

# UNITED STATES VIRGIN ISLANDS HOUSING FINANCE AUTHORITY

## ECONOMIC REVITALIZATION POLICIES AND PROCEDURES

**VERSION: 2.0**

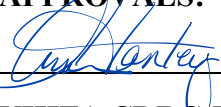
**June 3, 2022**

Prepared by:

Virgin Islands Housing Finance Authority



The policies and procedures stated in this manual are current as of June 3, 2022. This Manual represents the current version of the Virgin Islands Housing Finance Authority's (VIHFA) policies which shall provide general guidance for the operation of the Workforce Development Program. All manuals will be reviewed periodically and will be updated. Therefore, you are strongly urged to visit our website [www.vihfa.gov/cdbg-dr](http://www.vihfa.gov/cdbg-dr) or to ensure that you have the latest version. There may be times, however, when a policy or procedure will change before the manual is revised.

<b>SUBJECT: CDBG-DR Economic Revitalization Policies and Procedures</b>	
<b>Version Number</b>	2.0
<b>Revised Date</b>	June 3, 2022
<b>Effective Date</b>	June 3, 2022
<b>APPROVALS:</b>	
	<u>2.17.2023</u>
<b>VIHFA CDBG-DR Director of Programs</b>	<b>Date</b>

**Table 1: Economic Revitalization Program Version Control**

VERSION NUMBER	DATE REVISED	DESCRIPTION
VERSION 1 (DRAFT)	2/15/2019	Workforce Development Policy and Procedure Draft
VERSION 2	06/03/2022	<p>Workforce Development Policy and Procedures Version 2</p> <ul style="list-style-type: none"> <li>• Modified subsection 3.1 (Program Overview) by re-wording/clarifying it to fit a broader narrative and scope.</li> <li>• Modified subsection 3.2 (Method of Distribution) by changing the estimated program dates to Quarter 4, 2018 – Quarter 3, 2024.</li> <li>• Modified subsection 3.2.1 (Eligibility) by specifying eligible entities for this program and mandatory application requirements</li> <li>• Added subsection 3.2.2 (Underwriting Standards).</li> <li>• Modified subsection 3.2.3 by adding all activities that funds can be used for under this program.</li> <li>• Added training course pre-requisite to subsection 3.2.5 (Participant and Employee Eligibility).</li> <li>• Participant Prioritization now subsection 3.2.6. Added an income verification clause</li> <li>• Modified Subsection 3.3 (Program Solutions) <ul style="list-style-type: none"> <li>○ Moved On the Job Training, Customized Training, and Job Readiness under this subsection</li> <li>○ Added clarifying language for Customized Training regulatory requirements</li> <li>○ Added a “not to exceed” clause for payment of customized training expenses incurred by the employer</li> </ul> </li> <li>• OLD Sections 3.1 (WFD Initiative), 3.2 (Method of Distribution), 3.2.1 (ETP), 3.2.2 (ETP Prioritization Criteria), 3.2.3 (Participant &amp; Employee Eligibility), and 3.2.4 (Participant and Employee Prioritization) removed</li> </ul>

- Removed the old subsection 3.3.2 (Construction Industry Job Readiness)
- Modified subsection 4.1 (Tie to the Disaster) by removing duplicative language and clarifying the benefits to LMI beneficiaries
- Modified subsection 4.2 (Duplication of Benefits) by clarifying language regarding subrecipients of the program
- Removed subsection 4.3.5 (Workforce Innovation and Opportunity Act)
- New subsection 4.3.5 “Environmental Review”.
- Added subsection 4.4: Section 504
- Added subsection 4.5: Citizen Complaints
- Added Appendix Section and subsection Appendix A (Citizen Complaint Form)
- Incorporated Workforce Development and Tourism under one policy document. Renamed to Economic Revitalization Policy and Procedures

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## **1.0: CONTENT**

### **1.1: Version Policy**

Version history is tracked in Table 1, with notes regarding version changes. The dates of each publication are also tracked in this table. The first version of this document is 1.0.

Substantive changes within this document that reflect a policy change will result in the issuance of a new version 2.0, an increase in the primary version number. Future policy changes will result in additional revision and the issuance of a new primary version number.

Non-substantive changes such as minor wording and editing, or clarification of existing policy, that do not affect the interpretation or applicability of the policy will be included in minor version updates denoted by a sequential number increase behind the primary version number. Such changes would result in a version number such as 2.1, 2.2, etc.

### **1.2: Policy Change Control Board (PCCB)**

Policy review and changes for Economic Revitalization Programs are considered through a change control process. When policy clarifications, additions, or deletions are needed to more precisely define the rules by which the Program will operate, Program staff will submit a Policy Change Request Form or a Request for Decision Form for internal review by the Policy Change Control Board (PCCB). Within the PCCB, two members will separately perform a review to verify that all relevant information and any supporting documentation are included in the request. Upon PCCB concurrence by these two members that the request raises a policy issue, rather than a process issue, the Policy Change Request Form or Request for Decision is forwarded to VIHFA for review. The requests are compiled and brought before the entire Policy CCB for a final policy change determination.

The PCCB is composed of the Chief Operating Officer, the Economic Revitalization Senior Manager, CDBG-DR Director, Special Counsel for Disaster Recovery, along with other VIHFA staff members representing VIHFA leadership, legal, and policy specialists. At least one Subject Matter Expert working in a policy area or task area that will be affected by the PCCB decision will be invited to assist in policy evaluation, if necessary.

The PCCB meets regularly to consider all pending requests that have been submitted via the previously described process. The PCCB meets bi-weekly or as frequently as is necessary to consider policy decisions critical to moving the Program forward timely. The schedule for PCCB meetings is expected to move to a lower frequency as the Program matures.

### **1.3: Agencies and Acronyms**

**ADA** – Americans with Disabilities Act

**AFWA** – Anti-fraud, Waste, and Abuse

**CDBG-DR** – Community Development Block Grant Disaster Recovery

**DBRA** – Davis Bacon and Related Acts

**DRGR**- Disaster Recovery Grant Reporting System

**DOB** – Duplication of Benefits

**DPP** – Virgin Islands Department of Property and Procurement

**EFL** – Educational Functioning Levels

**ESL** – English as a Second Language

**ETP** – Eligible Training Provider

**GDP** – Gross Domestic Product

**GVI** – Government of the Virgin Islands

**HCDA** – Housing and Community Development Act

**HUD** – Department of Housing and Urban Development

**ITA** – Individual Training Account

**LAP** – Language Access Plan

**LEP** – Limited English Proficiency

**LMI** – Low- and Moderate-Income

**MOU** – Memorandum of Understanding

**M/WBE** – Minority/Women-owned Business Enterprise

**OJT** – On-the-Job Training

**OSHA** – Occupational Safety and Health Administration

**QSR** – Quarterly Status Report

**RA** – Registered Apprenticeship

**TA** – Technical Assistance

**VIHFA** – Virgin Islands Housing Finance Authority

## 1.4: Definitions

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

**Allocation:** 1) Amount of a grant award that has been determined for a particular grantee, partner agency or sub-recipient. 2) Amount of funding attributed to a program.

**Community Development Block Grant – Disaster Recovery (CDBG-DR):** 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 U.S. Department of Labor on public works projects. It applies to contractors and subcontractors performing work on federally funded or assisted contracts more than \$2,000 for the construction, alteration, or repair of public buildings or public works.

**Duplication of Benefits (DOB):** A duplication of benefit is 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 Disaster Recovery 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. It is an amount determined by the program that may result in the reduction of an award value.

**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.

**Environmental Review Record (ERR):** The document resulting from required environmental review which includes a description of activities, evaluation of environmental impact, documentation of compliance with applicable environmental regulations, and an environmental determination.

**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.



**Gross Domestic Product (GDP)** - A monetary measure of the market value of all the final goods and services produced in a period of time, often annually or quarterly.

**Housing and Community Development Act of 1973 (HCDA)** - The HCDA created the CDBG Program by merging 7 categorical programs into a block of flexible community development funds distributed each year by a formula that considers population and measures of distress including poverty, age of housing, housing overcrowding, and growth lag. Grantees now determine what activities they will fund as long as certain requirements are met, including that each activity is eligible and will meet one of the three broad national objectives of the program.

**Low- to Moderate-Income (LMI)**: A household is of low-or 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.

**National Environmental Policy Act (NEPA)**: Establishes a broad national framework for protecting the environment. NEPA's basic policy is to assure that all branches of government give proper consideration to the environment prior to undertaking any major federal action that could significantly affect the environment.

**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 subject to recapture.

**Request for Release of Funds (RROF)**: An environmental review term for a process used by Responsible Entities (the state) when requesting the release of funds and the authority to use such funds for HUD programs identified by statutes that provide for the assumption of the environmental review responsibility by units of general local government and states. The approval of the RROF is required before environmental clearance may be provided to a recipient of CDBG-DR funds.

**Robert T. Stafford Disaster Assistance and Emergency Relief Act (Stafford Act)** – Public Law 100-707, signed into law November 23, 1988; amended the Disaster Relief Act of 1974. This Act constitutes the statutory authority for most Federal disaster response activities especially as they pertain to FEMA and FEMA programs.

**Section 3**: A provision of the Housing and Urban Development Act of 1968 (HCDA) 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.

**Subrecipient:** Non-profits and limited for-profits that are provided CDBG-DR funds by VIHFA for their use in carrying out agreed-upon, eligible activities through a Subrecipient Agreement with VIHFA.

**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.

## **2.0: INTRODUCTION**

The Virgin Islands' economy has suffered many shocks in recent years. Prior to the devastating 2017 storms, the Territory's economic diversity and capacity was severely impacted with the loss of its largest private employer, the oil refinery HOVENSA. Since HOVENSA's closure, the U.S. Virgin Islands has become increasingly reliant on its tourism sector, which is the largest contributor to employment and GDP.

Unfortunately, the Territory experienced two major hurricanes (Irma and Maria) in 2017, which caused major impacts to tourism-dependent businesses and livelihoods. Many of those affected by the storms are of low- to moderate-income and lost their home, as well as their job. It is estimated that there were 30% in direct economic impacts and 80% in indirect impacts because of the two storms. Thus, it is critical to restore economic stability and housing for businesses and households in the Virgin Islands.

In the wake of the storms, the President announced a Major Disaster Declaration for Irma (DR-4335) and another for Maria (DR-4340) to make federal disaster assistance available to the Territory. In response, Congress approved the Supplemental Appropriations for Disaster Relief Requirements, 2017 (Pub. L. 115-56) on September 8, 2017, which made available \$7.39 billion in Community Development Block Grant Disaster Recovery (CDBG-DR) funds to assist in long-term recovery from 2017 disasters. On February 9, 2018, Congress approved a bill appropriating an additional \$28 billion CDBG-DR funds, of which \$11 billion was set aside to address the remaining unmet needs including those of the U.S. Virgin Islands and Puerto Rico from Hurricane Maria.

The CDBG-DR Economic Revitalization recovery programs are designed to address unmet needs in the local workforce and tourism sector, showcasing that the Territory is open for business. The Territory's Action Plan (and subsequent amendments) allocated funds to a Workforce Development Program and a Tourism Industry Support Program.

The Workforce Development Program will provide eligible low- and moderate-income (LMI) applicants the opportunity to receive or provide appropriate workforce development training. Workforce-ready residents will ensure many of the jobs created through the reconstruction effort can be filled by local community members and contribute to comprehensive economic recovery for the territory.

The Tourism Industry Support Program will allow the Territory to increase the volume of air and cruise-travel to pre-disaster levels through an intensive marketing initiative. It will also build capacity within the Tourism sector to allow for enhanced service provision for tourism-related activities.

This policy document explains the structure of the program requirements, eligibility criteria for training providers and program participants, and supporting documentation for program eligibility determination.

## **3.0: WORKFORCE DEVELOPMENT PROGRAM**

### **3.1: Program Overview**

The Workforce Development Program is a centerpiece of the approach to Economic Revitalization proposed in the Action Plan. At present, the U.S. Virgin Islands has virtually no certified vocational training programs, which severely limits workers' access to higher-paying jobs. Further, the *Workforce Development Issues in the Virgin Islands* study, conducted in 2019 by the VI Division of Economic Research, highlighted the challenges the territory faces with its labor pool (e.g., population decline and low educational attainment beyond high school). These issues are compounded by the territory's heavy reliance on relatively low-skill jobs in the Tourism industry, which suffered severe impacts from the 2017 hurricanes. With all these factors combined, the Territory needs to build capacity to accommodate higher-skilled (and higher-paying) jobs for its residents. Under this program, VIHFA subrecipients and vendors will be required to hire residents towards that goal and comply with Section 3 of the 1968 HUD Act, and U.S. Executive Order 11246.

This program will fund sector-based workforce development initiatives that include many organizations along the workforce development spectrum such as training providers, educational institutions, and employers to ensure a pathway from training to job placement.

The initial focus of this program will be on training LMI residents to fill the construction and other related jobs that will be created as federal recovery funds come to the Territory. This benefits residents by alleviating some existing housing stock issues and reducing the cost of reconstruction. Due to insufficient skilled laborers in the Territory, contractors must hire workers from abroad at significant cost and at the expense of much-needed job opportunities for local workers. Furthermore, these workers place greater strain on all facets of existing rental stock.

In addition, the Workforce Development Program seeks to meet the evolving demands of tourism, as it remains the Territory's most dominant sector. However, the hospitality and leisure industries are becoming increasingly reliant on online and highly personalized customer services and the local workforce must be trained to adapt to these changes. Protecting LMI jobs associated with tourism will require improving digital literacy and enhancing customer service skills.

For the duration of the Workforce Development Program, it will focus on the most popular skills that the market is demanding. Economic diversification is necessary to ensure that the Territory can accommodate the labor needs of multiple industries that were impacted by the disaster. Further, an expansion of the local workforce's overall skillset will prove instrumental in attracting new businesses to the territory, providing additional better paying jobs to residents.

### **3.2: Method of Distribution**

**Eligible Activities:** 105(a)(8) Public Services, 105(a)(17) Assistance to For-Profit Businesses

**Low- and Moderate-Income Projection (LMI):** At least 51% of participants of the Workforce Development Program will be LMI.

**Estimated Start and End Dates:** Quarter 4, 2018 through Quarter 3, 2024.

**National Objectives:** Low- and Moderate-Income Limited Clientele or Low- and Moderate-Income Jobs

**Geographic Area(s) Served:** Territory-wide, USVI

**Program Allocation:** \$17,000,000.00

### **3.2.1: Eligibility**

Funding under this program is open to the following entities:

- NGOs (26 U.S.C. § 501(c)(3)) or Not for Profit Entities
- Professional Associations and Trade Associations
- Community Based Development Organizations
- Public Institution of Higher Learning (Universities)
- Administrative Agencies or a Department of the Government of the U.S. Virgin Islands
- For Profit Entities, as authorized under 24 C.F.R. § 570.201(o)

All eligible entities applying to the Program must:

- Must have been operating their business in the U.S. Virgin Islands for at least 1 year prior to Hurricanes Irma and Maria to be considered;
- Comply with all CDBG-DR requirements;
- Complete an application to ensure compliance with CDBG-DR specific policies;
- Submit an affirmative marketing and outreach plan, in accordance with the VIHFA CDBG-DR Citizen Participation Plan.

### **3.2.2: Participant and Employee Eligibility**

The Workforce Development Program may fund training services to both adults and young adults to increase opportunities for job seekers to access services and resources that strengthen their ability to obtain and maintain employment in a rapidly changing employment environment. Participants are required to:

- Abide by all pre-requisites set forth by training providers;
- Be at least 16 years of age, with age verification documentation;
- Be a resident of the Territory.

### **3.2.3: Program Activities**

Funds for this program may be used for the following activities:

- Tuition, books, supplies, and other materials necessary for participants to complete their training;

- Training, instruction, and certification of participants;
- Indirect costs
- Recruitment activity costs that are allowable under federal cost principles and approved by VIHFA;
- Participant skills assessment and screening;
- Software and instructional materials for training and educational purposes. All purchased materials and supplies will be acquired through proper procurement procedures as described in this policy document;
- Job placement activities;

#### **3.2.4: Prioritization Criteria**

Priority will be given to training providers and employers that can meet the following conditions:

- Provide programs serving predominantly LMI individuals;
- Proficient in infusing “soft skills” development into its workforce readiness curricula;
- A documented, successful job training and 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 jobs anticipated due to recovery efforts;
- When appropriate, incorporation of digital literacy, Limited English Proficiency accommodations, disability accommodations, and/or soft skills training in the program or curriculum; and
- Show other sources of funding, either public or private, for training programs.

#### **3.2.5: Participant Prioritization**

LMI persons (as determined by a 4506-T form) will be prioritized, however, programs will be opened to all residents seeking training in the Territory. The Subrecipient may require additional verification documentation on a case-by-case basis.

#### **3.2.6: Underwriting Standards**

While developing the program and agreement details, VIHFA will ensure satisfaction of the criteria of 24 CFR 570. 482(e).

### **3.3: Application Process**

#### **3.3.1: Subrecipients**

Eligible entities that wish to apply to this program will need to follow the VIHFA CDBG-DR Application Process and adhere to all deadlines set by the Program.

### **3.3.2: Trainees**

Subrecipients will receive and manage all applications for this program. Applications must be submitted in accordance with the individual training provider's specifications, information on which will be maintained on both VIHFA's Disaster Recovery website and the subrecipient's office(s).

Applications will be accepted on a rolling basis and accepted candidates will be distributed into the most relevant cohort.

### **3.3.3: Geographic Target Areas**

Applications and outreach will be accepted from both the St. Croix and St. Thomas/St. John districts. For verification purposes, the applicant's location is reviewed to confirm that they are within the service area.

## **4.0: TOURISM MARKETING & INDUSTRY SUPPORT PROGRAM**

### **4.1: Program Overview**

Tourism is a critical industry to the Territory. Efforts to revitalize tourism in the U.S. Virgin Islands face a critical short-term challenge: overcoming the perception that the Territory's leisure and hospitality industry are closed for business following the 2017 hurricanes. National press coverage of the devastation caused by Irma and Maria is likely to have influenced public perception of the islands. Studies of tourist areas that have suffered widely publicized natural disasters indicate that misperceptions of damage can continue to affect demand as long as two years after the event. The impact of the public's perception on travel demand for the U.S. Virgin Islands should not be underestimated, as perceptions of safety and stability have become a key decision-making factor for tourists.

The lingering effects of the perception that the U.S. Virgin Islands is closed for business will delay the positive returns on various programs designed to boost the tourism industry. More importantly, it will exacerbate economic losses for small businesses and low- and medium-income households that depend on tourism for their livelihoods and their recovery.

### **4.2: Method of Distribution**

**Eligible Activities:** Technical Assistance (HCDA Section 105(a)(19)); Assistance to for-profit business (HCDA Section 105(a)(17); Micro Enterprise Assistance (HCDA Section 105(a)(22); Marketing - waiver request approved.

**Low- and Moderate-Income Projection:** At least 51% of the beneficiaries will be LMI.

**Estimated Start and End Dates:** Quarter 2, 2019 through Quarter 3, 2022.

**National Objective:** Low- and Moderate-Income Jobs; Low- and Moderate-Income Limited Clientele; Low- and Moderate-Income Area Benefit; Urgent Need.

**Geographic Area(s) Served:** Territory-wide.

#### **4.2.1: Eligibility**

Funding under this program is open to the following entities:

- NGOs (26 U.S.C. § 501(c)(3)) or Not for Profit Entities
- Professional Associations and Trade Associations
- Community Based Development Organizations
- Public Institution of Higher Learning (Universities)
- Administrative Agencies or a Department of the Government of the U.S. Virgin Islands
- For Profit Entities, as authorized under 24 C.F.R. § 570.201(o)

**Program Allocation:** \$10,000,000 (\$5,000,000 (initial allocation), \$4,000,000 to Tourism Marketing; \$1,000,000 to Tourism Business and Entrepreneurial Support); \$5,000,000 (second allocation) to Tourism Marketing

**Maximum Award:** Awards will be based on cost estimates and a cost reasonableness analysis.

#### **4.2.2: Program Activities**

##### **Marketing Initiatives**

Subrecipients will develop a comprehensive marketing campaign to re-establish that the Virgin Islands is open for business following the 2017 hurricanes.

To ensure maximal efficacy and impact, marketing initiatives will target specific travel and tourism niches in which the U.S. Virgin Islands are known to be competitive, especially among U.S. mainland residents.

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;
- Media placement (social media/ television/ radio/ digital and out-of-home advertising) in targeted markets.

##### **Business and Entrepreneurial Support Initiatives**

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:



- Provide goods or services that support the tourism industry AND
- Qualify as Section 3 businesses OR
- Employ one or more workers that would qualify as Section 3 workers

The U.S. Virgin Islands will fund activities such as:

- Building technical capacity and workforce development specific to management positions in the tourism industry;
- Ongoing training for public and private frontline associates;
- Educational seminars for small hotel owners;
- Enterprise development to support local artisans and producers.

### **4.3: Application Process**

#### **4.3.1: Subrecipients**

Eligible entities that wish to apply to this program will need to follow the VIHFA CDBG-DR Application Process and adhere to all deadlines set by the Program.

## **5.0: CDBG-DR PROGRAM REQUIREMENTS**

The Territory will ensure that each project which receives funding under the Workforce Development Program corresponds to a CDBG-DR eligible activity, meets a national objective, and demonstrates a tie to the disaster. Funds will be provided as payment to governmental agencies, eligible organizations, or other entities for eligible activities.

### **5.1: Tie to the Disaster**

All activities assisted with CDBG-DR funds must in some way respond to a direct or indirect impact of one of the following federally declared disasters:

- Hurricane Irma ([DR-4335](#))
- Hurricane Maria ([DR-4340](#))

### **5.2: Duplication of Benefits**

The Programs will include a duplication of benefits (DOB) review as part of the scope and budget review and award calculation process. The requirements of the Robert T. Stafford Act (Stafford Act), as amended, prohibit any person, business concern, or other entity from receiving federal funds for any part of such loss for which they have already received financial assistance under any other program, private insurance, charitable assistance, or any other source.

#### **5.2.1: Preventing Duplication**

Subrecipients must complete DOB calculations as part of both the Initial Scope and Budget, as well as the Detailed Scope and Budget Form, with assistance from CDBG-DR Division staff. Both forms request information about all other sources of funding the agency must be aware of that may impact the DOB. For all CDBG-DR programs, agencies must provide documentation of these sources, but VIHFA will also verify these funding sources with other federal partners. This process will be supported by technical assistance (TA) from Program staff. Also included in these forms is the standard calculation method used by Program staff to determine if a federal funding duplication is present.

VIHFA is ultimately responsible for ensuring that project participants comply with all federal laws and regulations.

The subrecipient is responsible for verifying there is no duplication of resources, such as charitable or public grants. Additionally, CDBG-DR funds may not be used to supplant local resources.

Program participants and employees will be required during the application process to certify they are not receiving additional funding, such as charitable contributions, scholarships, or other sources of duplicative financial assistance.

The subrecipient will report all DOB and make appropriate deductions. VIHFA maintains records in accordance with Federal grants requirements and assures that the agency has accurately completed DOB reviews and made deductions as appropriate. Project DOB information must be maintained by Subrecipients and reported to VIHFA throughout the life of the project. Reporting should occur at any point that such information becomes available, including:

- During scoping process development, pre-award, and approval;
- During the grant period of performance;
- During closeout; and
- After grant closeout, if duplicative funds are received at a later date.

### **5.2.2 Recapture**

An applicant may be required to repay all, or a portion of the funds received. The reasons for recapture include but are not limited to the following:

- A subrecipient is determined to have provided false or misleading information to the Program;
- A subrecipient withdraws from the program prior to completion of the project;
- A subrecipient does not complete the project;
- A subrecipient fails to meet a national objective of the program;
- A subrecipient is found to have used program funds for an ineligible activity; and/or,
- A subrecipient does not report the receipt of additional insurance, SBA, FEMA, non-profit assistance and/or any other duplication of benefits received after award.

All Subrecipients must comply with the CDBG-DR Recapture policy.

## **5.3: Crosscutting Requirements**

### **5.3.1: Fair Housing**

The Fair Housing Act requires all grantees, subrecipients, and/or developers funded in whole or in part with HUD financial assistance to certify that no person was excluded from participation in, denied the benefit of, or subjected to discrimination in any housing program or activity because of their age, race, color, creed, religion, familial status, national origin, sexual orientation, military status, sex, disability, or marital status. The Program complies with and enforces the Civil Rights requirements of Title I of the Housing and Community Development Act (HCDA) and the Fair Housing Law.

### **5.3.2: Limited English Proficiency (LEP)**

Federal Executive Order 131661 and Final Guidance (72 FR 2732) require VIHFA and all satellite offices, programs, subrecipients, contractors, subcontractors, and/or developers funded whole or in part with CDBG-DR financial assistance to ensure fair and meaningful access to programs and services for families and individuals with Limited English Proficiency (LEP).

Compliance with this requirement is detailed in VIHFA's Language Action Plan (LAP) and must be adhered to. It is VIHFA's policy to provide language access services to LEP individuals needing access to CDBG-DR funded programs; to manage and train VIHFA staff, contractors and subrecipients on procedures for implementing the LAP; to inform LEP individuals that language access services are available; and to continuously monitor and evaluate the implementation of the LAP.

Subrecipients will be responsible for providing reasonable accommodations to ensure equal opportunities are made available in the training programs for both LEP individuals and businesses.

### **5.3.3: Minority and/or Women-Owned Business Enterprises**

The Federal Executive Order 12432 guidelines require selected federal agencies to promote and increase the utilization of Minority-Owned and Women-Owned Business Enterprises (M/WBEs). 2 CFR 200.321 requires VIHFA to take all necessary steps to ensure that all subrecipients, contractors, subcontractors, and/or developers funded in whole or in part with HUD CDBG-DR financial assistance allow for contracts and other economic opportunities to be directed to small and minority firms, women-owned business enterprises (WBEs), and labor surplus area firms whenever possible. Goals regarding M/WBE percentages and reporting will be determined in the MOU.

### **5.3.4: Section 3 Economic Opportunities**

Awardee shall comply with 12 U.S.C. 1701u and its regulations ("Section 3"). In compliance with Section 3, the CDBG-DR Program will require Subrecipients to establish training, employment, contracting and other economic opportunities arising from HUD funding. The requirements of Section 3 apply to recipients of HUD funding for Section 3 covered project(s) in which the amount

of the assistance is more than \$200,000. Contractors and Subcontractors are also subject to Section 3's requirements when performing any type of activity on Section 3 covered projects for which the amount of funding is more than \$200,000 and the contract or subcontract exceeds \$100,000.

If these thresholds are met, the Section 3 requirements apply to the entire project or activity that is funded with Section 3 covered assistance, regardless of whether the Section 3 activity is fully or partially funded with Section 3 covered funds. If a Subrecipient receives Section 3 covered housing construction or infrastructure or economic revitalization assistance greater than \$200,000, but no individual contract exceeds \$100,000, Section 3 requirements will only apply to the recipient (e.g., hiring and training goals). When Section 3 is triggered by the thresholds mentioned above, all parties must attempt, to the "greatest extent feasible," to meet the minimum numerical goals as follows:

- At least thirty percent (30%) of all new hires must be Section 3 Residents; and
- At least ten percent (10%) of the total dollar amount of all Section 3 covered contracts for housing rehabilitation, construction, and other public construction should be awarded to eligible Section 3 Business Concerns; and,
- At least three percent (3%) of the total dollar amount of all Section 3 covered non-construction (e.g., professional services) contracts should be awarded to eligible Section 3 Business Concerns.

Section 3 language must be included in all construction contracts over \$100,000.

### **5.3.5: Environmental Review**

CDBG-DR funding is contingent upon compliance with both Territorial and federal environmental regulations. This includes compliance with NEPA and related environmental and historic preservation legislation and executive orders. In general, VIHFA serves as the lead agency for purposes of NEPA. In general, environmental review of projects will consist of the following steps:

- Program provides VIHFA with a project description for review. Project descriptions must be detailed enough so that the scope of the project and its potential environmental impacts are clear.
- VIHFA reviews the project description and categorizes the action regarding the appropriate level of environmental review that must be applied.
- With regard to NEPA, VIHFA will determine whether projects are exempt from environmental review, Categorically Excluded Subject To (Cat Ex(a)), Categorically Exempt Not Subject To (Cat Ex(b)) or require an Environmental Assessment.
- VIHFA issues a general exemption for qualified activities associated with project development that are required to generate project information necessary for environmental reviews, project feasibility assessments, and the creation of funding applications.
- VIHFA or contracted environmental services conduct the appropriate environmental analysis and prepare compliance documentation in support each project, except for qualified exempt activities that fall under the general exemption for project development, in accordance with HUD and NEPA regulations. A Certificate of Exemption, where applicable, will be included in the project file.

- Upon completion of the environmental review of an action that is Categorically Excluded but subject to 24 CFR 58.5 (Cat Ex A) or that requires an Environmental Assessment or Environmental Impact Statement, VIHFA submits a Request for Release of Funds to HUD.
- HUD reviews and approves or denies the Request for Release of Funds. If approved, HUD issues an Authority to Use Grant Funds authorizing the commitment of HUD funds to a particular project.

## **5.4: Section 504**

All entities receiving an award from these Programs are required to comply with Section 504 of the Rehabilitation Act of 1973, as amended, the Americans with Disabilities Act (ADA), and Equal Employment Opportunity (EEO) requirements in the execution of job training, creation, or retention activities. All facilities that are constructed or modified using CDBG-DR funds, the provision of public services, as well as employment practices, must comply with Section 504 and ADA to be accessible to persons with disabilities. Trainers and employers must comply with regards to employment requirements under these statutes as well as EEO.

## **5.5: Citizen Complaints**

VIHFA will accept written citizen complaints from citizens related to the disaster recovery programs, the Action Plan, substantial amendments, or quarterly performance reports. The formal complaint form is attached in this document as Appendix A.

Written complaints should either be submitted via email to: [cdbgdrcomplaints@vihfa.gov](mailto:cdbgdrcomplaints@vihfa.gov) or mailed to the address below:

Virgin Islands Housing Finance Authority  
Disaster Recovery Division  
Attention: Program Director  
1110 Beltjen Road,  
Suite 200,  
St. Thomas, VI 00802-6735

The CDBG-DR Program will provide a written response to every citizen complaint within 15 working days of the complaint. See the Citizen Complaints policy for more information.

## **6.0: PROGRAM ADMINISTRATION**

VIHFA will oversee all activities and expenditures in connection with the CDBG-DR funds and will ensure that the program meets all requirements, including but not limited to: the disaster threshold, eligibility, national objective, compliance, fair housing, labor standards, Section 3 goals, nondiscrimination, and procurement regulations.

VIHFA has a monitoring plan in accordance with CDBG-DR requirements so that each activity funded will meet the disaster threshold and one of HUD’s three national objectives, with emphasis on eligible activities achieving the primary national objective of benefiting LMI persons.

## **6.1: Subrecipient Agreements**

### **6.1.1: Capacity Assessment and Initial Scope and Budget**

The Capacity Assessment and Initial Scope and Budget submission is a package of information submitted to VIHFA. Subrecipients are required to produce a Capacity Assessment and Initial Scope and Budget Package for the Program. The Capacity Assessment and Initial Scope and Budget Package is based on a standard form provided by VIHFA to all Implementing Partners and subrecipients.

#### ***6.1.1.1: Subrecipient Capacity Assessment***

The purpose of the CDBG-DR Risk/Capacity Assessment is to proactively identify the capacity and management practices of the potential subrecipients of CDBG-DR funds being administered by VIHFA. These types of assessments can be a useful tool in identifying ways to improve economy, efficiency, and effectiveness of disaster recovery operations, understand the level of compliance with relevant rules and regulations, and provide guidance and insight for ongoing monitoring of Implementing Partners.

The methodology to be used is based on the 2 CFR 200 requirements and also HUD’s guidance on assessing capacity of Implementing Partners.

#### ***6.1.1.2: Fraud Waste and Abuse***

HUD requires that specific policies are developed to prevent fraud, waste, and abuse. Therefore, the Program has established procedures for verifying the accuracy of information provided by program applicants, vendors, and Implementing Partners. The Program’s Anti-Fraud, Waste and Abuse (AFWA) check is designed to identify discrepancies and risk-relevant issues in information provided by third parties that may be indicative of fraud, waste, and abuse. The Program will ensure that accurate information obtained from third party vendors and AFWA checks are conducted systematically, utilizing standardized research methodologies and flag identification processes for consistency and equitable treatment across relevant sources. Flag codes, notations, and relevant supporting documents are checked for errors.

#### ***6.1.1.3: Timely Expenditure of Funds***

As per the Appropriations Act (P.L. 113-2), CDBG-DR funds must be obligated as stated in the MOU or Subrecipient Agreement with VIHFA. In all cases, funds must be disbursed by September 27, 2024 – six (6) years of the signing of the initial Grant Agreement between HUD and VIHFA.

### **6.1.2: Technical Assistance**

To assist Subrecipients in complying with all CDBG-DR regulations and any VIHFA policies, as well as to build capacity, CDBG-DR Division staff will provide subrecipients and training providers with necessary Technical Assistance (TA) throughout the life cycle of the program. The nature and rigor of TA is continuously tailored to meet the agency or provider's unique needs.

### **6.1.3: Project (Activity) Delivery Costs**

All proposed subrecipient project delivery costs must be determined to be eligible and reasonable during the project detailed scope and budget review process. Costs must be directly related to carrying out the funded activity.

## **6.2: Payment**

All payments for activities funded under this Program will follow VIHFA's Financial Policies and Procedures.

### **6.2.1: Program Income**

Per FR-6066-N-01, Program income is defined as gross revenue received by a State or Subrecipient thereof that was directly generated from the use of CDBG-DR funds. Program income includes, but is not limited to, the following:

- Proceeds from the disposition by sale or long-term lease of real property purchased or improved with CDBG-DR funds;
- Proceeds from the disposition of equipment purchased with CDBG-DR funds;
- Gross income from the use or rental of real or personal property acquired, constructed or rehabilitated by the Implementing Partner or a subrecipient of the Implementing Partner with CDBG-DR funds, less the costs incidental to the generation of the income;
- Payments of principal and interest on loans made using CDBG-DR funds;
- Interest earned on funds held in a revolving fund account; and
- Funds collected through special assessments made against nonresidential properties and properties owned and occupied by households that are not low and moderate income if the special assessments are used to recover all or part of the CDBG-DR portion of public improvements.

Program income does not include the following:

- The total amount of funds that is less than \$35,000 received in a single year and retained by the by a State or a subrecipient thereof;
- Amounts generated by activities eligible under Section 105(a)(15) of the Act and carried out by an entity under the authority of Section 105(a)(15) of the Act (non-profit

organizations and local development organizations, when undertaking community economic development, neighborhood revitalization, or energy conservation projects).

To the maximum extent feasible, program income shall be used or distributed before additional withdrawals from the U.S. Treasury are made, in accordance with 83 FR 5844. VIHFA CDBG-DR will establish an independent, non-interest-bearing account for program income received. When program income is generated by an activity that is only partially funded with CDBG-DR funds, the income shall be prorated to reflect the percentage of CDBG-DR funds used.

Program income activity shall be reported to the VIHFA CDBG-DR Financial Division by all subrecipients of the Program. Per the decision of VIHFA CDBG-DR Division, most program income will be returned to the CDBG-DR Division.

## **6.3: Administrative Records**

### **6.3.1: Record Keeping**

Subrecipients must establish a system for record keeping that assists VIHFA with the review of files for compliance. The Subrecipient is responsible for maintaining all records pertinent to a grant, including supporting documentation, **for three (3) years from the date VIHFA closes the CDBG-DR program with HUD**. VIHFA will notify Subrecipients when the program has been closed with HUD and include the end date of the record retention period. A list of potential records, by activity, can be found in VIHFA's Recordkeeping and Reporting Policy.

### **6.3.2: Reporting**

Subrecipients are required to submit a Quarterly Status Report (QSR) to VIHFA. QSR's will be used to assess program progress, timeliness, and to justify needs. It is important because it provides the VIHFA with information that is required to be provided to the U.S. Department of Housing and Urban Development (HUD) on a quarterly basis. Therefore, reports must be submitted on time and contain accurate information.

Submission of the required Quarterly Status Report begins with the first report deadline after the Subrecipient receives project approval and continues until the Subrecipient has submitted the Final Quarterly Status Report and the closeout forms.

## **6.4: Procurement**

VIHFA and Subrecipients seeking to procure services and supplies using CDBG-DR funds must follow Territorial and Federal procurement rules when purchasing services, supplies, materials or equipment. The Federal procurement requirements found in 2 CFR 200 establish standards and guidelines for the procurement of supplies, equipment, construction, engineering, architectural, consulting, and other professional services.



Additional information on procurement requirements can be found in VIHFA’s Procurement Policies and Procedures.

In addition to the stated procurement requirements, all subcontractors are subject to the requirements detailed in the [HUD Rider](#). These requirements will be reviewed in detail at the onset of every project and compliance will be continually monitored.

## **6.5: Conflicts of Interest**

The CDBG-DR Division requires all program staff to disclose any relationship with a subrecipient or contractor. Program staff, sub-grantees, program administrators, and contractors who disclose such relationships are placed in roles where there is no opportunity for them to display favoritism or collude to financially or otherwise benefit themselves, the agency, or the contractor. For example, a customer representative may not perform work on the application of family member. For purposes of this regulation, “family” is defined to include spouse, parents, mother-in-law, father-in-law, grandparents, siblings, brother-in-law, sister-in-law, and children of an official covered under the CDBG conflict of interest regulations at 24 CFR 570.489(h).

VIHFA may request that HUD grant an exception to the conflict-of-interest provisions per 24 CFR 570.489(h)(4) if VIHFA has determined that the relevant party (employee, agent, consultant, officer, or elected or appointed official) has adequately and publicly addressed all of the concerns generated by the conflict of interest and that an exception would serve to further the purposes of Title I of the HCDA, as amended and the individual has complied with the requirements listed in 24 CFR 570.489(h)(4)(i) and (ii). Subrecipients for this program should report all conflict-of-interest situations and requests for exceptions to the VIHFA CDBG-DR Program Staff.

When granting an exception, HUD will consider whether the:

1. exception provides a significant cost benefit or essential degree of expertise;
2. opportunity was provided for under open competitive bidding or negotiation;
3. person affected is an LMI person,
4. affected person has withdrawn from his or her functions or responsibilities;
5. interest or benefit was present before the affected person was able to benefit from the conflict of interest; or undue hardship results from failure grant the exception.

## **6.6: Monitoring**

### **6.6.1: Technical Assistance**

VIHFA will provide an initial orientation to review all programmatic requirements.

### **6.6.2: Official Monitoring**

VIHFA’s Compliance and Monitoring Unit will conduct interim official monitoring as needed through the life of the project. More information on this phase is available in the Monitoring and Compliance Manual.

## **6.7: Closeout**

### **6.7.1: Final Grant Reconciliation Review and Final Closeout Process**

The project closeout is the process by which VIHFA determines whether all requirements of the subrecipient agreement or MOU for a specific project have been completed in accordance with the terms and conditions of the agreement.

After any disbursement or over-disbursement reconciliations and resolution of findings, the file is ready for final closeout and archiving by VIHFA. The applicant is instructed to keep all receipts and documentation for a minimum of three (3) years in the event their file is audited or reviewed.

# **APPENDIX**

## **Appendix A: Citizen Complaint Form**



**Community Development Block Grant – Disaster Recovery**

**1110 Beltjen Road, 2<sup>nd</sup> Floor, Suite 200**

**St. Thomas, Virgin Islands, 00802-6735**

**2B King Street**

**Frederiksted, VI, 00840**

**Telephone – 888-239-3327**

### **CITIZEN COMPLAINT FORM**

<b>Name:</b>	
<b>Mailing Address:</b>	
<b>Email:</b>	
<b>Address:</b>	
Select one of the following categories for your complaint:	
<input type="checkbox"/> Disaster Recovery Program (please specify) <input type="checkbox"/> Action Plan <input type="checkbox"/> Substantial Amendments	
<input type="checkbox"/> Quarterly Performance Reports (please specify)	
Provide a detailed description of your complaint. Please provide any supporting documents, if applicable.	
<b>Signature:</b>	<b>Date:</b>