



# Recovery and Resilience Programs

## CDBG-DR and CDBG-MIT

## **SINGLE FAMILY RESILIENT NEW HOME CONSTRUCTION – HOME OWNERSHIP POLICIES AND PROCEDURES**

This Virgin Islands Housing Finance Authority (VIHFA) manual, updated as of April 16, 2025, provides guidance for the VIHFA program. Printed versions are considered uncontrolled. For controlled documents please visit [www.vihfa.gov](http://www.vihfa.gov) for the latest version.

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## SECTION I: VERSION CONTROL AND GOVERNANCE

### 1.0 Version History

Version history is tracked in the table on the Version History page, 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 4.0, 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 version numbers such as 1.1, 1.2, etc.

### 2.0 Policy Change Control Board

Policy reviews and changes for a program 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, VIHFA staff will submit a Policy Change Request Form for internal review by the Policy Change Control Board (PCCB).

### 3.0 Governance

This document sets forth the policy governing the Single Family Resilient New Construction - Homeownership Policy. These guidelines are intended to aid and provide guidance in implementation and should not be construed as exhaustive instructions. All activities must comply with the policies hereby stated. In addition, VIHFA staff must adhere to established program procedures and all federal and state laws and regulations in effect, as applicable, in the execution of program activities.

## SECTION II: POLICY

### 1.0 Policy Overview

This policy document details the structure and requirements of the Single Family Resilient New Construction – Homeownership Program, as well as its administration. It also defines the eligibility criteria for first-time homebuyers and specifies the necessary supporting documentation for determining eligibility. The initiative aims to create resilient affordable housing units by expanding single-family options and constructing high-quality, durable, mold-resistant homes that incorporate enhanced resiliency features. The ultimate objective is to standardize these practices in the housing market to better serve the community.

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## 2.0 Program Overview

As the Grantee for the HUD Community Development Block Grant Mitigation (CDBG-MIT) funds in the Territory, the Virgin Islands Housing Finance Authority (VIHFA) has established programs and projects in their CDBG-MIT Action Plan to address the needs of United States Virgin Islands (also referred to as the Territory). Both the owner-occupied and rental housing stock suffered significant storm damage, depleting an already limited housing stock, and driving housing prices above affordable levels. This is especially true for single-family homes for sale.

Prior to the hurricanes, according to the Housing Demand Study completed in 2015, only 6% of overall listings for single-family homes for sale were available to households with up to 80% of AMI. Compounding the scarcity of affordable homes was the occurrence of the 2017 hurricanes. The impacts of the storms have significantly damaged much of the local housing stock, further decreasing the availability of affordable replacement homes for low- to moderate income individuals and families.

In response to the critical shortage of affordable housing stock in the Territory, which may have catastrophic consequences in the event of another disaster, VIHFA has allocated CDBG-MIT funding to the Single Family Resilient New Home Construction – Homeownership Program. This funding will be utilized to increase the availability of affordable housing and support first-time homebuyers in acquiring newly constructed or rehabilitated properties through the program. This initiative is designed to promote homeownership while enhancing the long-term viability and sustainability of communities throughout the Territory via turnkey development opportunities.

### 2.1 Turnkey Development

The Turnkey Development Program is designed to create multiple affordable housing opportunities throughout the territory to promote homeownership amongst low to moderate income households. Developers can apply for funding under this program. Turnkey Development projects must be 4 units or less to meet CDBG-MIT requirements and criteria for single family homeownership. VIHFA will review Turnkey Development projects aimed at constructing homes and installing infrastructure following the above four units or less requirement that are requesting to utilize CDBG-MIT funding for approval.

## 3.0 Method of Distribution

**Program Allocation:** \$53,600,000.00

**National Objectives:** Low to Moderate-Income Housing; Urgent-Need Mitigation

**LMI Projection:** 70%

**Eligible Activities:**

- HCDA Section 105(a)(1) Acquisition of Real Property
- HCDA Section 105(a)(4) Clearance, Rehabilitation, Reconstruction, and Construction of Buildings

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- HCDA Section 105(a)(5) Architectural Barrier Removal
- HCDA Section 105(a)(18) Rehabilitation or development of housing
- HCDA Section 105(a)24 provision of direct assistance to facilitate and expand homeownership among persons of low- to moderate-income Clearance, Construction of Buildings (including Housing)

**Program Administration:** Direct Implementation/ Grantee Administered via Interagency Agreement

**Geographic Areas Served:** Projects across the Territory are eligible for this program as priorities are determined.

**Program Start and End Date:** Quarter 2, 2025 through Quarter 3, 2028

## 4.0 Program Requirements

This program will be directly administered by VIHFA. The Recovery and Resilience Housing team responsible for the overall oversight of the housing portfolio funded by the CDBG-MIT grant, will enlist departments within the Authority to provide programmatic oversight and project management through interagency agreements.

### 4.1 Eligibility Requirements

#### 4.1.1 Applicant Eligibility Requirements

- Units of the Government of the USVI
- For Profit Development/Borrowers
- Not-for-Profit Developers/Borrowers

#### 4.1.2 Beneficiary Eligibility Requirements

Beneficiaries must meet the following eligibility criteria:

- Must be a first-time homebuyer
- Must meet established income requirements (described below)
- Must provide proof of citizenship and residency for the last three tax years
- Must be pre-qualified for a mortgage loan based on nationally accepted underwriting standards of FHA/VA/Conventional Mortgages
- Must complete a Homebuyer's Education Program and earn a Certificate of Completion

All beneficiary applications will be thoroughly reviewed by the participating lending institution and the Developer during the intake and eligibility process to ensure beneficiaries are eligible under the Single Family Resilient New Home Construction – Homeownership prior to receiving assistance. Eligibility determinations for each submitted intake application will be made by the program based upon the documentation submitted by Beneficiary and verification of information by third-party sources, including federal databases.

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Beneficiaries who are deemed eligible will be sent a written Eligibility Notice informing them of the eligibility decision and the Program's next steps. If at any point during the Program Eligibility determination process or throughout any other phase of the process, it is found that the Beneficiary is ineligible for the Program, the Beneficiary will be notified through an Adverse Eligibility Notice.

#### **4.1.2.1 Income Requirement and Verification**

The Program requires that the beneficiary's household income not exceed 120% AMI. All beneficiaries must meet the household income limits, adjusted for family size. Total annual household gross income for all household members aged eighteen and over, shall not exceed 120% income limits, as defined by adjusted income limits for the Virgin Islands.

For the Program, beneficiaries must provide income documentation for all household members aged 18 and older at the time of Program application. Information on HUD's most recent income limits may be found at [www.hudexchange.info/resource/5334/cdbg-income-limits](http://www.hudexchange.info/resource/5334/cdbg-income-limits).

Under the following special circumstances, the income of the referenced individuals will be excluded from the total household income calculation:

- Persons who are temporarily (less than a year) living with the applicant
- Persons who are employed by the household as a live-in aide and/or are a child of that aide
- A married beneficiary with an absent spouse. The absent spouse's income will not be included in the total household income if verifiable documentation of a separate residence for the absent spouse, to include evidence of legal separation, is provided

#### **4.1.2.2 Homebuyer Education Program**

All eligible beneficiaries will be required to attend a housing counseling course provided by VIHFA's Housing Counseling Program or eHome America Education Course found online at (ehomeamerica.org).

Upon the successful completion of the course, the counseling agency will provide the Applicant with a Certificate of Completion. It is the responsibility of the Beneficiary to provide a copy of the Certificate of Completion to their Lending Institution at application intake.

### **4.2 Property Eligibility Requirements**

The Program will only fund the new construction of single-family properties (4 or less units) that will serve as the applicant's principal residence.

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### 4.3 Eligible Activities

The Program will provide funding for the following for Turnkey development opportunities that include:

- The creation of new single-family homes
- Costs for infrastructure on public land (e.g., roads, utilities, lighting, etc.). These costs are not deducted from the award amount

### 4.4 Ineligible Activities

The following are NOT eligible for CDBG-MIT funds under this Program if the activity does not meet the definition of a mitigation activity.

- Is restricted in the Public Laws appropriating the CDBG-DR funds (Public Laws 115-56 and 115-123) or in the Housing and Urban Development Block Grant Disaster Recovery/Mitigation Federal Register Notices (FR-6066-N-01, FR-6109-N-01, FR-6109-N-02, FR-6109-N-03, and FR-6109-N-04 and FR-6136- N-01)
- It is ineligible according to CDBG-MIT requirements and a waiver has not been granted
- Activities that fail to meet a national objective
- Delinquent property taxes
- Fees or charges on properties that are the result of the seller
- Refinancing of existing mortgages
- Financing acquisitions of second homes
- Construction of homes within a Wetland or the Tier I Coastal Zone
- Ineligible activities property types such as houseboats, trailers, campers, investment properties, second homes, and multifamily property of five or more units

## 5.0 Program Administration

The Single Family Resilient New Construction Program will be directly administered by VIHFA. The Program and the Planning and Construction department will oversee all activities and expenditures in connection with the Virgin Islands CDBG-MIT funds. VIHFA employees, subrecipients, developers, along with contractors procured to aid VIHFA staff, will ensure that the activities are undertaken to meet all program requirements, including the disaster threshold, eligibility, national objective, compliance, fair housing, labor standards, nondiscrimination, environmental regulations, and procurement regulations.

VIHFA CDBG-MIT will monitor all activities in accordance with HUD, CDBG-MIT, and VIHFA monitoring and compliance requirements so that each activity funded will meet the disaster threshold and one of HUD's national objectives, with emphasis on eligible activities achieving the new construction of affordable housing units primarily benefiting low to moderate-income persons.

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## 5.1 Selection Process

This section will provide guidance on the following selection processes associated with this program:

- Developer Project Selection
- Beneficiary Selection

### 5.1.1 Developer Project Selection

VIHFA will accept applications on a rolling basis. Developers are invited to submit unsolicited application requests accompanied by detailed development proposals for review and approval. The Unsolicited Application with Proposal selection process enables developers to present innovative and creative housing solutions that address community needs, allowing VIHFA to assess project eligibility while ensuring compliance with HUD policies and standards. Application packages, including development proposals, should comprehensively outline the development plan, incorporate design specifications, timelines, and budget allocations, and illustrating how the project will foster safe, sustainable, and resilient housing. Interested developers must submit their applications via our application intake system, along with the attached development plan/proposal.

### 5.1.2 Beneficiary Project Selection

For homeownership, beneficiaries must meet the eligibility criteria outlined in the First Time Homebuyer's Program, which includes income limits and other relevant factors. This initiative aims to support affordable housing solutions and enhance community resilience in line with HUD's objectives for disaster recovery and mitigation. Upon submission and review of proposals, VIHFA will assess each project's feasibility based on its alignment with program goals and community needs.

#### 5.1.2.1 Application Period

The Program will have a defined application period for mortgage-ready applicants/beneficiaries during the construction phases until all housing units are sold. Applications will be accepted based on funding availability and the estimated program end date. Subject to availability of funds, the Program reserves the right to close the application period at any time.

#### 5.1.2.2 Application Intake

An initial open application period will remain active throughout the construction phase until all homes are sold. The subrecipient will maintain a pool of prequalified, mortgage-ready priority applicants to ensure a streamlined sales process.

Interested home purchasers must complete interviews with the subrecipient to determine eligibility and verify compliance with program requirements prior to the execution of the Sales Agreement. During these interviews, applicants will be assessed based on defined criteria, ensuring they meet the necessary qualifications for homeownership under the program.

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Following the eligibility determination, a complete file package for each applicant/beneficiary will be reviewed and vetted by the Subrecipient. This step is essential for performing Quality Assurance/Quality Control (QA/QC) on the applicants' documentation. The QA/QC process will help ensure that all housing transactions adhere to program standards and regulations, fostering accountability and integrity in the home purchasing process.

#### **5.1.2.3 Prioritization Criteria**

The program will prioritize LMI applicants able to qualify for homeownership. Second priority will be given to pre-qualified applicants with incomes above 80%-120% AMI.

### **5.2 Award Determination**

An award determination will be determined based upon eligible activities in project budget, availability of funds, duplication of benefits analysis, and cost reasonableness.

#### **5.2.1 Duplication of Benefits**

Section 312 of the Robert T. Stafford Disaster Assistance and Emergency Relief Act (42 U.S.C. §5155) prohibits any person, business concern, or other entity from receiving financial assistance with respect to any part of a loss resulting from a major disaster for which he has received financial assistance under any other program or from insurance or any other source. In accordance with the Stafford Act, Disaster Recovery funds issued through the Department of Housing and Urban Development's CDBG-DR program may not be used for any costs for which another disaster recovery assistance was previously provided for the same purpose. As mandated by law, all projects receiving CDBG-DR funding must undergo an analysis of duplication of benefits to ensure no funds have been or will be received for the same purpose as the intended CDBG-DR grant.

Developers and beneficiaries must disclose all sources of funding for project finance by the following list of potential sources of funding that may result in a duplication of benefits. Generally, financial assistance received from any other source that is provided for the same purpose as the CDBG-MIT funds is considered a Duplication of Benefit (DOB). The Territory's policy is in accordance with HUD's guidance on duplication of benefits; details for preventing Duplication of Benefits can be found in the VIHFA General Administrative Policy.

The Program must consider the total assistance available to the Subrecipient for the project. This includes all benefits, including cash, insurance proceeds, grants from FEMA, SBA loans, as well as any other assistance received by the applicant from other local, Territory, or federal programs, or private or nonprofit charities.

Developers and applicants should pay special attention to the following potential sources of benefits:

- National Flood Insurance Program (NFIP) – Insurance proceeds received must be disclosed

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- Private Insurance – All insurance proceeds received must be disclosed by. Where necessary, the Program will look for “undeclared” insurance benefits as well as confirm those disclosed by the applicant
- FEMA – FEMA proceeds received must be disclosed by the Subrecipient and/or applicant
- Other – Funds received from other sources must be disclosed by the Subrecipient and/or applicant and verified by the Program. Examples include nonprofits, other governmental agencies, first-time homebuyers, and social groups

CDBG-MIT funds cannot supplant other funding; the project budget, sources, and uses documents will be reviewed to ensure an appropriate amount of CDBG-MIT assistance. All Applicants and Subrecipients are required to report all assistance reasonably anticipated. Reasonably anticipated funds include assistance that has been awarded, but has not yet been received, as well as funding the Subrecipient anticipates will be making an application. If excessive funds are reported or identified, the CDBG-MIT funds will be the funding source reduced.

### 5.2.2 Project Awards

Awards will be determined based on an approved budget that includes cost estimates for proposed development projects, specifically focusing on the number of new homes to be constructed. The Housing Construction Cap (HCC) establishes a per-unit limit of \$350,000 for all single-family housing projects, in accordance with the guidelines outlined in this document. Cost estimates for these projects are designed to promote the construction of affordable homes while ensuring financial accountability and adherence to industry standards.

For newly constructed homes, costs may reach up to \$350,000.00 per unit, excluding necessary infrastructure expenses such as utilities and access roads. Additional costs incurred beyond this limit will be evaluated based on cost reasonableness and must incorporate resiliency measures, to ensure the long-term sustainability of the housing solutions. The evaluation of these costs will be conducted on a case-by-case basis, taking into account various influencing factors, including geographical location, shipping expenses, and changes in material and labor costs.

To determine cost reasonableness, the following methodology will be employed:

- Agency Historical Data – Analysis of data from previous Invitation for Bid (IFB) submissions and completed projects will help identify historical cost trends. This analysis will provide valuable insights into typical cost parameters within the housing market.
- Engineering Estimates – Professional evaluations will be conducted to assess project costs for feasibility and accuracy. These estimates will draw on expert assessments to ensure that proposed costs align with industry standards and expectations.

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Through this comprehensive approach, all projects will meet the necessary financial and structural integrity benchmarks, thereby contributing to sustainable and resilient housing solutions. Once a home is constructed, the Subrecipient will establish a sale price in accordance with, ensuring that the homebuyer secures a traditional first mortgage that maintains affordability and reinforcing the program's commitment to affordability and community development.

### **5.2.3 Closing Costs**

VIHFA will review and evaluate all CDBG-MIT eligible closing costs to ensure that they are necessary and cost-reasonable. The Program will provide a variable amount of closing cost assistance based on the underwritten gap between the approved mortgage and purchase price not to exceed the granted limit. If closing costs exceed six percent (6%), the beneficiary will be required to pay an amount in excess of this cap. Total eligible closing costs, under no circumstances, may exceed six percent (6%).

### **5.3 Program Income**

Any program income earned as a result of activities funded under a federal grant will be subject to alternate requirements of 24 CFR 570.489(e), which defines program income. Program income is defined as gross income received by a State, a unit of general local government, or a subrecipient of the unit of general local government that was generated from the use of Federal grant funds, regardless of when the funds were appropriated and whether the activity has been closed out, except for certain exemptions outlined at 570.489(e)(2). Any program income derived by the VIHFA will follow Federal requirements for administrating program income found in the above-referenced section. Program income generated under individual contracts with the subrecipients shall be returned to the VIHFA each month. At VIHFA's discretion, program income could be allowed to remain with a program subrecipient.

All collection of payments for CDBG-MIT funds shall be considered Program Income and maintained by VIHFA under the direction of VIHFA CDBG-MIT. These are to include administrative fees, penalties, and grant repayments because of program noncompliance. To the maximum extent feasible, Program income must be used for eligible CDBG-MIT activities as listed in Title I, Section 5305(a). As noted above, CDBG-MIT funds retain their CDBG-MIT rules as long as they are used to continue disaster recovery activities. Program income is subject to all the rules and regulations governing CDBG-MIT funds including, but not limited to, compliance with national objectives, procurement, equal opportunity, environmental, and labor standards, lead-based paint hazard treatment, etc. As stated previously, miscellaneous revenue funds are not subject to these rules.

The grantee (VIHFA) can expend up to 5% of the total program income received for administration. As allowed by HUD, no more than 15% of the program income can be used for planning and technical assistance activities.

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### 5.3.1 Pro-Rating Program Income

When program income is generated by an activity that is only partially assisted by CDBG-MIT funds, the program income shall be pro-rated to reflect the percentage of CDBG-MIT funds used (24 CFR Part 570.489(e) (1) (ix)). For example, if a parcel of land were purchased with 50% CDBG-DR funds and 50% other funds, 50% of any program income from the sale or long-term lease of that property would be considered CDBG-MIT program income subject to CDBG-MIT rules and requirements.

### 5.4 Affordability Period

The CDBG-MIT award will be secured in a Second Lien and is forgiven on an amortized basis over an affordability period of 10 years. A Borrower must occupy the property as their primary residence for a minimum of 10 years. The affordability period shall commence on the date of the closing when the Deed of Mortgage and Restrictive Covenants is executed. If the Borrower violates the terms and conditions of the Second Lien, VIHFA has the right to recapture the entire amount or a portion of the grant. The balance of the grant is forgiven or reduced at a rate of 5% for each completed year of residency, with no credit given for partial years completed.

The Program's recapture is proportional to the forgiveness rate per year during the affordability period. VIHFA, at its discretion, may accept a reduced recapture or forgive an event of default for cases beyond the Borrower's control, including but not limited to, a natural disaster, death in the family, or job relocation.

#### 5.4.1 Resale Provisions

VIHFA currently follows the regulations of the HUD CDBG-DR regulations and regulations of the Territory about affordable housing, including the resale and recapture provisions, which are detailed in the V.I.C 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.

Affordable housing units constructed or offered for sale under this Program shall not be sold during a control period of 10 years from the date of the original sale for a price greater than the 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 periodically amended or modified from time to time by the Agency.

A Resale Covenant outlining the resale requirements will be recorded against the property at the time of the original purchase and will remain in place until the control period of 10 years has been satisfied.

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#### 5.4.2 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:

- Providing false or misleading information to the Program
- Any instance of fraud
- Withdrawal from the program prior to completion of the project
- Does not complete construction
- Non-compliance with the approved scope of work in a manner that would make the home ineligible (e.g., did not comply with lead paint abatement requirements)
- Failure to report the receipt of additional insurance, SBA, FEMA, non-profit assistance, and/or any other duplication of benefits received after the award
- Voluntary or involuntary relinquishment of ownership of the property prior to successful completion of a final inspection and issuance of a Certificate of Occupancy

#### 5.5 Administrative Withdrawals

Applicants may be administratively withdrawn for multiple reasons. The following are several example scenarios:

- An applicant repeatedly fails to provide documentation that is required to complete their application
- The program confirms that an application is a duplication of other valid applications or results in an overlap of other program funds
- An applicant violates the statement, *“Warning: Any person who knowingly makes a false claim or statement to HUD may be subject to civil or criminal penalties under 18 U.S.C. 287, 1001, and 31 U.S.C. 3729”* by providing false or misleading information

#### 5.6 Appeals/Reconsiderations for Beneficiaries

If an Adverse Eligibility Notice is sent, the Applicant has the right to file a Program-based reconsideration request and/or Administration Review of the determination if he/she believes an error has occurred, as provided herein. The notice will provide instructions for submitting a reconsideration/administrative review request. All appeals under this Program will follow the CDBG-DR/MIT Appeals policies and procedures.

### 6.0 Construction Administration

CDBG-MIT projects must adhere to HUD construction standards for mitigation and the VIHFA Construction Management Policy. The CDBG-MIT Federal Register Notice (FRN) requires each project to provide a comprehensive description detailing compliance with the following construction standards:

- Emphasize quality, durability, energy efficiency, sustainability, and mold resistance, as applicable
- Consider applying Green Building Standards

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- Adhere to advanced elevation requirements outlined in the notice, where applicable

The designated VIHFA department is responsible for monitoring the quality and compliance of all work performed by third-party contractors, in addition to the stipulations stated above. VIHFA will follow the U.S. Virgin Islands building code based on the International Residential Code, utilize the Department of Planning and Natural Resources' Construction Information for a Stronger Home guide, and adhere to VIHFA's Affordable Housing Guidelines and the Model Energy Code. It is also encouraged to reference the HUD Community Planning and Development Green Building Retrofit Checklist as applicable.

Contractors must have the ability to manage and coordinate the types of activities required in the development of single-family housing. Contractor responsibilities will include but not be limited to the following:

- Preparing plans and specifications (or work write-ups) that conform to program construction standards Permits, fees, mobilization, site utilities, site security, builder's risk insurance, homebuyer warranty, etc.
- Site Plans, fencing, landscaping, or other site improvements being provided
- Working drawings and materials specifications
- Estimating construction costs
- Cost estimates for construction of new structures based on take-offs from the working drawings of the quantities of materials and labor required or compilations of costs for similar and recently built or renovated structures
- Managing contract awards and construction process
- The Contractor assumes all risks of cost overruns more than the construction and contingency budget line item in the previously approved Project Budget unless the Program approves a revised Project Budget

## 6.1 Floodplain Elevation

New housing construction within the floodplain will be built in accordance with the existing local building codes. The existing code is consistent with HUD guidance to ensure all structures, as defined at 44 CFR 59.1, are designed principally for residential use and located in the floodplain that receives federal assistance for new construction, repair of substantial damage, or substantial improvement, as defined at 24 CFR 55.2(b)(10), must be elevated with the lowest floor, including the basement, at least two to three feet above the 1% annual base floodplain elevation as determined by best available data. Residential structures with no dwelling units and no residents below two feet above the 1% annual floodplain, must be elevated or flood-proofed, in accordance with FEMA floodproofing standards at 44 CFR 60.3(c)(3)(ii) or up to at least two feet above the 1% annual floodplain. Thus, the Territory has put mechanisms in place to ensure all structures requiring elevation go through an in-depth structural analysis to determine whether rehabilitation or reconstruction is the most cost-effective approach to helping homeowners.

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Property owners assisted through the recovery program will be required to acquire and maintain flood insurance for the affordability period if their properties are located in a FEMA-designated floodplain. This requirement is mandated to protect the safety of residents and their property and the investment of federal dollars. The elevation height of a house can significantly reduce the cost of flood insurance. The Territory will implement procedures and mechanisms to ensure that assisted property owners comply with all flood insurance requirements, including the purchase and notification requirements as a condition of receiving assistance.

## **6.2 Bonding Requirements**

The standards under this Section apply to construction contracts that exceed \$500,000.00. There are no bonding requirements for small purchases or competitive proposals. The Program may require bonds in these latter circumstances when deemed appropriate; however, non-construction contracts should generally not require bid bonds.

### **6.2.1 Bid Bonds**

For construction contracts exceeding \$750,000.00, bidders shall be required to submit a bid guarantee equivalent to 5% of the bid price.

### **6.2.2 Performance and Payment Bonds**

For construction contracts exceeding \$500,000.00, the successful bidder shall furnish an assurance of completion. This assurance may be any one of the following:

- A performance and payment bond in a penal sum of 100% of the contract price
- Separate performance and payment bonds, each for 50% or more of the contract price
- A 20% cash escrow
- A 25% irrevocable letter of credit
- A pledged asset that is adequate to protect the federal interest

### **6.2.3 Surety Bonds**

These bonds must be obtained from guarantee or surety companies authorized to do business in the Territory where the work is to be performed. Individual sureties shall not be considered. U.S. Treasury Circular Number 570 lists companies approved to act as sureties on bonds securing Government contracts, the maximum underwriting limits on each contract bonded, and the State/Territories in which the company is licensed to do business. The use of companies in this circular is mandatory.

## **SECTION III: PROCESSES**

### **1.0 Lending Process**

#### **1.1 Participating Lending Institutions**

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Through outreach initiatives, Developers will inform and engage lending institutions on the Program Guidelines and requirements, as well as how to become a participating lender. To originate subsidized loans under the Program, the lending institutions must first execute a Memorandum of Understanding (MOU) with the Program and agree to comply with the Program Guidelines and all applicable federal, state, and local laws and regulations. Interested lending institutions may submit a request to the Program.

## 1.2 Anti-Predatory Lending

VIHFA does not condone unscrupulous actions carried out by a lending institution to entice, induce and/or assist a borrower in taking a mortgage that carries a high-interest rate and fees or place the borrower in a lower credit-rated loan to the benefit of the lender. Participating lending institutions must adhere to anti-predatory lending practices. These include, but are not limited to the following:

- No adjustable-rate mortgages
- No excessive fees – Mortgage Lender's fees must not exceed 1% of origination and 1% of processing and administrative fees therefore lender fees are restricted to no more than 2% of the loan amount
- The buyer is required to pay the owner's title insurance policy. Exceptions will be granted on an as-needed basis at VIHFA's sole discretion
- No balloon loans
- No prepayment penalty that requires the borrower to pay a steep fee before refinancing (if applicable)
- Interest Market Rate to be used as per financial institutions' credit policy. Mortgage loan products applied for by Applicants seeking assistance from the Program must meet the above requirements

## 1.3 Underwriting Review

The underwriting review is performed by the Subrecipient prior to committing funds to a project and assures that only the amount of funds necessary for reasonable closing costs is provided. The underwriting process also ensures that the first mortgage is reasonable and affordable. The Program will conduct underwriting reviews based on the requirements listed in 24 C.F.R 570.482(e), in addition to those of participating lending institutions.

As part of the cost reasonableness review, the Subrecipient will determine the amount that the household requires to be able to afford homeownership and use the following criteria:

- The first mortgage amount is reasonable under current lending standards
- The CDBG-MIT assistance amount is adequate to make homeownership affordable and is not an excessive subsidy based on the total mortgage amount
- Duplication of Benefits (DOB) review that considers all funding sources
- Closing costs are reasonable and do not exceed 6% of the primary loan amount – In the event the closing cost exceeds 6%, the applicant must cover the amount in excess.

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- The primary mortgage is fixed rate and long term
- Projected taxes and insurance are reasonable

The program will maintain its written procedures for evaluating the long-term financial sustainability of activities assisted with CDBG-MIT funds.

#### **1.4 Appraisal**

To ensure that the purchase price is reasonable, the Subrecipient will rely on a full appraisal commissioned by the lending institution. The purchase price or construction cost must not exceed the current FHA mortgage limits and the value stated in the Appraisal. The appraisal shall consist of the following:

- An adequate description of the physical characteristics of the property being appraised (and, in the case of a partial acquisition, an adequate description of the remaining property), including items identified as personal property, a statement of the known and observed encumbrances, if any, title information, location, zoning, present use, an analysis of highest and best use, and at least a five-year sales history of the property
- All relevant and reliable approaches to value. If the appraiser uses more than one approach, there shall be an analysis and reconciliation of approaches to value used that is sufficient to support the appraiser's opinion of value
- A description of comparable sales, including a description of all relevant physical, legal, and economic factors such as parties to the transaction, source, and method of financing, and verification by a party involved in the transaction
- The property's location coordinates, in latitude and longitude, to a minimum of six decimal points
- A statement of the value of the real property to be acquired and, for a partial acquisition, a statement of the value of the damages and benefits, if any, to the remaining real property, where appropriate
- The effective date of valuation, date of appraisal, signature, and certification of the appraiser

#### **1.5 Loan Closing**

Loan closings are coordinated by the VIHFA, Subrecipient, or the Developer, and primary lender, in consultation with the Subrecipient's/Developer's Loan Processor, legal counsel, and client. Closing documents will be prepared by the Program, Subrecipient (as applicable), and Participating Lending Institution.

### **SECTION IV: FEDERAL REQUIREMENTS**

#### **1.0 Cross Cutting Requirements**

This Program will be designed and implemented in compliance with all applicable cross-cutting federal regulations as outlined in the following sections.

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## 1.1 Fair Housing and Non-Discrimination

The Fair Housing Act requires all Grantees, Subrecipients, and 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. VIHFA complies with and enforces the Civil Rights requirements of Title I of the Housing and Community Development Act and the Fair Housing Law.

### 1.1.1 Affirmatively Furthering Fair Housing

VIHFA shall ensure that programs are developed and implemented with the objective of addressing inequity among protected class groups, promoting integration, and transforming racially or ethnically concentrated areas of poverty into areas of opportunity.

VIHFA and Successful Applicants must maintain compliance with requirements set forth in the Affirmatively Furthering Fair Housing requirements. Throughout a program's lifecycle, VIHFA and Successful Applicants must establish and maintain sufficient records to demonstrate compliance with AFFH requirements.

## 1.2 Americans with Disabilities Act (ADA)

The Americans with Disabilities Act of 1990 (ADA) prohibits discrimination and ensures equal opportunity for persons with disabilities in employment, state, and local government services, public accommodations, commercial facilities, and transportation. It also mandates the establishment of a telecommunications device for the deaf (TDD)/telephone relay services. VIHFA takes affirmative steps to ensure that people with disabilities have equal access to the programs offered by VIHFA and that any services are delivered in the most integrated manner possible. VIHFA's mandate to conform to the requirements of ADA flows down to every stakeholder, including subrecipients and vendors.

## 1.3 Davis-Bacon Labor Standards

The Davis-Bacon Act and Related Acts (DBRA) applies to contractors and subcontractors carrying out certain federally funded or assisted construction contracts over \$2,000 and requires the payment of the prevailing wages (including fringe benefits) for corresponding work on similar projects in the area. "The payment of prevailing wage rates applies to CDBG-MIT projects that include eight or more units."

## 1.4 Section 3

Section 3 of the Housing and Urban Development Act of 1968 requires that grantees, subrecipients, contractors, and/or sub-contractors funded in whole or in part by CDBG- MIT funding, to the greatest extent feasible, extend economic opportunities such as hiring opportunities and contracts to Section 3-eligible residents and businesses. Section 3-eligible residents are low and very low-income persons who live in the metropolitan area or non-metropolitan county where a HUD-assisted project for housing or community

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development is located and people who live or reside in public or government-assisted housing.

## 1.5 Financial Management

Financial Management is central to the success of our program. VIHFA, Subrecipients, Developers must ensure that all costs charged to the program are necessary, reasonable, allowable, and allocable as per 2 CFR Part 200. A financial management system is needed to ensure that all costs incurred by VIHFA, Subrecipients, and Developers meet classification and eligibility requirements.

## 1.6 Prevention of Fraud, Waste, and Abuse

Pursuant to Federal and State regulations, all Applicants, Subrecipients, Successful Applicants, and other entities managing or participating in the CDBG-DR program must operate in compliance with VIHFA's Fraud, Waste, and Abuse Prevention Policy. The Policy is established to facilitate the development of controls that will aid in the detection and prevention of fraud against the Authority in the administration of all VIHFA programs and the Authority's internal procurement. Some actions constituting fraud are as follows:

- Any dishonest or fraudulent act
- Misappropriation of funds, securities, supplies, or other assets
- Impropriety in the handling or reporting of money or financial transactions
- Profiteering because of insider knowledge of the Authority's activities
- Disclosing confidential and proprietary information to outside parties
- Accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials to the Authority
- Destruction, removal, or inappropriate use of records, furniture, fixtures, and equipment
- Any similar or related irregularity

The Authority intends to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations. Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship to the Authority.

Subrecipients, developers, and successful applicants are responsible for the day-to-day monitoring of project activities and ethical management practices to ensure there is no Fraud, Waste, and Abuse Prevention Policy within the program, and to report fraud, waste, or abuse if it is identified.

## 1.7 Monitoring and Compliance

Monitoring and compliance involves ensuring that programs are operating efficiently and effectively and that CDBG-MIT funds are being used appropriately. Effective monitoring and compliance determines the status of activities funded by CDBG-MIT, identifies implementation issues and needs, provides technical assistance, informs quarterly reporting on grant progress, and evaluates financial management systems. Most

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subrecipients, developers, and successful applicants will be monitored multiple times through desktop and on-site monitoring over the course of their agreement, depending on complexity of their activities and implementation timeline.

Subrecipients must have a working knowledge of CDBG-MIT programmatic requirements and demonstrate adequate capacity in the administration of all VIHFA HUD funded programs. Subrecipients are responsible for:

- Complying with the terms and conditions of the SRA, Developer Agreement, and/or Funding Agreement with VIHFA, specifically anti-fraud, waste, and abuse;
- Following procurement processes in accordance with 2 CFR Part 200 or local standards, if higher
- Monitoring any Sub-subrecipients for Federal compliance standards;
- Monitoring construction contractors for equal opportunity, Federal and State labor standards, Section 3, and other federal and state requirements, where applicable
- Performing sufficient financial controls to ensure CDBG-MIT costs are eligible, allowable, reasonable, and allocable
- Documenting national objective compliance for all activities

## 1.8 Environmental Review

All HUD-assisted projects must comply with the National Environmental Policy Act of 1969 (NEPA), HUD's implementing regulations at 24 CFR Part 58, and other related Federal and local environmental laws. In accordance with 42 USC § 5304(g)(1) and 24 CFR § 58.4, VIHFA assumes responsibility for Environmental Reviews as the Responsible Entity (RE), including decision-making and actions that would otherwise be carried out by HUD under NEPA and other statutes.

To meet Federal requirements, Subrecipients, Developers, or Successful Applicants must complete the Environmental Review process before VIHFA releases funds to the project. These reviews can be conducted externally with VIHFA consultation or internally by VIHFA staff. An environmental review assesses a project's potential environmental impacts to ensure compliance with NEPA and related laws and authorities. All HUD-assisted projects must undergo an environmental review to evaluate both how the project may affect the environment and how the environment may affect the project, site, and end users.

According to HUD 24 CFR Subpart D§58.30(a), the environmental review process consists of all actions required by the responsible entity to determine compliance with this part. It includes compliance actions for activities and projects not assisted by HUD but aggregated by the responsible entity in accordance with Sec. 58.32. The review process should begin as soon as a recipient determines the projected use of HUD assistance.

Program awards must have documentation demonstrating compliance with NEPA and other environmental requirements. All projects must have an Environmental Review Record (ERR), as mandated by NEPA and related laws. The ERR must detail any negative impacts on a site, mitigation measures, alternatives to the project if necessary, and the

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rejection of proposed activities if all other options fail and it becomes the most prudent course of action.

Environmental reviews will be part of property eligibility reviews and must be completed prior to determining the CDBG-MIT award for eligible applicants. As the RE, VIHFA is responsible for conducting environmental reviews and maintaining the ERR. All housing construction projects will be subject to NEPA review pursuant to 24 CFR § 58.5, with the level of NEPA review determined by project details and the potential for significant environmental impacts. NEPA review must be completed before federal funds are committed or disbursed. VIHFA must prepare and maintain written records of Environmental Reviews undertaken for each project assisted with CDBG-MIT funds.

### **1.8.1 Environmental Level of Review**

To conduct the appropriate level of environmental review, the Program will determine the environmental classification of the project. The term “project” may be defined as an activity or group of activities geographically, functionally, or integrally related, regardless of funding source, to be undertaken by the Program in whole or in part to accomplish a specific objective. There are four major classifications of environmental review for projects:

- Exempt Activities – Those activities which are highly unlikely to have any direct impact on the environment.
- Categorically Excluded Activities – Those activities that may have an impact on the environment, but not to the extent that an Environmental Assessment under NEPA or Environmental Impact Statement is required. There are two types of Categorically Excluded Activities, as follows:
  - Categorically Excluded Not Subject to 24 C.F.R. § 58.5: Includes those activities included under 24 C.F.R. § 58.35 (b) and requires environmental checks for the items listed at 24 C.F.R. § 58.6. For activities under this classification, no public notice or request for the release of funds is required to use grant funds.
  - Categorically Excluded Subject to 24 C.F.R. § 58.5: Refers to those activities included under 24 C.F.R. § 58.35 (a) and require environmental checks for the items listed at 24 C.F.R. § 58.5 and 24 C.F.R. § 58.6. If any environmental items are identified as potentially impacting (such as floodplains), a Request for Release of Funds (including publication of Notice of Intent) is required.
- Environmental Assessment – Includes those activities that could potentially have a significant impact on the environment. In addition to compliance with the laws and authorities at 24 C.F.R. § 58.5 and 24 C.F.R. § 58.6, environmental assessments must consider an array of additional potential impacts of the project, including a National Environmental Policy Act analysis. This environmental assessment requires publishing a Notice of Intent to Request Release of Funds as well as a Finding of No Significant Impact.
- Environmental Impact Statement – Those activities that require a detailed written statement required by Section 102(2)(C) of NEPA for a proposed major Federal Action significantly affecting the quality of the human environment. These

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statements are normally used for major housing (2,500 units or more) or infrastructure projects.

### **1.8.2 Runway Protection Zone or Clear Zone**

In case a property is determined to be in a runway protection zone or clear zone, VIHFA as the Responsible Entity, must inform the buyer of the implications of such location and that there is a possibility that the property may, at a later date, be acquired by the airport operator. The buyer must sign an acknowledgment statement understanding the implications of such a purchase.

### **1.8.3 Tiered Environmental Review**

The Program will follow a tiered Environmental Review process that allows for an initial "broad" review of all environmental factors that will be shared by properties in a given geographic area. Based on this broad review, the funds will be released for the program activity contingent upon completing a site-specific review once a potential property is identified and determined eligible. Site-specific Environmental Reviews will identify any above-ground hazards, flood plains, historic properties, and noise issues when applicable.

A site-specific Tier II must be completed for each property prior to project bidding or taking any choice-limiting actions on the proposed project site. Site-specific Tier II reviews will identify any above-ground hazards, flood plains, and historic properties, if applicable.

## **1.9 Recordkeeping and Reporting**

Recordkeeping and reporting involves ensuring transparency, accountability, and compliance for data collection across the CDBG-MIT programs and setting clear expectations for federal, state, and local stakeholders on what information will be gathered throughout the lifecycle of program activities. VIHFA is responsible for assuring compliance with federal regulations under 24 CFR 570.490, 2 CFR 200.333-337 and other related requirements including any future applicable federal regulations.

Successful Applicants, Developers, and Subrecipients are responsible for maintaining all CDBG-MIT files, available for review upon request by VIHFA and other entities. Subrecipients, Developers and Successful Applicants must:

- Be familiar with and adhere to all regulations of FOIA, as appropriate
- Maintain a clearly defined process for acquiring, organizing, storing, retrieving and reporting information about CDBG-DR funded activities
- Have a clearly identified person(s) who is properly trained and supported to maintain responsibility for recordkeeping and reporting tasks.

The following records are the minimum required to be maintained by VIHFA and its Subrecipients:

- Records providing a full description of each activity assisted with CDBG-MIT funds.
- Location
- Amount of CDBG-MIT funds budgeted, obligated, and expended

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- The provision in subpart C under which it is eligible
- Records demonstrating that each activity undertaken meets one of the criteria for National Objectives, as set forth in § 570.208
- Records demonstrating that the recipient has made determinations required as a condition of eligibility of certain activities. Where applicable, records demonstrate compliance with the requirements of § 570.202(g) or § 570.204(a)(5) or document the State's grant recipient's basis for exception to the requirements of those paragraphs
- Records, which demonstrate compliance with citizen participation requirements
- Records, which demonstrate compliance with the requirements regarding acquisition, displacement, relocation, and replacement housing
- Fair housing and Equal Opportunity records
- Financial records, as required by 2 C.F.R. part 200, 24 C.F.R. § 570.502, and state requirements, which include, but are not limited to:
  - Current authorizations and obligations of CDBG-MIT funds
  - Unobligated balances (funds remaining available for distribution)
  - Assets and liabilities: CDBG-MIT Record Keeping, Management and Reporting
  - Program income (if any)
  - Evidence indicating that the use of program funds belongs to the eligible activity
  - Evidence indicating that each expenditure is necessary, reasonable, and directly related to the project
  - Agreements and other records related to lump sum disbursement to private financial institutions for financing rehabilitation

Records, such as mortgages and other legal documents enforcing provisions of long-term affordability, shall be maintained for five years after the termination of the compliance period. For more information, please reference the CDBG-DR Recordkeeping Policy

## **1.10 Minority and Women Owned Business Enterprise (MBE/WBE)**

VIHFA is required by Federal statute to conduct outreach to MBE/WBE for activities conducted under the CDBG-MIT Program. MBE/WBE Utilization is the percentage of project funds spent on MBE/WBE firms. There is not a specific percentage of targets or requirements, but VIHFA encourages the use of MBE/WBE firms as appropriate. To be an eligible MBE or WBE, a firm must be at least 51% controlled and managed by individuals who are minorities and/or women. Subrecipients, developers, and successful applicants must maintain compliance with recording enterprises that fall within this criterion. Section 281 of the National Affordable Housing Act encourages the program Grantee (i.e., VIHFA), subrecipients, developers and successful applicants, among others:

- Develop a systematic method for identifying and maintaining an inventory of certified MBE/WBEs, their capabilities, services, supplies, and/or products

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- Utilize the local media, electronic and print, to market and promote contract and business opportunities for MBEs and WBEs
- Develop informational and documentary materials (fact sheets, program guides, procurement forecasts, etc.) on contract/subcontract opportunities for MBEs and WBEs
- Develop procurement procedures that facilitate opportunities for MBEs and WBEs to participate as vendors and supplies of goods and services
- Sponsor business opportunity-related meetings, conferences, seminars, etc., with minority and women business organizations
- Maintain centralized records with statistical data on the utilization and participation of MBEs and WBEs as contractors/subcontractors in all HUD-assisted program contracting activities

VIHFA, subrecipients, developers, and successful applicants must complete HUD Form 2516 to report contract and subcontract activities of \$10,000 or more under CDBG-MIT. Contracts and subcontracts under \$10,000 only need reporting if they represent a significant portion of total contracting activity. HUD uses the information from HUD Form 2516 to monitor and evaluate MBE/WBE activities against the total program activity and designated MBE/WBE goals.

## 2.0 Procurement

All procurements under this Program must be submitted to the Procurement division for processing and execution. All procurements shall be processed in accordance with the VIHFA Procurement Policies and Procedures, as well as 2 C.F.R. §§200.317 and 318. Procurement for each program option will entail the following:

- Subrecipients will solicit licensed contractors to construct homes and install infrastructure utilizing CDBG-MIT funding.
- All procurement-related contractor qualifications are outlined in the VIHFA Procurement Policies and Procedures. If a prospective contractor is found to be non-responsible, a written determination of non-responsibility shall be prepared and included in the official contract file, and the prospective contractor shall be advised of the reasons for the determination.

## 3.0 Conflict of Interest

The VIHFA Conflict of Interest Policy applies to the following individuals (covered persons), either within VIHFA or one of its subrecipients/subgrantees:

- Agents
- Consultants
- Elected or appointed officials
- Employees
- Officers

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Covered persons must adhere to all requirements, declare any ethical, legal, financial, or other conflicts of interest involving a VIHFA-assisted activity, and vacate any positions of decision-making authority regarding any such conflicts, per the following regulations:

- All covered persons under this policy are required to sign a Conflict-of-Interest Disclosure Statement if they are aware or suspect that they have a current or prior relationship or familiarity with a potential applicant, contractor, or other stakeholder receiving VIHFA funds. Potential conflicts of interest may include:
  - Relationships with neighbors, acquaintances, friends, family members, and other members of the community
  - Relationships (personal or professional) with co-workers
  - Relationships with contractors
  - Any individual or entity seeking funds from VIHFA for any activity in which they or related individuals or organizations have an interest must disclose that interest when applying for funding.

This separation of responsibility will ensure an unbiased approach to the processing of all applications, contracts, and final eligibility determinations. The goal is for every citizen to have confidence that their application is being processed with efficiency and integrity. For more information, please reference the VIHFA Conflict of Interest policy.

## 4.0 Personally Identifiable Information

As a condition of making application for CDBG-MIT funds, the Federal government requires the Virgin Island Housing Finance Authority (VIHFA) and its subrecipients to collect PII to verify program eligibility. In making application for CDBG-MIT funds, the applicant acknowledges that PII may be required to be submitted to document eligibility.

VIHFA recognizes that PII, if lost, compromised, or disclosed without authorization could result in substantial harm, embarrassment, inconvenience, or unfairness to an individual. Therefore, all confidential documents are to be secured from unauthorized access and inappropriate use. Confidential information is never to be divulged for a non-business purpose. Failure to abide by this policy may result in an administrative action by the VIHFA and sanctions by the United States Department of Housing and Urban Development (HUD). All applicant information is subject to the following applicable procedures, per the Federal Privacy Act of 1974 (5 U.S.C.552a):

- Minimizing the use of PII on program documents and records
- Providing access to PII only to those who require it for official business
- Securing PII appropriately for paper or electronic forms
- Training for data security and compliance with the Privacy Act will be provided to all their onboarding process

These requirements apply to all VIHFA staff, subrecipients and contractors who are responsible for implementing, supervising, or monitoring any program, project or activity funded with CDBG-MIT funds.

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## APPENDICES

### 1.0 Workflow

### 2.0 Acronyms

(SEE THE LIST BELOW. PLEASE EDIT TO REPRESENT YOUR WORK AREA.)

Term	Descriptor
ACOP	ACOP Admissions and Continued Occupancy Policy
ADA	Americans with Disabilities Act
AFWA	Anti-fraud, Waste, and Abuse
AMI	Area Median Income
CDBG	Community Development Block Grant
CDBG-DR	Community Development Block Grant – Disaster Recovery
CDBG-MIT	Community Development Block Grant- Mitigation
CFR	Code of Federal Regulations
CPD	Community Planning and Development
DBRA	Davis Bacon and Related Acts
DHS	United States Department of Homeland Security
DOB	Duplication of Benefits
DOE	U.S. Department of Energy
DOL	Department of Labor
DPP	Virgin Islands Department of Property and Procurement
DPW	Virgin Islands Department of Public Works
DRGR	Disaster Recovery Grant Reporting System
ECR	Estimated Cost of Repair
EEO	Equal Employment Opportunity
EFL	Educational Functioning Levels

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EPA	Environmental Protection Agency
ESL	English as a Second Language
FEMA	Federal Emergency Management Agency
FLSA	Fair Labor Standard Acts of 1938
GIS	Geographic Information System
GVI	Government of the Virgin Islands
HCDA	Housing and Community Development Act
HCV	Housing Choice Vouchers
HQS	Housing Quality Standards
HUD	Department of Housing and Urban Development
IMM	Individual Mitigation Measures
LAP	Language Access Plan
LEP	Limited English Proficiency
LIHTC	Low Income Housing Tax Credits
LLC	Limited Liability Corporation
LMA	Low to Moderate-Income Area
LMH	Low to Moderate-Income Housing
LMI	Low to Moderate-Income
MBE	Minority-owned Business Enterprise
MID	Most Impacted Distressed Area
MOU	Memorandum of Understanding
MSR	Monthly Status Report
MWBE	Minority and Women-owned Business Enterprises
NEPA	National Environmental Policy Act
NFIP	National Flood Insurance Program

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NTP	Notice to Proceed
O&M	Operation and Maintenance Plan
OIG	HUD Office of Inspector General
OMB	Office of Management and Budget
PCCB	Policy Change Control Board
PII	Personally Identifiable Information
PW	Project Worksheet
QA	Quality Assurance
QC	Quality Control
QPR	Quarterly Performance Report
QSR	Quarterly Status Report
RFI	Request for Information
RFP	Request for Proposals
RFQ	Request for Qualifications
SFHA	Special Flood Hazard Area
SRA	Subrecipient Agreement
TA	Technical Assistance
TCT	Technical Coordination Team
UN	Urgent Need
UNM	Urgent Need Mitigation
URA	Uniform Relocation Act
USACE	U.S. Army Corps of Engineers
USC	United States Code
USVI	United States Virgin Islands
VIHFA	Virgin Islands Housing Finance Authority

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WAPA      Virgin Islands Water and Power Authority

WBE      Women-owned Business Enterprise

### 3.0 Definitions

(SEE THE LIST BELOW. PLEASE EDIT TO REPRESENT YOUR WORK AREA.)

**100-Year Floodplain:** Also referred to as the 'base flood'. This term, adopted by the National Flood Insurance Program as the basis for mapping, insurance rating, and regulating new construction, is the floodplain that would be inundated in the event of a 100-year flood. The 100-year flood has a 1% chance of being equaled or exceeded during any given year.

**500-year Floodplain:** The geographical area defined by FEMA as having a 0.2 percent chance of being inundated by a flood event in any given year.

**Acquisition:** The utilization of CDBG-MIT funds to acquire real property. For CDBG funds, grantees may use CDBG funds to acquire real property for any public purpose, as set forth in 24 CFR 570.201(a). Methods of acquisition include purchase, long-term lease (15+ years), donation, or otherwise.

**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.

**Adjusted Gross Income (AGI):** Also known as (AGI), is defined (per the IRS) as total income minus deductions, or adjustments to income that you are eligible to take. Gross income includes wages, dividends, capital gains, business and retirement income as well as all other forms of income. Examples of income include tips, rents, interest, stock dividends, etc. Adjustments to income are deductions that reduce total income to arrive at AGI. Examples of adjustments include half of the self-employment taxes you pay; self-employed health insurance premiums; contributions to certain retirement

**Affordability Period:** The period during which a property must comply with CDBG-MIT program rules and regulations, including primary residency, income, and rent restrictions as applicable.

**Allocation:** The amount of a grant award that has been determined for a particular grantee. Also, the amount of funding attributed to a program.

**Applicant:** An agent, entity, business, or other entity who makes formal project information for a CDBG managed program.

**Appraisal:** An estimate of a home's market value based on comparable recent sales in the home's immediate area or neighborhood, conducted by a professional appraiser.

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**Area Median Income (AMI):** Calculated annual limits based on HUD-estimated median family income with adjustments based on family size used for demonstrating LMI beneficiaries in the program. Other program documents may also refer to Area Median Family Income (AMFI).

**Bid or sealed bid:** An offer in response to invitations for bids.

**Bidder (contractor/consultant):** A generic term that refers to a person or entity who submits an offer in response to a solicitation.

**CDBG-DR Buyer:** Applicant eligible to purchase a CDBG-DR constructed home.

**CDBG-DR Development Agreement:** An agreement entered by the Grantee and Subrecipient for the purpose of funding and carrying out CDBG-DR-eligible activities on one or more CDBG-DR-eligible properties.

**CDBG-DR Home:** An CDBG-DR property that is being sold to an owner-occupant.

**CDBG-DR Program Budget:** The budget is attached to a CDBG-DR Development Agreement showing projected development costs and funding for the Subrecipient's entire CDBG-DR program in the aggregate.

**CDBG-DR Property:** A property that is rehabilitated, newly constructed, or reconstructed under Subrecipient's agreement with Grantee, utilizing CDBG-DR funds.

**CDBG-MIT Buyer:** Applicant eligible to purchase a CDBG-MIT constructed home.

**CDBG-MIT Development Agreement:** An agreement entered by the Grantee and Developer for the purpose of funding and carrying out CDBG-MIT-eligible activities on one or more CDBG-MIT-eligible properties.

**CDBG-MIT Home:** A CDBG-MIT property that is being sold to an owner-occupant.

**CDBG-MIT Program Budget:** The budget is attached to a CDBG-MIT Development Agreement showing projected total development costs, inclusive of soft and hard cost for the Subrecipient's entire CDBG-MIT program in the aggregate.

**CDBG-MIT Property:** A property that is rehabilitated, newly constructed, or reconstructed under the Subrecipient's agreement with the Grantee, utilizing CDBG-MIT funds.

**Change Orders:** Modifications to the Scope of Work required due to unforeseen circumstances.

**Common Area Under Roof:** The total area under the common roof is primarily interior, conditioned spaces, and for single-story homes, equal to the footprint of the house. The term is also synonymous with the eligible area. In addition, exterior spaces such as detached porches and garages are not considered eligible areas.

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**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.

**Community Development Block Grant – Mitigation (CDBG-MIT):** The Department of Housing and Urban Development (HUD)'s Community Development Block Grant Mitigation program was established by the applicable appropriations statute to assist communities impacted by disasters to recover.

**Conflict of Interest:** Arises when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of the non-Federal entity may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. A conflict of interest exists when a situation arises that can undermine a person's involvement in an activity due to self-interest and public interest.

**Construction Cap:** For the New Construction for Homeownership and First-Time Buyer Assistance program the Grant cap is \$325,000 for the development of properties owned by HFA, and \$250,000 when building on land owned by a prospective homebuyer.

**Consultant:** A person or company that possesses unique qualifications that allow them to perform specialized advisory services, usually for a fee.

**Contract (Subrecipient Agreement):** A mutually binding legal relationship obligating the seller (contractor; professional A/E) to furnish the supplies or services (including construction) and the buyer (subrecipient) to pay for them. It includes all types of commitments that obligate the subrecipient to an expenditure of appropriated funds and that, except as otherwise authorized, are in writing. All contracts utilizing CDBG-DR funds MUST contain liquidated damages provision.

**Contracting Unit:** Subgrantee or subrecipient (Owner).

**Contractor:** A person or company entering a contract to construct or repair houses and supervised building operations. The contractor must meet all Virgin Island and HUD requirements.

**Contractor:** A third-party firm procured by a subgrantee or subrecipient and paid with CDBG-DR funds in return for a specific service (e.g., construction or professional services).

**Cost and Price Analysis.** The process of examining and evaluating a prospective price to ensure fair and reasonable pricing of a product or service. A Cost and Price analysis is required as stated in the VIHFA Procurement Policy.

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**Cost Reasonableness:** A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when the non-Federal entity is predominantly federally funded. In determining the reasonableness of a given cost, please refer to 2CFR 200.404.

**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.

**Customer Average Interruption Duration Index (CAIDI):** The average time required to restore service

**Davis-Bacon Act of 1931 (40 USC Part 3141 et seq.) and Related Acts:** All laborers and mechanics employed by contractors or subcontractors in the performance of construction work financed in whole or in part with the assistance received under this chapter shall be paid wages at rates not less than those prevailing on similar construction in the locality of determined by Secretary of Labor in accordance with the Davis-Bacon Act, as amended. This applies to the rehabilitation and reconstruction of residential property with 8 or more units.

**Demolition:** The clearance and proper disposal of dilapidated buildings and improvements.

**Developer:** defined by HUD as “[a] for-profit or private nonprofit individual or entity receiving HUD assistance from the grantee for the purpose of (1) acquiring homes and residential properties to rehabilitate for use or resale for residential purposes and (2) constructing new housing in connection with the redevelopment of demolished or vacant properties.”.

**Direct Selection:** The grantee may choose specific projects to fund without a competitive application process. This means that when there are urgent community needs, such as housing rehabilitation, CDBG funds can be directly allocated to these projects. While still requiring public input and transparency, direct selection is a way to efficiently address pressing issues by swiftly allocating funds to projects that closely align with the program's goals of benefiting low- and moderate-income individuals and communities, without the need for a competitive grant application process.

**Disaster Recovery Grant Reporting System (DRGR):** The Disaster Recovery Grant Reporting system was developed by HUD's Office of Community Planning and Development for the CDBG Disaster Recovery program and other special appropriations. Data from the system is used by HUD staff to review activities funded under these programs and for required quarterly reports to Congress

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**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.

**Duplication of Benefits:** 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-MIT funds with respect to any part of a loss resulting from a major disaster which he/she has already received financial assistance under any other program, from insurance, or any other source. It is an amount determined by the Program that may result in the reduction of an award value.

**Electrical power system:** An interconnected or autonomous set of transmission lines, distribution lines, substations, central power generation stations, other sources of power, distributed energy resources, or enabling technologies and services, such as industry standard billing, accounting information technology, cybersecurity enhancements, microgrids and fuel transfer delivery systems, that are necessary for the provision of reliable, resilient, stable, and cost-effective electrical service. (86 FR 32692)

**Electrical Power System Improvement.** The acquisition, construction, reconstruction, rehabilitation or installation of facilities, improvements, or other components (including interim assistance, and financing public or private acquisition for reconstruction or rehabilitation, and reconstruction or rehabilitation, of privately owned property) that are undertaken to extend, upgrade, and otherwise enhance and improve the cost-effectiveness, reliability, efficiency, sustainability, or long-term financial viability of the grantee's electrical power system including activities to increase the resilience of the electrical power system to future disasters and to address the impacts of climate change.

**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.

**Equal Employment Opportunity (EEO):** Prohibits federal contractors and federally assisted construction contractors and subcontractors, who do over \$10,000 in government business in one year from discriminating in employment decisions on the basis of race, color, religion, sex, sexual orientation, gender identity or national origin.

**Fair Labor Standard Acts of 1938 (FLSA):** FLSA establishes the basic minimum wage levels for all work and requires the payment of overtime at the rate of at least one and one-half times the basic hourly rate of pay for hours worked in excess of 40 per week.

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**Federal Emergency Management Agency (FEMA):** An agency of the United States Department of Homeland Security. The agency's primary purpose is to coordinate the response to a disaster that has occurred in the United States and that overwhelms the resources of local and State authorities.

**FEMA-Designated High-Risk Area:** Area designated by FEMA as vulnerable to significant wind and/or storm surge damage as well as areas located in the designated 100-year flood zone. These areas will be identified during the environmental review process for each participating jurisdiction.

**First-Time Homebuyer:** A first-time homebuyer is an individual who meets any of the following criteria:

- An individual who has had no ownership in a principal residence during the 3-year period ending on the date of purchase of the property. This includes a spouse (if either meets the above test, they are considered first-time homebuyers).
- A single parent who has only owned with a former spouse while married
- An individual who is a displaced homemaker and has only owned with a spouse
- An individual who has only owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations
- An individual who has only owned a property that was not in compliance with state, local or model building codes, and which cannot be brought into compliance for less than the cost of constructing a permanent structure

**Flood Hazard Area:** Areas designated by FEMA at risk of flooding.

**Flood Insurance:** The Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a) requires that projects receiving federal assistance and located in an area identified by FEMA as a Special Flood Hazard Area (SFHA) be covered by flood insurance under the National Flood Insurance Program (NFIP). To purchase flood insurance, a community must participate in the NFIP. If a community does not participate in the NFIP, federal assistance cannot be used in those areas.

**Flood Zones:** The land areas identified by the Federal Emergency Management Agency (FEMA). Each flood zone describes that land area in terms of its risk of flooding. Everyone lives in a flood zone; it is just a question of whether you live in a low, moderate, or high-risk area.

**Floodplain:** FEMA designates floodplains as geographic zones subject to varying levels of flood risk. Each zone reflects the severity or type of potential flooding in the area.

**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.

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**HOME Program:** The HOME Investment Partnerships Program (HOME) provides formula grants to States and localities that communities use - often in partnership with local nonprofit groups - to fund a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income people. HOME is the largest Federal block grant to state and local governments designed exclusively to create affordable housing for low-income households.

**Household:** A household is defined as all persons occupying the same housing unit, regardless of their relationship to each other. The occupants could consist of a single family, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

**Housing and Community Development Act (HCDA):** HCDA is a US federal law that authorizes funds to be “awarded directly to the State or unit of general local government as a grantee at the discretion of the Secretary of Housing and Urban Development”.

**HUD Office of Inspector General (OIG):** OIG’s mission is independent and objective reporting to the Secretary and the Congress for the purpose of bringing about positive change in the integrity, efficiency, and effectiveness of HUD operations. The Office of the Inspector General became statutory with the signing of the Inspector General Act of 1978 (P.L. 95-452).

**Independent Cost/Price Analysis:** A cost analysis or price analysis in connection with a federal procurement regulation for every procurement action, including contract modifications. The review and evaluation of the separate cost elements and profit in an offeror's or contractor's proposal (including cost or pricing data or federally funded or assisted contracts in excess of \$2,000 for the construction, alteration, or repair of public buildings or public works.

**Individual Mitigation Measures (IMM):** Activities designed to mitigate /or reduce the risk of damage beyond the pre-disaster condition of a housing unit when the activities are above and beyond federal, state, or local requirements and the payment of flood insurance are not IMM activities. Examples of IMM activities include elevating a structure above the base flood elevation level, the addition of storm shutters, disaster-proof windows, roof straps, etc. if those improvements are not required to comply with local code requirements and did not exist on the housing unit prior to the disaster damage.

**Liquidated damages:** Construction contracts with liquidated damages are to comply with VIHFA Procurement Policy.

**LMA:** A low to moderate-income service area. A CDBG-DR funded activity is LMA if the benefits of the activity are available to all the residents in a particular area, where at least 51 percent of the residents are low- and- moderate income persons.

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**Low and Moderate-Income (LMI):** A household is considered to have 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. See Federal Register FR-6210-N-01, September 28, 2020, indicating LMI waiver to use St. John income data for all territory.

**Low to Moderate Income (LMI) National Objective:** Activities that benefit households whose total annual gross income does not exceed 80% of Area Median Income (AMI), adjusted for family size. Income eligibility will be determined and verified in accordance with 24 CFR Part 5 requirements using procedures as stated in the Technical Guide for Determining Income and Allowances, 3<sup>rd</sup> Edition (HUD-1780-CPD). The most current income limits, published annually by HUD, shall be used to verify the income eligibility of each household applying for assistance at the time assistance is provided.

**Minority and Women-owned Business Enterprise (M/WBE):** A business that is owned and controlled (minimum of 51 % ownership) by a member of a minority group, or women.

**Minority Business Enterprise (MBE):** A business that is owned and controlled (minimum of 51% ownership) by a member of a minority group.)

**Mitigation:** Improvements made to reduce the possibility of a loss of life, property damage, personal and commercial hardship, as well as long-lasting monetary burdens. For example, implementing a flood mitigation program such as the acquisition of flood-prone property/housing, or the elevation of housing in floodplains are effective mitigation projects that can make residents and communities safer in the face of natural disasters.

**Mitigation:** Lessening the impact of natural disasters and the impacts of climate change by protecting assets or ensuring redundancy in the system, for example by eliminating single points of failure. With hardening and resilience, related terms, mitigation is in the middle in its expansiveness.

**Mixed-income Housing:** Mixed-income housing development can include diverse types of housing units, such as apartments, townhomes, and/or single-family homes for people with a range of income levels.

**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 consider 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;

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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.

**New Construction:** The construction of a new home in a new location.

**Offer:** A response to a solicitation that, if accepted, would bind the offeror to perform the resultant contract. Responses to invitations for bids (sealed bidding) are offers called "bids" or "sealed bids"; responses to requests for proposals (negotiation) are offers called "proposals".

**Owner:** Sub grantee or subrecipient (unit of city government) or private entity that receives CDBG-DR funds.

**Price Analysis.** The process of examining and evaluating a prospective price without performing cost analysis; that is, without evaluating the separate cost elements and profit of the offeror included in that price. The end result of the price analysis is to ensure fair and reasonable pricing of a product or service. Price analysis may include a variety of techniques such as comparing proposed prices with prices of the same or similar items obtained through market research. (Nash, Schooner, O'Brien, 1998).

**Professional Services:** The professional landscape, architectural, engineering, and land surveying services, including planning, environmental, and construction inspection services required for the development and construction of projects, as defined by the laws of the State or those performed by an architect, landscape architect, professional engineer or professional land surveyor in connection with his or her professional employment practice.

**Project Budget:** A budget for all acquisition, rehab/construction, and soft costs for a potential CDBG-DR project. A Subrecipient must submit the budget to the Grantee and the property must pass Environmental Review and receive Authorization to Use Grant Funds before committing to the purchase of any property for use in the CDBG-DR program.

**Project Funding:** Any governmental and private funds, including a Subrecipient's cash, used to pay for the costs to redevelop a single CDBG-MIT-assisted property.

**Project Worksheets (PWs):** Each PW contains the entire funded project and only items contained in a PW are eligible for FEMA reimbursement. At a minimum, files for each PW created by FEMA document the project, the location, the damage, the scope of work, the cost estimate, as well as back-up documentation.

**Project:** The project activities described in the executed Intergovernmental or Subrecipient Agreement, which are to be carried out to meet the objectives of the CDBG Program.

**Quality Assurance (QA):** Planned and systematic production processes that provide confidence that the policy and procedures of the program are being executed as planned.

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**Quality Control (QC):** Testing to ensure that the policy and procedures of the program are being executed as planned.

**Reconstruction:** The labor, materials, tools, and other costs of rebuilding.

**Reliability:** Reliability is the measure of the likelihood of available power at any given point in time. Metrics used to evaluate reliability look at the frequency and duration of outages, particularly at the feeder level, and include:

**Renewable energy source:** A source of energy that is not permanently depleted once used. Examples of renewable energy include solar, wind, hydro, geothermal, and biomass.

**Repair:** The labor, materials, tools, and other costs of improving buildings, other than minor or routine repairs.

**Request for Qualifications (RFQs):** A document, which is issued by a procurement entity to obtain statements of the qualifications of potential responders (development teams or consultants) to gauge potential competition in the marketplace, prior to issuing the solicitation (Institute for Public Procurement) **Sealed Bidding:** A method of contracting that employs competitive bids, public opening of bids, and awards.

**Request for Release of Funds (RROF):** An environmental review term for a process used by Responsible Entities (the Territory) 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.

**Requests for Proposal (RFP):** A document that outlines the bidding process, scope of work, and contract terms, and provides guidance on how the bid should be formatted and presented. An RFP is typically open to a wide range of bidders, creating open competition between vendors.

**Resilience:** With hardening and mitigation, the broadest of the related terms, looking at how systems are protected, can recover quickly if disrupted, or minimize the impact of a disruption. Beyond speaking to specific infrastructure measures, resilience can be applied to communities or societies in terms of the ability to adapt to and recover from stressors and disasters.

**Responsible Entity (RE):** Under 24 CFR Part 58, the term “responsible entity” (RE) means the grantee receiving CDBG assistance. The responsible entity must complete the environmental review process. The RE is responsible for ensuring compliance with NEPA and the Federal laws and authorities, for issuing the public notification, for submitting the request for release of funds and certification, when required, and for ensuring the Environmental Review Record is complete.

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**Scope of Work (SOW):** The work to be performed or completed by the applicant. All FEMA PA projects considered for Non-Federal Share Local Match with CDBG-DR funds must have funding and a scope of work that is contained in an eligible and obligated Project Worksheet (PW).

**Section 3:** A provision of the Housing and Urban Development (HUD) Act of 1968 that requires recipients of certain HUD financial assistance, to the greatest extent feasible, to 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 because of his or her disability, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.

**Single-Family Home:** A single-unit family residence detached or attached to other housing structures.

**Slum and Blight:** “Blighted area” and “slum” mean an area in which at least 70% of the parcels are blighted parcels and those blighted parcels substantially impair or arrest the sound growth of the State or a political subdivision of the State, retard the provision of housing accommodations, constitute an economic or social liability, or are a menace to the public health, safety, morals, or welfare in their present condition and use.

**Small Business Administration (SBA):** SBA’s Office of Disaster Assistance (ODA) provides affordable, timely and accessible financial assistance to applicants, renters, and businesses. The SBA low-interest, long- term loans are the primary form of federal assistance for the repair and rebuilding of non-farm, private sector disaster losses.

**Solicitation:** Any request to submit offers or quotations to the sub grantee or subrecipient. Solicitations under sealed bid procedures are called “invitations for bids”. Solicitations under negotiated procedures are called “requests for proposals”.

**Subconsultant:** Any person, firm, partnership, corporation, association or other organization, or a combination of any of them, that has a direct contract with a design professional or another subconsultant to perform a portion of the work under a design professional service contract. ([www.lawinsider.com](http://www.lawinsider.com))

**Subcontract:** Any contract as defined above “Contract” entered by a subcontractor to furnish supplies or services for performance of a prime contract, or a subcontract.

**Subcontractor:** Any supplier, distributor, vendor, or firm that furnishes supplies or services to or for a prime contractor or another subcontractor.

**Subrecipient:** Non-profits and limited for-profits providing support to microenterprises that are provided CDBG-DR funds by VIHFA for their use in carrying out agreed-upon, eligible

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activities through a Subrecipient Agreement with VIHFA. A territorial department or agencies may also function as a subrecipient.

**Subrogation:** The process by which duplicative assistance paid to the applicant after receiving an award, is remitted to the program in order to rectify a Duplication of Benefits.

**Substation** – The part of the power system where electricity is converted from high voltage to lower voltage. Substations consist of power transformers and other equipment and can be located closer to a load center – are of power demand – than generating stations.

**System Average Interruption Duration Index (SAIDI):** The total number of minutes of interruption experienced by the average customer

**System Average Interruption Frequency Index (SAIFI):** How often the average customer experiences an interruption

**Transmission** – Transmission is the part of the electricity delivery system that moves bulk electricity from the generation sites over long distances to substations closer to areas where electricity is consumed.

**U.S. Army Corps of Engineers (USACE):** A US federal agency for public engineering, design, and construction management.

**Uniform Relocation Act (URA):** A federal law that establishes minimum standards for federally- funded programs and projects that require the acquisition of real property (real estate) or displace persons from their homes, businesses, or farms.

**United States Department of Homeland Security (DHS):** A department under the US federal government with the primary responsibility of protecting US territory (including from natural disasters).

**United States Department of Housing and Urban Development (HUD):** Federal department through which the program funds are distributed to grantees.

**Unmet Need:** Financial resources necessary to recover from a disaster that are not likely to be addressed by other public or private sources of funds, including, but not limited to, FEMA Individual Assistance, FEMA Public Assistance, FHWA Emergency relief Program, SBA Disaster Loans, and private insurance.

**Urgent Need:** An urgent need that exists because conditions pose a serious and immediate threat to the health or welfare of the community. The existing conditions must be recent or have recently become urgent and the subrecipient cannot finance the activities on its own because other funding sources are not available. Subrecipients or the state must document how each program and/or activity funded under this category responds to a disaster-related impact. See 24 CFR 570.208(c).

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**Virgins Islands Housing Finance Authority (VIHFA):** Is the official CDBG-DR grantee, who has overall responsibility for all activities tied to the CDBG- DR grant funded.

**Women Business Enterprise (WBE):** A business that is owned and controlled (minimum of 51 % ownership) by a woman.