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# HUD Closes on \$73 Million Transaction to Rehabilitate 248 Affordable Homes at the Walter I.M. Hodge Community Damaged by Hurricanes Irma and Maria

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**Walter I. M. Hodge Pavilion Housing Pavilion. By. THE V.I. OFFICE OF DISASTER RECOVERY**

The U.S. Department of Housing and Urban Development's Office of Multifamily Housing announced today that it has closed a Rental Assistance Demonstration (RAD) transaction with the Virgin Islands Housing Authority on St. Croix to rehabilitate 248 affordable homes at the Walter I.M. Hodge Pavilion community.

This property consists of 20 residential buildings and one community building comprised of 248 homes, HUD said. These homes were significantly damaged during Hurricanes Irma and Maria in

September 2017 from flying debris and flooding, causing 58% of them to be vacant. According to the release, through RAD, the property will continue to bring much-needed affordable housing to the St. Croix area where the existing waitlist is more than 764 families. As part of the conversion, the property will undergo rehabilitation and transition from public housing to Section 8 project-based rental assistance.

HUD said that in May, Secretary Marcia L. Fudge announced the Biden-Harris Administration's actions to ease the burden of housing costs and increase the affordable housing supply. The transaction with the Virgin Islands Housing Authority is a new step the federal government is taking to expand affordable housing in this region, the release stated.

The RAD transaction includes a construction budget of \$73.3 million (\$295,000 per unit) fully financed through:

- Low Income Housing Tax Credit Equity
- Merchant Bank of Indiana Commercial Construction Financing
- Community Development Block Grant – Disaster Recovery
- Federal Emergency Management Agency (FEMA) through the Public Assistance Program

HUD said construction will include significant hazard mitigation measures to break the cycle of disaster damage. Buildings will be hardened against future storms, and landscaping and site plan improvements will naturally protect against water intrusion and damage. Resilience improvements include roof and shear wall reinforcement to withstand hurricane winds, hurricane-resistant doors and windows, and aluminum louver systems.

Partially underground electrical lines will reduce the chances of power outage and back-up generators will provide critical energy should one occur. An existing cistern system will be upgraded to capture and treat rainwater, and solar panels will be installed, allowing the buildings to efficiently harness and preserve natural resources. The site will also be transformed through beautification measures and improved community spaces.

The Virgin Islands Housing Authority is pursuing RAD conversions to rehabilitate and preserve homes across several of its developments, HUD said. The one participating in this transaction, Walter I.M. Hodge Pavilion, is in the Smithfield community of Frederiksted. Buildings will be upgraded by replacing most major systems, improving site amenities, and incorporating materials and design principles for greening and climate resilience. Units will feature new apartment bathroom and kitchen interiors, asbestos and lead abatement, and additional measures to preserve resources, enhance hazard resilience, and reduce utility costs.

The project will be owned by Walter I.M. Hodge RAD LLC, and MDG Development Owners LLC with the ground leased from Virgin Islands Housing Authority.

### **About RAD**

RAD was designed to help address the multi-billion-dollar nationwide backlog of deferred maintenance in the public housing portfolio and to stem the loss of affordable housing that could no longer be kept to decent standards. From the program's inception through June 1, 2022, the Rental Assistance Demonstration has facilitated more than \$14.7 billion in capital investment to improve or replace nearly 180,000 deeply rent-assisted homes, most of which house extremely low-income families, seniors, and persons with disabilities.

