

# The Virgin Islands Consortium

## HUD Approves Latest USVI Disaster Recovery Plan Totaling \$779 Million; Funding Comes With 'Strict Fiscal Controls'

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The U.S. Department of Housing and Urban Development (HUD) today announced its approval of the U.S. Virgin Islands' [\*latest disaster recovery action plan\*](#), which will invest an additional \$779 million to help the state continue to rebuild from Hurricanes Maria and Irma, according to a HUD release issued this evening.

The plan was put in place during the Mapp administration, and funding of \$243 million was [\*released in September, 2018\*](#). At the time, Mr. Carson and then-Governor Kenneth Mapp said two more releases of \$846 million and more than \$700 million had already

been set aside for the territory as part of the [\\$1.8 billion announced for the USVI in April](#). Mr. Mapp said at the time that his administration would submit its plan to HUD for the \$846 million in October. "HUD will have 45 days to act on that plan and approve it or send it back for some adjustments, and then we work on the third tranche of \$774,188,000 which is for mitigation," the former governor said in September.

The funds are provided through HUD's Community Development Block Grant – Disaster Recovery (CDBG-DR) Program and will address lingering unmet needs, including seriously damaged housing, businesses and infrastructure, the release said.

"Today's announcement is an important milestone as we help the U.S. Virgin Islands rebuild," HUD Secretary Ben Carson said. "This money will directly benefit the communities who have suffered substantial damage to homes, businesses, and infrastructure."

According to the release, HUD requires that these recovery dollars be targeted to local communities that experienced the greatest impact and that all disaster relief funds will be spent in a manner that helps disaster victims. As a result, HUD will impose strict conditions and financial controls on the use of these funds, the release said.

To address unmet needs, the Mapp administration following the 2017 storms had identified several housing, infrastructure and economic development recovery needs arising from Hurricanes Irma and Maria.

The U.S. Virgin Islands disaster recovery action plan includes the following activities:

**Homeowner Rehabilitation and Reconstruction Program (\$10 million)** – This program is available to eligible homeowners for properties that were damaged by Hurricanes Irma or Maria.

**New Construction for Homeownership Opportunity and First Time Homebuyer Assistance (\$10 million)** – This program is designed to address post-disaster housing affordability challenges and enable renters to become homeowners.

**Rental Rehabilitation and Reconstruction (\$5 million)** – This program provides funds for the repair or replacement of damage to rental housing owned by the Virgin Islands Housing Authority, Virgin Islands Housing Finance Agency, and private landlords.

**Public & Affordable Housing Development (\$32 million)** – These funds are targeted for the redevelopment and creation of new affordable housing, including subsidized and mixed-income rental units.

**Supportive Housing & Sheltering Programs (\$15 million)** – The U.S. Virgin Islands recovery plan includes an effort for the rehabilitation, reconstruction, and development of housing for vulnerable populations, particularly among low-income seniors and those persons and families experiencing homelessness. This program also includes the development of emergency shelters for individuals and families who cannot shelter in place during disasters. The emergency shelter housing would also serve persons who require short-term housing because they are temporarily displaced.

**Infrastructure (\$125,549,800)** – These funds are targeted for three infrastructure activities: 1) Local Match for Federal Disaster Relief Programs (\$50,549,800) to help finance educational facilities, energy, hospitals, telecommunications, transportation, waste management, and water/wastewater management; 2) Infrastructure Repair and Resilience (\$30,000,000) and 3) Electrical Power Systems Enhancement and Improvement (\$45,000,000).

**Economic Revitalization (\$33 million)** – Through this program, the U.S. Virgin Islands seeks to revitalize the post-disaster economy, including (\$23 million) for Ports and Airports Enhancements, including harbor dredging to allow for larger cruise ships; 2) a Workforce Development Program to train low- and moderate-income residents to fill the construction and other jobs coming from recovery investments (\$5,000,000); and 3) the Tourism Industry Support Program (\$5,000,000), which will require a waiver by HUD, for marketing to communicate that the USVI is open for business.

## **Background**

On September 8, 2017, President Trump signed the Additional Supplemental Appropriations for Disaster Relief Requirements Act, 2017. The Act appropriated \$7.4 billion in CDBG-DR funding for major disasters declared in 2017. To distribute these funds, the Act requires HUD to direct the funds to the areas most impacted by last year's major disasters. On February 2, 2018, HUD allocated \$243 million of that appropriation to the U.S. Virgin Islands to address the serious unmet needs on the islands. The action plan approved today will put these funds to work.

On April 10, 2018, HUD allocated another \$1.6 billion to further support recovery in the U.S. Virgin Islands and to rebuild communities impacted by Hurricanes Maria and Irma and to protect them from major disasters in the future. HUD will shortly publish program rules to guide the U.S. Virgin Islands and others on the use of those funds.

CDBG-DR grants support a variety of disaster recovery activities including housing redevelopment and rebuilding, business assistance, economic revitalization, and infrastructure repair. Grantees are required to spend the majority of these recovery funds in "most impacted" areas as identified by HUD. HUD will issue administrative guidelines shortly for use of the funds to address grantees' long-term recovery needs, particularly in the area of housing recovery.