

The Virgin Islands Consortium

Federal Housing Authority Issues Outline For \$774 Million In Disaster Recovery Grants To U.S.V.I.

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The Government of the Virgin Islands is a little closer today to nearly one billion dollars in federal grants intended to help harden the territory's infrastructure and mitigate the impact of future disasters.

After a month of warnings and bureaucratic back-and-forth, the U.S. Department of Housing and Urban Development (H.U.D.) published a Federal Register notice allocating \$744 million in Community Development Block Grant Mitigations funds for the territory. Controversy over the "mitigation" grants erupted last month when H.U.D. Secretary Ben Carson said the Virgin Islands would be delayed because of concerns over the territory's ability to manage record amounts of federal money.

“The level of funding and nature of programs and projects that are likely to be funded require all (Community Development Block Grant) grantees and their sub-recipients to strengthen their program management capacity, financial management, and internal controls,” according to the federal grant outline.

The Federal Register Notice is a prerequisite for the Virgin Islands and other disaster-stricken jurisdictions to receive H.U.D. mitigation grants. In August, Secretary Carson said the federal notice for the Virgin Islands would be delayed until assurances were made that the territory had the capacity to efficiently administer \$774 million from Washington DC.

“This crucial mitigation funding will help the Virgin Islands to address deficiencies in housing, public services, and infrastructure, as determined by local officials with citizen input,” Congresswoman Stacey Plaskett said in a written statement Tuesday. “The Federal Government must continue to serve an ongoing role in supporting the people of the Virgin Islands as we recover.”

In its 13-page grant outline, HUD said the territory must submit an action plan no later than April 6, 2020, to gain access to grant funding. Grant conditions are “related to the grantee’s capacity to carry out the specific programs and projects proposed in its action plan. These conditions are designed to provide additional assurances that mitigation activities address grantee-specific risks, such as the potential for waste, fraud, and abuse, or the potential that failure to effectively operate and maintain infrastructure will interfere with anticipated risk mitigation value of CDBG-MIT activities.”

According to H.U.D. officials, the territory needs 16 new accountants, financial analysts and other support staff to shore-up capacity to manage the mitigation grants. Those new positions would be critical components to the management of grant money. Additionally, new computer systems able to absorb and track every dollar of the record influx of federal money is on the drawing board, said Darryl Griffith, director of the Virgin Islands Housing Finance Authority, the local agency managing the H.U.D. grants.

“At any time, if H.U.D. determines that an identified risk has been mitigated and the grantee has met the required grant terms and conditions, HUD can modify or remove those terms and conditions,” according to the Federal Register Notice.