resources, would be unable to make use of financial assistance as well as direct activities by the government to *repair* or rent units, such as contracting with a company to *repair* a rental property.

Duplication of Benefits (DOB): The receipt of funding from multiple sources for the same purpose. The Robert T. Stafford Disaster Assistance and Emergency Relief Act (Stafford Act) prohibits any person, business concern or other entity from receiving financial assistance from *CDBG-DR* funding with respect to any part of the loss resulting from a major disaster as to which he/she has already received financial assistance under any other program or from insurance or any other sources for the same purpose.

Eligible Activity: Activities eligible to be assisted under the CDBG program. All *CDBG-DR grantees* must: (1) use *CDBG* funds only for activities that fall under an authorized category of basic eligibility; (2) properly classify the activity; and (3) provide adequate documentation as required by the category it selects for each such activity.

Emergency Shelter: Any facility, the primary purpose of which is to provide temporary or transitional *shelter* for the homeless in general or for specific populations of the homeless.

Emergency work: FEMA's *Public Assistance* program designation for disaster response tasks including debris removal (Category A) and emergency protective measures (Category B) that occur immediately after a disaster.

Extremely Low-Income Households: Those with incomes below 30 percent of *area median income*. Department of Housing and Urban Development (HUD) programs use "area median incomes" calculated on the basis of local family incomes, with adjustments for household size.

Fair Housing Act: The 1968 federal act (amended in 1974 and 1988) providing the HUD Secretary with fair housing enforcement and investigation responsibilities. A law that prohibits discrimination in all facets of the homebuying process on the basis of race, color, national origin, religion, sex, familial status, or disability.

Fair Market Rent (FMR): An amount determined by the U.S. Department of Housing and Urban Development to be the monthly cost of modest, non-luxury rental units in a specific market area, plus the cost of utilities, excluding telephone service.

FEMA Individual Assistance Program (FEMA IA): FEMA IA provides financial help or direct services to those who have necessary expenses and serious needs if they are unable to meet these needs through other means. The forms of help available are housing assistance (temporary housing, *repair*, replacement) and other needs assistance (personal property, other items).

FEMA Public Assistance Program (FEMA PA): Provides grants to state, tribal, territorial, and local governments, and certain types of private non-profit organizations so that communities can quickly respond to and recover from major disasters or emergencies. Through the program, FEMA provides supplemental federal disaster grant assistance for debris removal, life-saving emergency protective measures, and the *repair*, replacement, or restoration of disaster-damaged publicly-owned facilities, and the facilities of certain private non-profit organizations.

Grantee: HUD *grantees* receive funding from HUD to support HUD's mission to create strong, sustainable, inclusive communities and quality affordable homes for all. HUD grantees include state and local governments, non-profit and for-profit organizations, public housing authorities, and tribal entities.

Hazard: A process, phenomenon or human activity that may cause loss of life, injury or other health impacts, property damage, social and economic disruption or environmental degradation.

Household: All residents of the pre-disaster residence who request temporary housing assistance, plus any additions during the temporary housing period, such as infants, spouses, or part-time residents who were not present at the time of the disaster but who are expected to return during the temporary housing period. 44 CFR 206.111

Income Limit (IL): Determines the eligibility of *applicants* for HUD's assisted housing programs. The major active assisted housing programs are the Public Housing program, the [Section 8](#) Housing Assistance Payments program, [Section 202](#) housing for the elderly, and Section 811 housing for persons with disabilities.

Interim Housing: The intermediate period of housing assistance that covers the gap between *sheltering* and the return of disaster survivors to *permanent housing*. Generally, this period may span from the day after the disaster is declared through a period up to 18 months.

Long-Term Housing: Safe, sanitary, and secure housing that can be sustained without continued disaster-related assistance.

Low- and Moderate-Income (LMI): A household is considered to be of low- and moderate-income if the household income (including income derived from assets) is at or below 80 percent of an area's median income. All income is based on the *Area Median Income* limits set annually by HUD for each parish or metropolitan statistical area.

Low-Income Housing Tax Credit (LIHTC): A tax incentive intended to increase the availability of low-income housing. The program provides an income tax credit to owners of newly constructed or substantially *rehabilitated* low-income rental housing projects.

Mitigation: The lessening or minimizing of the adverse impacts of a hazardous event. Mitigation measures include engineering techniques and hazard-resistant construction as well as improved environmental and social policies and public awareness.

Moderate-Income: Households whose incomes are between 81 percent and 95 percent of the median income for the area, as determined by HUD, with adjustments for smaller or larger families. HUD may establish income ceilings higher or lower than 95 percent of the median for the area on the basis of HUD's findings that such variations are necessary because of prevailing levels of construction costs, *fair market rents*, or unusually high or low family incomes.

Multi-family [Housing]: A property consisting of five or more units, also including health care facilities. Sometimes referred to as multi-family homes, as opposed to a single-family residential dwelling.

National Objective: The authorizing statute of the *CDBG* program requires that each activity funded, except for program administration and planning activities, must meet one of three national objectives. The three national objectives are: 1) Benefit to low- and moderate-income (LMI) persons; 2) Aid in the prevention or elimination of slums or *blight*; and 3) Meet a need having a particular urgency (referred to as *urgent need*). An activity that does not meet a national objective is not compliant with *CDBG* requirements and may be subject to remedial actions.

Obligation/ obligated funds: A FEMA adjustment of the amount of the grant to reflect the actual cost of the eligible work.

Owner: Any private person or entity, including a cooperative, an agency of the federal government, or a public housing agency, having the legal right to lease or sublease dwelling units.

Owner-occupied: (of a house or apartment) used as a dwelling by the owner.

Permanent Housing: This refers to the state of "*long-term housing*."

Permanent work: FEMA's Public Assistance program designation for "*recovery work*" which restores or rebuilds a damaged asset and is comprised of five categories: roads and bridges (Category C); water control facilities (Category D); buildings and equipment (Category E); utilities (Category F); and parks, recreation facilities, and other facilities (Category G).

Project Worksheet (PW): FEMA form used to document the scope of work and cost estimate for a FEMA Public Assistance project. This form supplies FEMA with the information necessary to approve the scope of work and itemized cost estimate prior to funding.

Reconstruction: The medium- and long-term rebuilding and sustainable restoration of *resilient* critical infrastructures, services, housing, facilities and livelihoods required for the full functioning of a community or a society affected by a disaster to avoid or reduce future disaster risk.

Recovery: The restoring or improving of livelihoods and health, as well as economic, physical, social, cultural and environmental assets, systems and activities, of a disaster-affected community or society

Rehabilitation: The return of housing and infrastructure damaged by a major disaster to a safe and sanitary living or functioning condition. Specifically refers to returning to a habitable condition.

Repair: The return of housing and infrastructure damaged by a major disaster to a safe and sanitary living or functioning condition.

Resilience/resilient: The ability of a system, community or society exposed to hazards to resist, absorb, accommodate, adapt to, transform and recover from the effects of a hazard in a timely and efficient manner, including through the preservation and restoration of its essential basic structures and functions through risk management.

Section 3: A provision of the Housing and Urban Development Act of 1968 that requires that recipients of certain HUD financial assistance, to the greatest extent feasible, provide job training, employment, and contracting opportunities for low- or very-low income residents in connection with projects and activities in their neighborhoods.

Section 504: A provision of the Rehabilitation Act of 1973 which provides that no qualified individual with a disability should, only by reason of his or her disability, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.

Shelter: A place of refuge that provides life-sustaining services in a congregate facility for individuals who have been displaced by an emergency or a disaster.

Sheltering: Housing that provides short-term refuge and life-sustaining services for disaster survivors who have been displaced from their homes and are unable to meet their own immediate post-disaster housing needs.

Sheltering and Temporary Essential Power (STEP) program: A FEMA program, referred to in the Virgin Islands as the Emergency Home Repairs VI program, intended to protect public health and safety, to protect property and to enable hurricane-displaced residents to *shelter* at home. The program is for disaster-damaged *single-family, owner-occupied* residential properties.

Short Term Housing: This refers to the states of "*sheltering*" and "*interim housing*."

Single-family [Housing]: A stand-alone house is a free-standing residential building. Sometimes referred to as a single-family home, as opposed to a *multi-family* residential dwelling.

Subrecipient: Subrecipients (sometimes referred to as Subgrantees) are entities that are provided CDBG funds by a grantee for their use in carrying out agreed-upon, *eligible activities*. There are three basic kinds of subrecipients: Governmental agencies, non-profits, and limited for-profits.

Substantial Amendment: A change to the *Action Plan* by either an addition or deletion of any CDBG-DR-funded program, any funding change greater than 1% of the total CDBG-DR allocation, or any change in the designated beneficiaries of a program. Substantial amendments are subject to public notification and public comment requirements.

Supportive Housing Program: A program designed to promote the development of *supportive housing* and supportive services, including innovative approaches to assist homeless persons in the transition from homelessness, and to promote the provision of *supportive housing* to homeless persons to enable them to live as independently as possible.

Technical (or Non-Substantial) Amendment: Changes to the *Action Plan* that do not materially alter the activities or eligible beneficiaries. The grantee must notify HUD five

business days before the effective date of any technical amendments. Technical amendments are not subject to public notification and public comment requirements.

Tranche: A segment of the total HUD grant *award* that is allocated based on specific requirements and expectations through a Federal Register Notice and supplemental HUD guidance.

Unmet Needs: The deficit between verified disaster-caused damages and obtainable disaster aid, including insurance assistance, Federal and State assistance, and personal resources.

Very Low-Income: Households whose incomes do not exceed 50 percent of the *median area income* for the area, as determined by HUD, with adjustments for smaller and larger families and for areas with unusually high or low incomes or where needed because of facility, college, or other training facility; prevailing levels of construction costs; or *fair market rents*.

Vulnerability: The conditions determined by physical, social, economic and environmental factors or processes which increase the susceptibility of an individual, a community, assets or systems to the impacts of hazards.

The Projections of Expenditures and Outcomes is renumbered to Section 6.7. The following charts have been updated:

- ***Housing Assistance Expenditures***
- ***Total CDBG-DR Grant Expenditures***
- ***New Housing Construction Accomplishments***

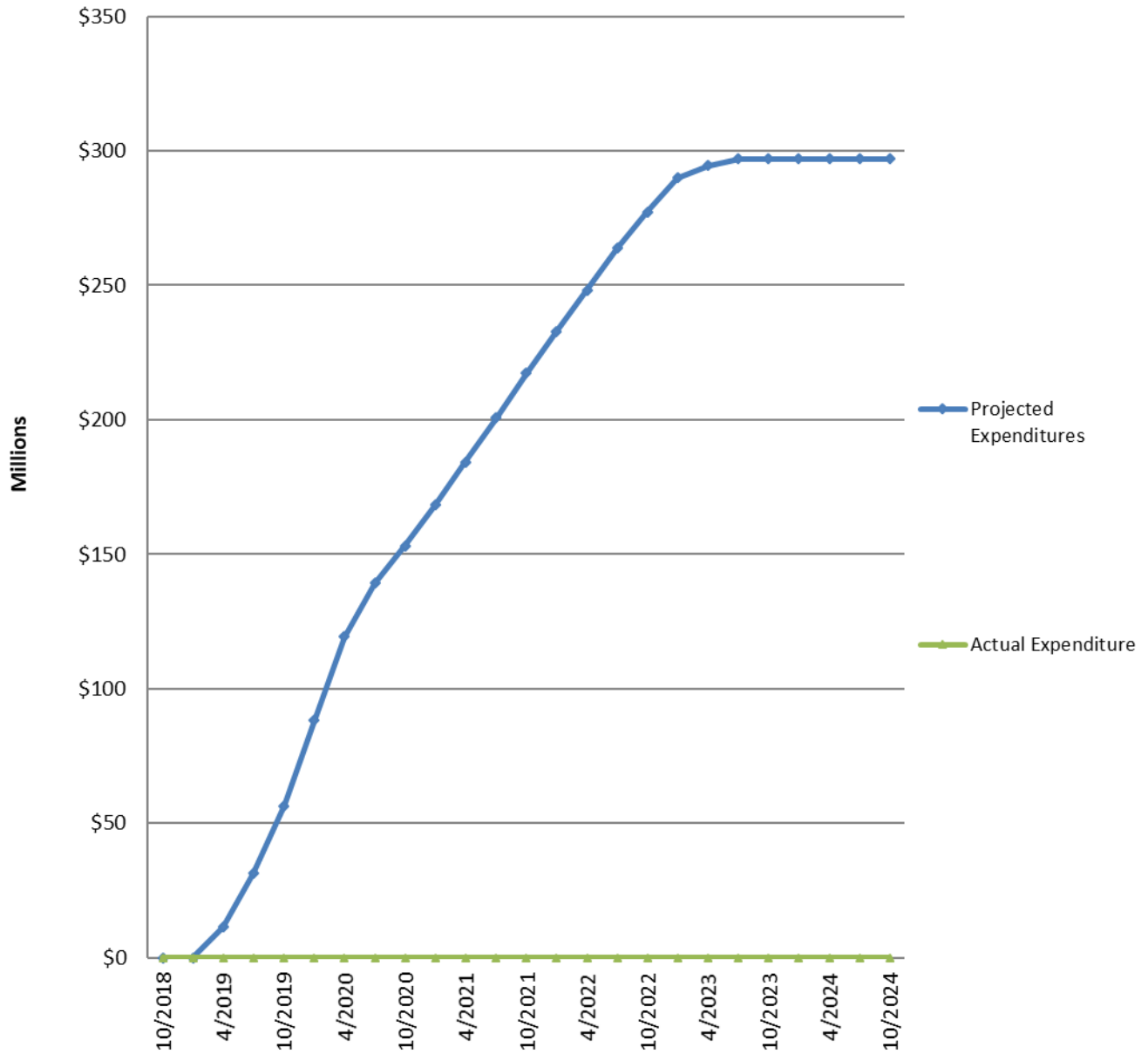
6.7 Projections of Expenditures and Outcomes

The performance outcomes are included below. Relevant updates were made to:

- 1) Housing Assistance Expenditures: added funding and changed projected drawdown dates
- 2) Non-Housing Assistance Expenditures: added funding and changed projected drawdown dates
- 3) Planning & Administrative Expenditures: added funding and changed projected drawdown dates
- 4) Total CDBG-DR Grant Expenditures: added funding and changed projected drawdown dates
- 5) New Housing Construction Accomplishments (*includes the New Construction for Homeownership Program and Public and Affordable Rental Development programs*): increased the number of accomplishments and changed timeline of accomplishments
- 6) No change
- 7) Residential Rehab & Reconstruction Accomplishments (*includes the Homeowner Rehabilitation and Reconstruction and Rental Rehabilitation and Reconstruction programs*): increased the number of accomplishments and changed the timeline of accomplishments
- 8) Public Facilities Accomplishments: increased the number of accomplishments
- 9) Public Infrastructure Accomplishments: increased the number of accomplishments and changed the timeline of accomplishments
- 10) Economic Development Accomplishments: increased the number of accomplishments

USVI Disaster Recovery Program

Housing Assistance Expenditures

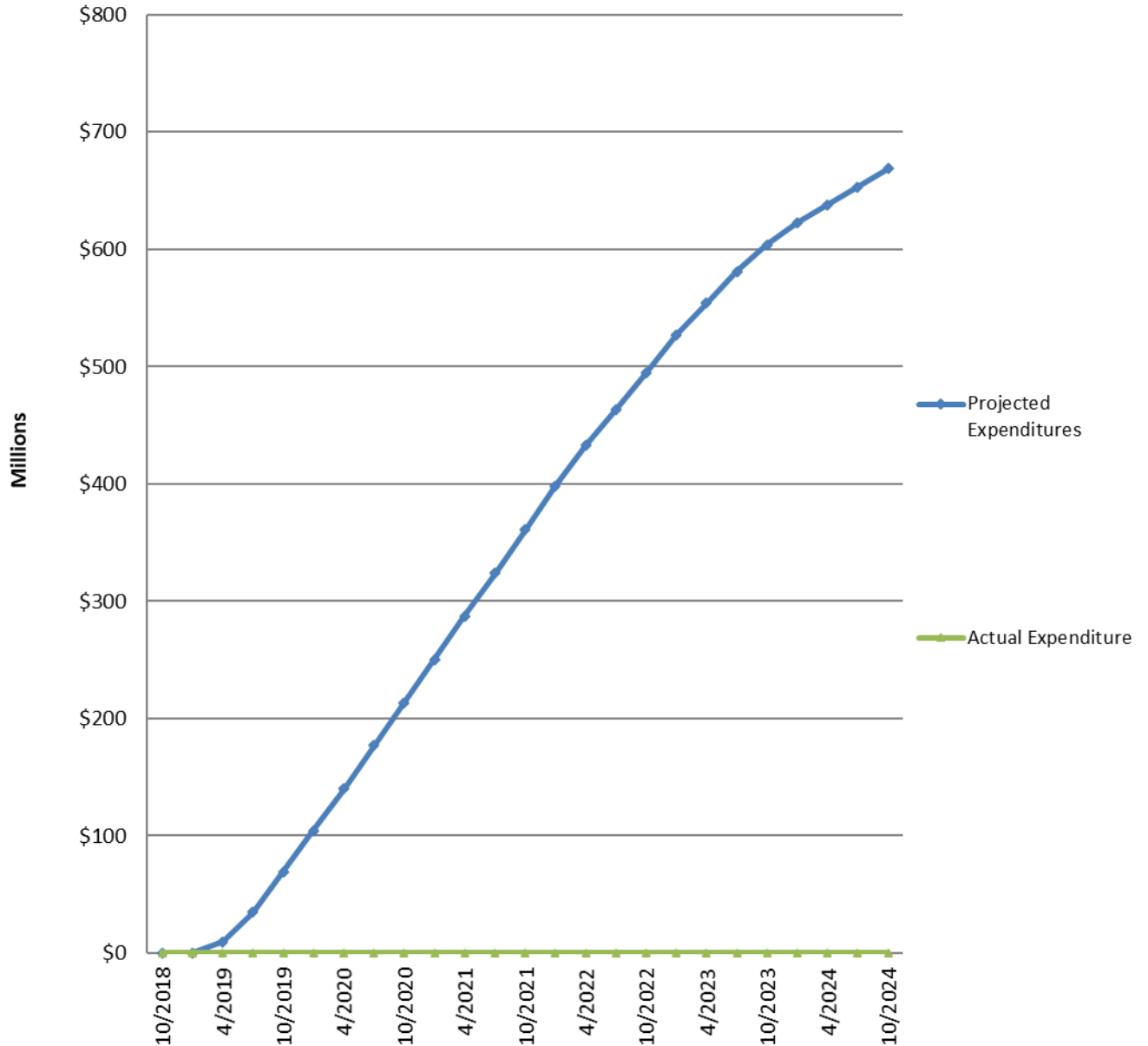


Est. completion:
10/2024

DRGR Activity Types: (1) Clearance, Rehab/Reconstruction, & Construction of Buildings (including Housing)

USVI Disaster Recovery Program

Non-Housing Assistance Expenditures

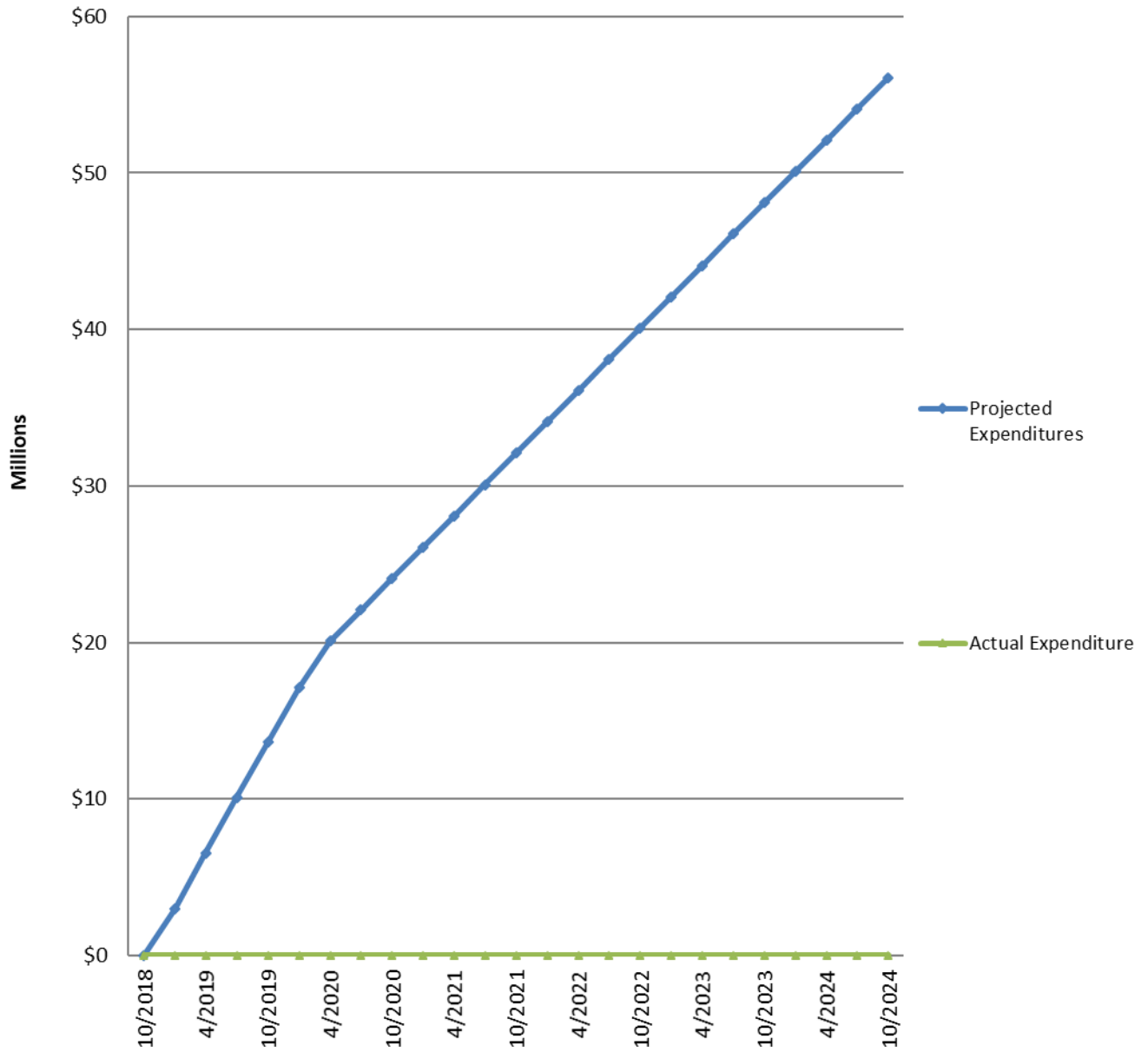


Est. completion:
10/2024

DRGR Activity Types: (1) # of permanent jobs created, (2) # of permanent jobs retained (3) Constr/reconstruct of water/sewer lines or systems, (4) Dike/dam/stream-river bank repairs (5) rehab/reconstr of a public improvement

USVI Disaster Recovery Program

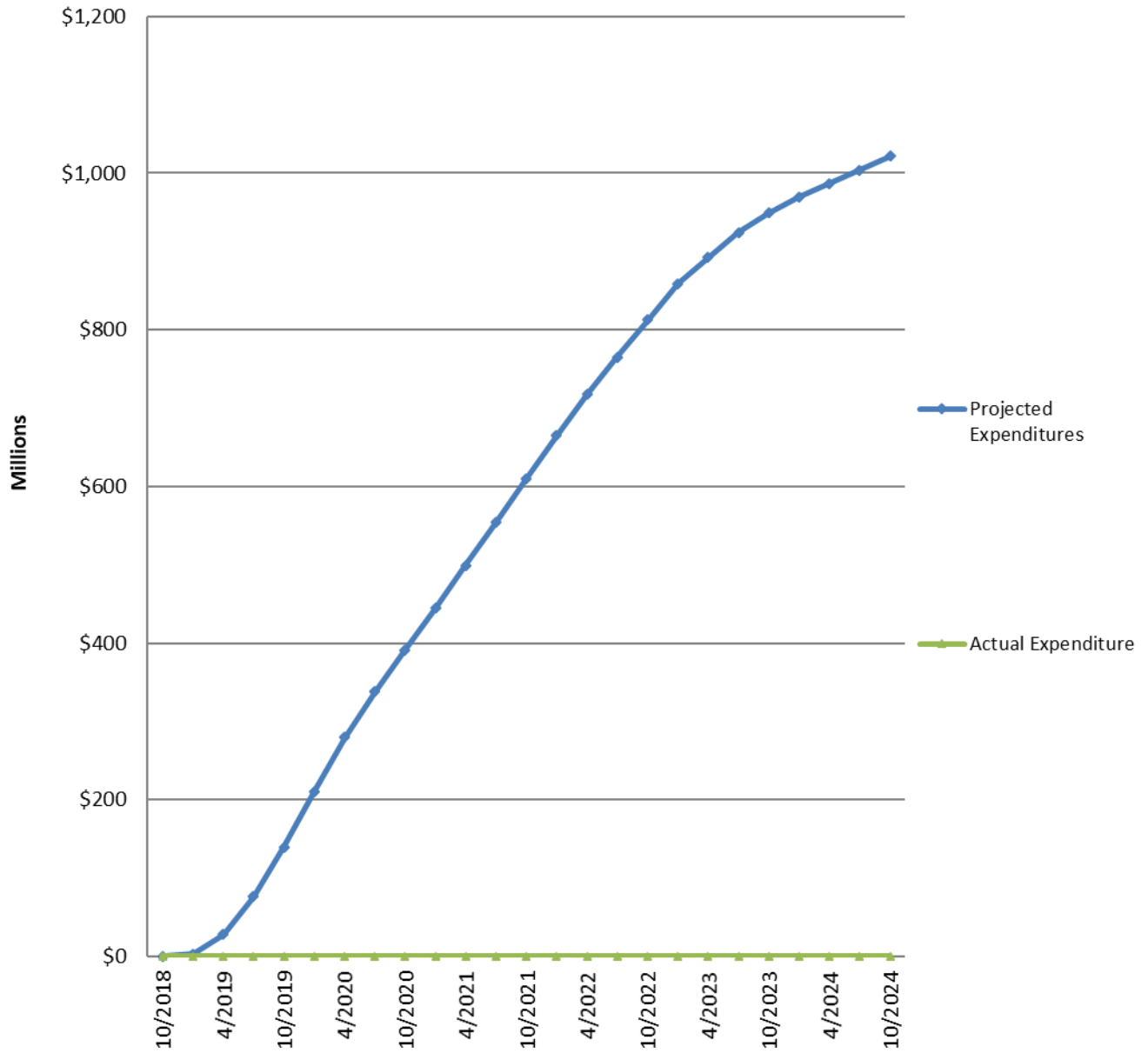
Planning & Administrative Expenditures



Est. completion:
10/2024

USVI Disaster Recovery Program

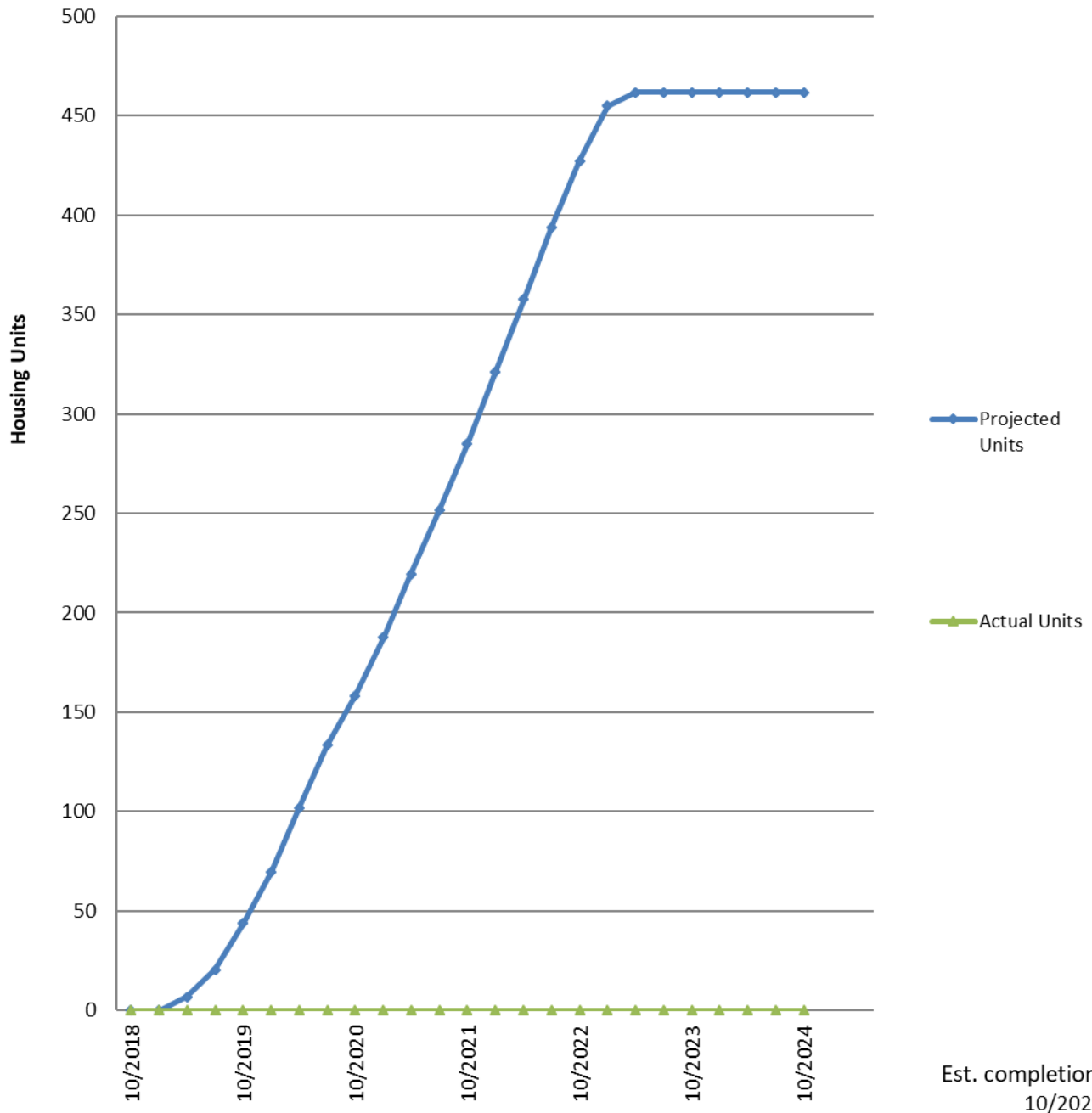
Total CDBG-DR Grant Expenditures



Est. completion:
10/2024

USVI Disaster Recovery Program

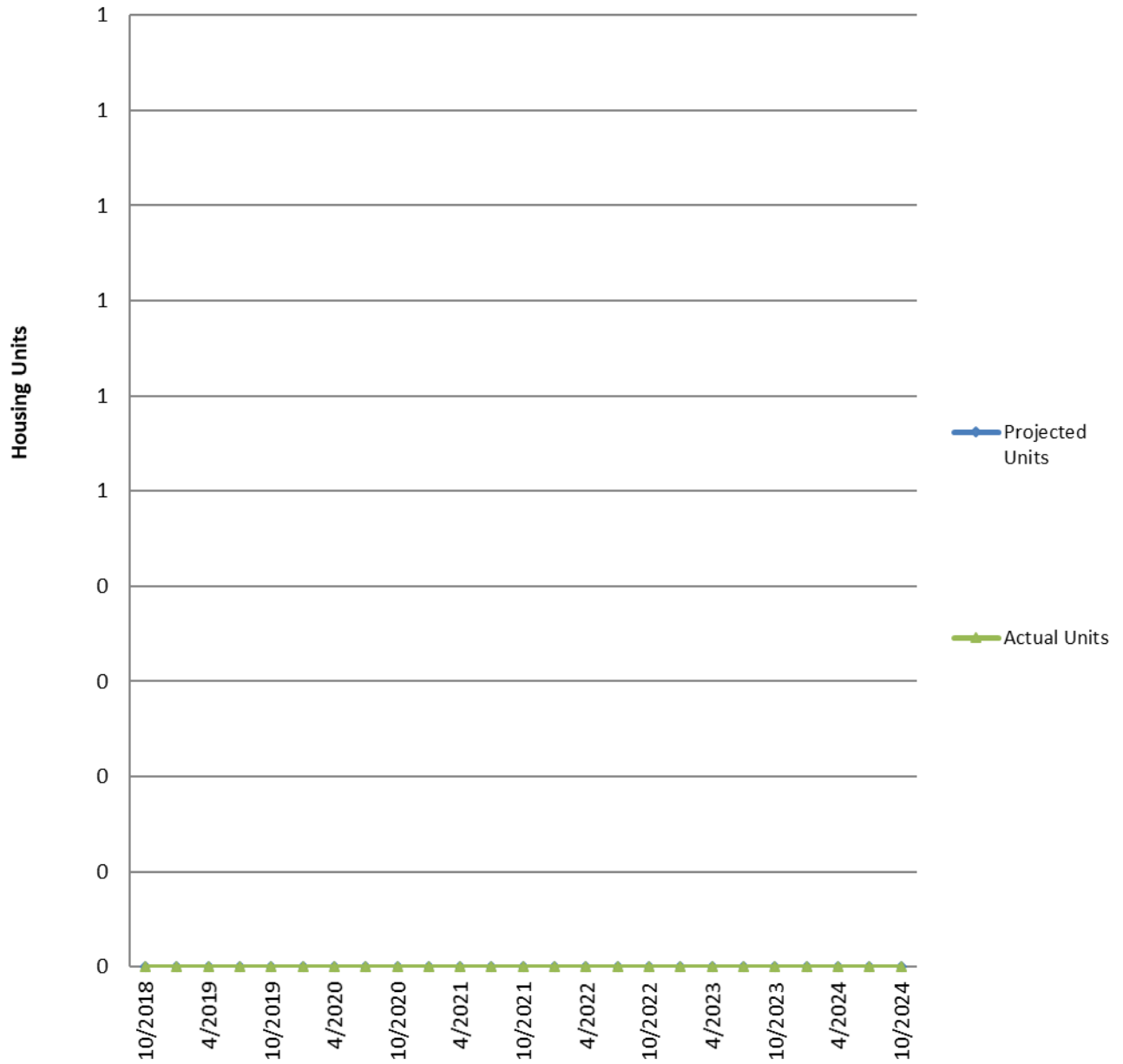
New Housing Construction Accomplishments



DRGR Activity Types: (1) Clearance, Rehab/Reconstruction, & Construction of Buildings (including Housing)

USVI Disaster Recovery Program

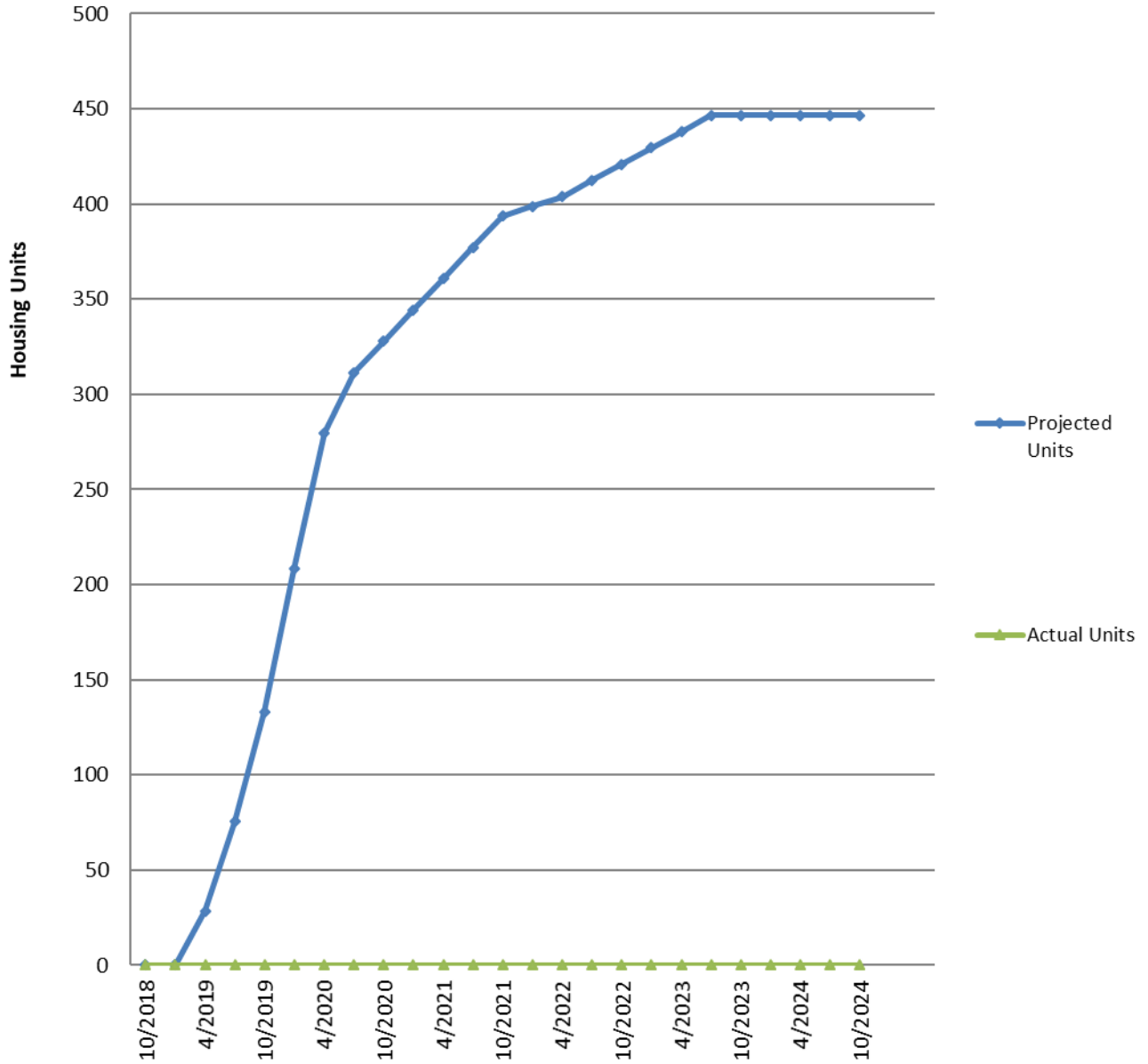
Homeownership Assistance Accomplishments



DRGR Activity Types: (1) Clearance, Rehab/Reconstruction, & Construction of Buildings (including Housing)

USVI Disaster Recovery Program

Residential Rehab & Reconstruction Accomplishments

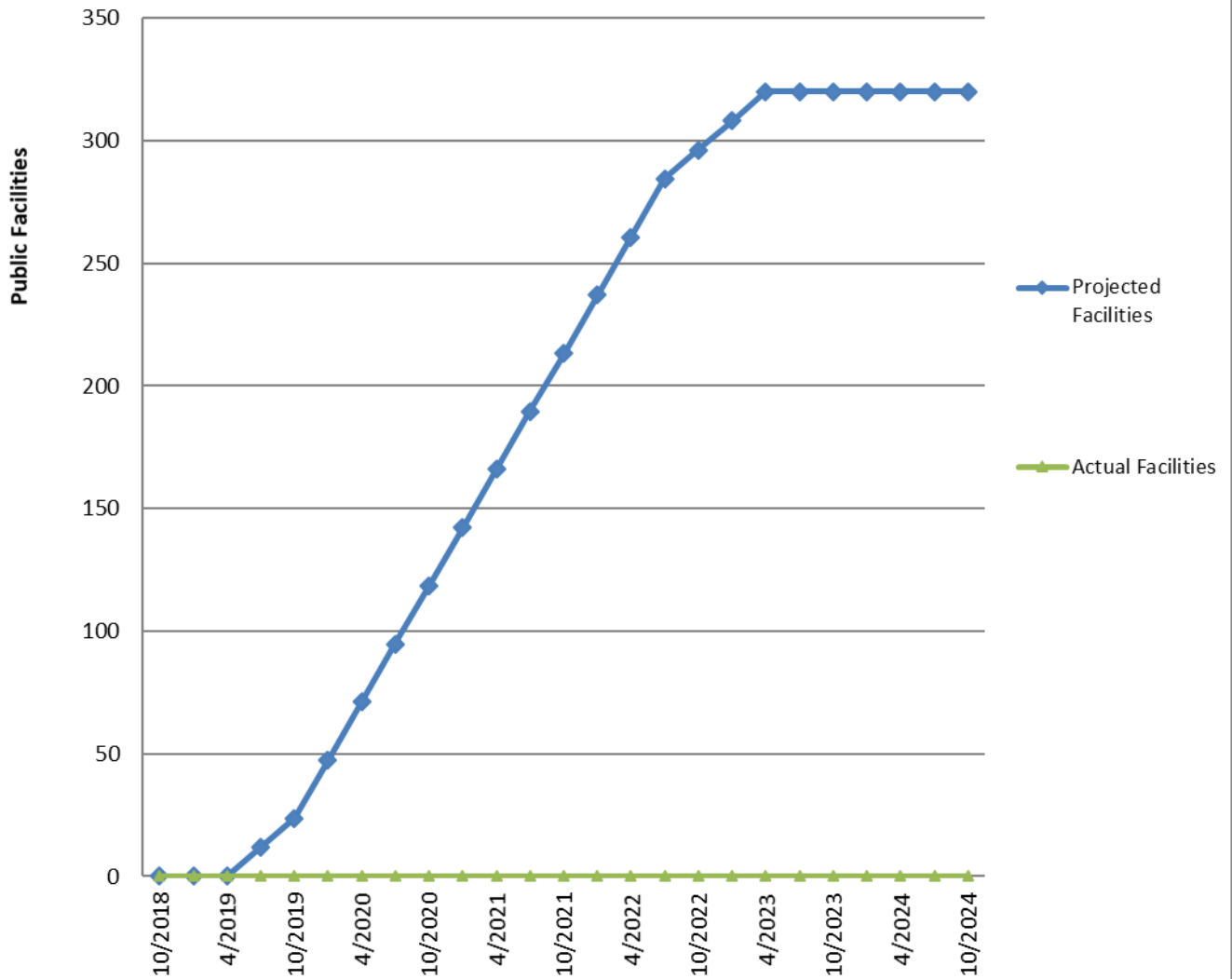


DRGR Activity Types: (1) Clearance, Rehab/Reconstruction, & Construction of Buildings (including Housing)

Est. completion:
10/2024

USVI Disaster Recovery Program

Public Facilities Accomplishments

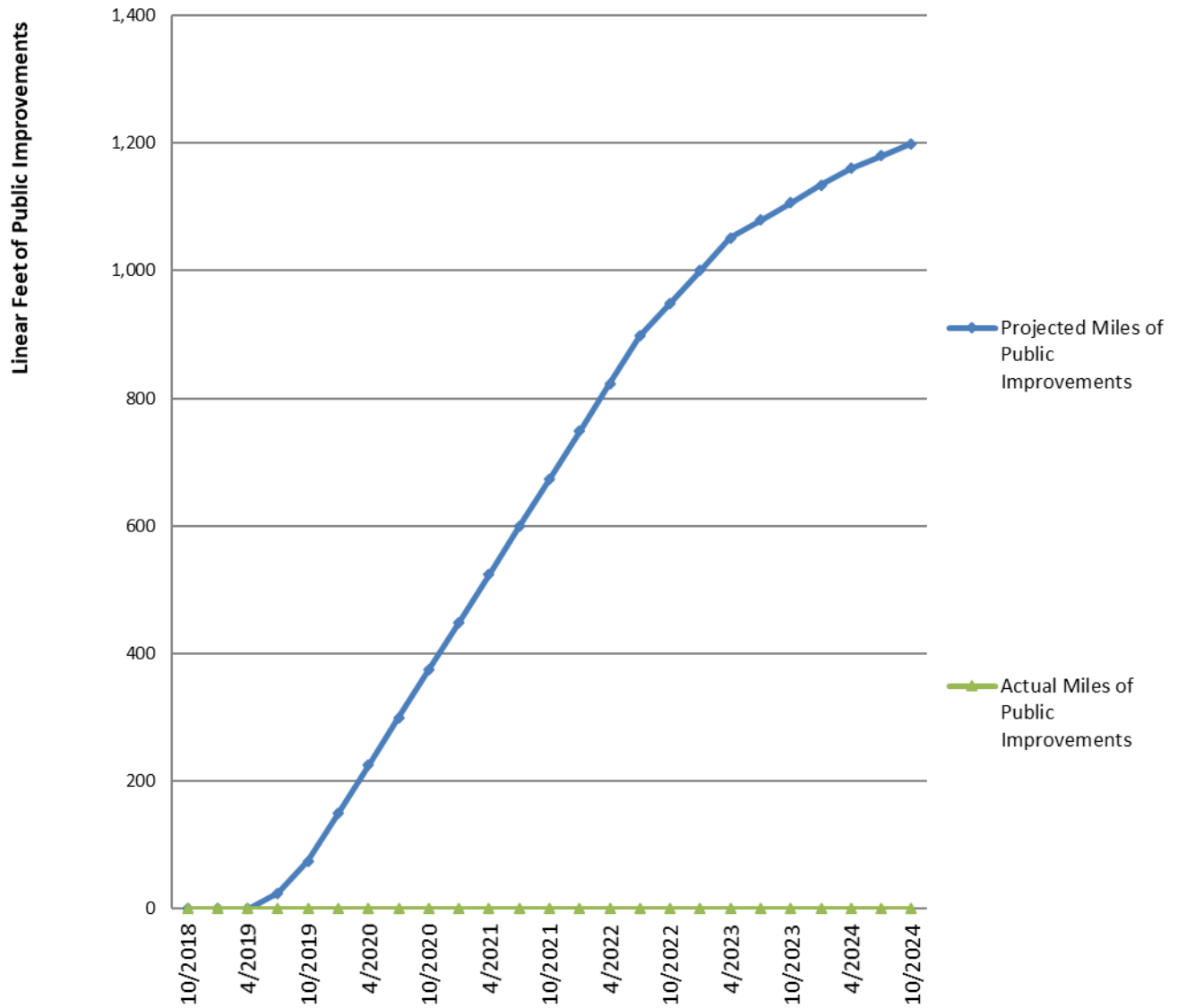


DRGR Activity Types: (1) Acq, constr, reconstr of public facilities; (2) Constr/reconstr of water lift stations; (3) Constr/reconstr of water/sewer lines or systems; (4) Dike/dam/stream-river bank repairs; and (5) Rehab/reconstr of public facilities

Est. completion:
10/2024

USVI Disaster Recovery Program

Public Infrastructure Accomplishments

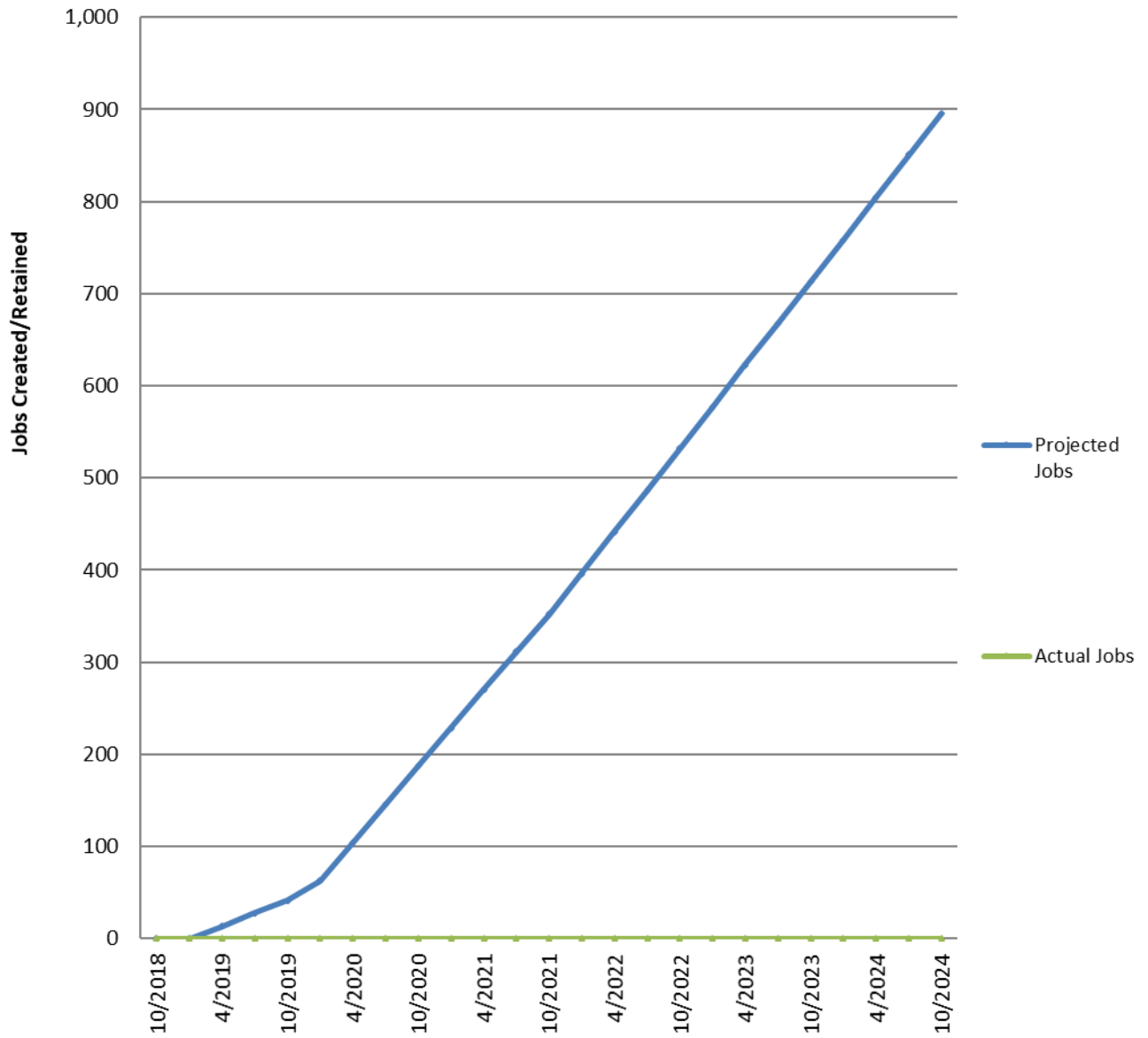


DRGR Activity Types: (1) Constr/Reconst of water/sewer lines or systems; (2) Dike/dam/stream-river bank repairs; and (3) Rehab/Reconst of a public improvement

Est. completion:
10/2024

USVI Disaster Recovery Program

Economic Development Accomplishments



Est. completion:
10/2024

DRGR Measure Types: (1) # of Permanent Jobs Created; and (2) # of Permanent Jobs Retained