

# U.S. VIRGIN ISLANDS 2015- 2019 CONSOLIDATED PLAN FOR HOUSING AND COMMUNITY DEVELOPMENT



**DRAFT**

## **2019- 2020 PROGRAM YEAR ACTION PLAN**

AUGUST 2019

Prepared by:

**Virgin Islands Housing Finance Authority**

Annual Action Plan  
2019

1

# Executive Summary

## AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

### 1. Introduction

In September 2015, the U.S. Department of Housing and Urban Development (“HUD”) approved the Territory’s Consolidated Plan for program years 2015-2019. The Consolidated Plan establishes local priorities consistent with national objectives and priorities established by the U.S. Department of Housing and Urban Development (HUD) and long-term strategies for utilizing funds allocated under the Community Development Block Grant (CDBG), the HOME Investment Partnership Program, and the Emergency Solutions Grant (ESG) to address the identified needs. Each year, the Territory is required to develop an Annual Action Plan which describes the activities to be undertaken during the current program year to implement the strategies identified in the Consolidated Plan.

Starting in Program Year 2016, the Territory became eligible to receive an allocation under a new program, the National Housing Trust Fund (HTF). Established under Title I of the Housing and Economic Recovery Act of 2008 (HERA), the Housing Trust Fund provides formula grants to states, the District of Columbia, Puerto Rico, and the insular areas for the production of affordable housing. The program is designed to complement existing federal, state, and local efforts to increase and preserve the supply of decent, safe, and affordable housing for extremely low-income (ELI) and very-low income (VLI) households, including families experiencing homelessness. The program is funded from assessments on new originations by Fannie Mae and Freddie Mac; the U.S. Department of Housing and Urban Development (HUD) is responsible for distributing the funds. The enabling legislation for HTF requires the inclusion of information in the jurisdiction’s Consolidated Plan and Annual Action Plan with regards to how the jurisdiction plans to distribute/utilize the HTF funds to address identified priority housing needs.

Program Year 2019 represents the fifth and final year of the current Consolidated Plan. Resources from federal CDBG, ESG, HOME, and HTF grants expected during the final year of the Consolidated Plan, as shown in the table below, are based on current year allocations with a reasonable expectation of program and other income shown.

A new 5-year Consolidated Plan covering Program Years 2020-2024 will be developed in 2020.

### 2. Summarize the objectives and outcomes identified in the Plan

This could be a restatement of items or a table listed elsewhere in the plan or a reference to another location. It may also contain any essential items from the housing and homeless needs assessment, the housing market analysis or the strategic plan.

Priority needs and corresponding goals were established after an assessment of needs and capacity, review of relevant economic information and statistical data, discussions in the community, consideration of strategic plans of partner agencies and providers in the region, and review of available planning documents. These serve as the framework for setting actions during the five-year period covered by the Consolidated Plan.

Four priority needs were established, each a high priority:

- Affordable housing choice
- Homelessness services and facilities
- Public and community services
- Infrastructure, facilities and economic development

Four goals were established to meet the needs:

- Increase and preserve affordable housing units
- Reduce and prevent homelessness
- Provide services and community support
- Support community and economic development

### **3. Evaluation of past performance**

This is an evaluation of past performance that helped lead the grantee to choose its goals or projects.

The vetting process for choosing projects includes consideration of the past performance of project sponsors and projects (these in addition to the factors of consistency with the Con Plan, demonstrated need, and overall feasibility). During the 2018 program year as in past years, CDBG-funded after-school programs performed well providing safe environments and delivering critical academic enrichment. Scholarship programs (i.e., the Pistarckle Theater Summer Program) introduced LMI youth to the fine arts. Of the twelve CDBG public services projects proposed for funding in this Action Year, ten are repeat projects by sponsors that have a proven track record of program compliance to include timely expenditure of funds. Of the 7 construction projects, three are ongoing projects.

For the ESG Program, the maximum allowable amount will be dedicated to outreach and emergency shelter activities as these types of activities have demonstrated the best performances in the past.

Besides past performance, a major factor in choosing the PY 2019-20 projects was the devastating impacts of 2017's Hurricanes Irma and Maria on housing, infrastructure, and the ongoing recovery efforts. One of the construction projects included in the Plan, New Life Senior Resort Building Renovation, will provide gap funding to assist a senior living facility complete repairs that were not funded by other sources. Another project will provide funding toward the construction of a community center facility on St. John that will serve as an emergency shelter in the event of a natural disaster.

Housing for displaced residents, especially LMI families, is a priority. The Territory is working to maximize funding through FEMA, SBA, and the Hazard Mitigation Grant Program. In addition, programs have been developed under CDBG-Disaster Recovery (CDBG-DR) to address unmet housing needs. Anticipating that some LMI owner households may not get the extent of repair assistance needed under the disaster programs, \$266,000 of HOME program income funds is dedicated to owner-occupied rehab in this 2019-20 Plan. Additionally, the Territory will build new affordable home ownership housing. It is anticipated that some impacted renter households that choose to pursue home ownership will require subsidy assistance; HOME will be the source of the subsidies. A total of \$717,500 is dedicated to first-time homebuyer assistance in this Action Plan. The CDBG-DR housing program will also support the repair and development of multi-family rental and public housing for LMI households; therefore, no HOME funds are dedicated to rental housing here.

Residential units for vulnerable populations is also a priority need. The twin September 2017 hurricanes had a major impact on numerous facilities to include the main homeless shelter on St. Croix, a transitional housing facility and two (2) facilities for DV victims on St. Thomas. Per the Jan. 2017 Point-In-Time count, there were 14 homeless facilities providing 136 beds; as of the Jan. 2019 count, 10 facilities were in operation offering 111 beds. The needs of vulnerable populations include: assisting housing providers to repair damaged units to pre-storm condition and increase their resilience or replace entirely; supporting development of new units; and supporting the provision of services - e.g., mental health and crisis counseling, and case mgmt. One of the projects approved for funding under the 2018 CDBG was the acquisition of a former guest house property for the provision of homeless services to include housing and auxiliary clinical services. In addition to prevention, rapid re-housing, street outreach projects, this Action Plan also includes one (1) project for substantial rehab of a building that will add approximately forty (40) emergency shelter beds on St. Croix and 2 projects for construction of transitional housing facilities.

#### **4. Summary of Citizen Participation Process and consultation process**

Summary from citizen participation section of plan.

In soliciting CDBG proposals for the upcoming 2019-20 Program Year, the VIHFA advertised a special interest in programs providing mental health services, homeless services, job training services for workers separated from their employment as a result of the 2017 hurricanes, after-school or summer youth programs with emphasis on academic enhancement for youth ages 4-16.

Two rounds of public hearings were held relative to the selection of CDBG projects. The first round of hearings was conducted on April 9, 10, and 15 with hearings on each respective island. Representatives of each project provided testimony on the project (need, beneficiaries, budget, etc.) and the public was provided the opportunity to ask questions about each project. After the vetting process was conducted, a second round of hearings was conducted from July 15-18 which presented the projects that are being recommended for funding in the Program Year 2019 Action Plan. A total of 31 persons attended the public hearings.

Notices announcing the availability of the draft 2019 Action Plan (which includes the Housing Trust Fund Allocation Plan as an attachment) for public review and comment were advertised in both local newspapers of general circulation and also the on-line newspaper beginning on July 28, 2019. Note: Due to a technical glitch resulted in a delay in making the Action Plan document available, the public comment period will be re-advertised and extended for the appropriate duration.

## **5. Summary of public comments**

This could be a brief narrative summary or reference an attached document from the Citizen Participation section of the Con Plan.

No comments were received. Note: Due to a technical glitch resulted in a delay in making the Action Plan document available, the public comment period will be re-advertised and extended for the appropriate duration. Any comments received in response to the extended public review process will be summarized upon expiration of the period.

## **6. Summary of comments or views not accepted and the reasons for not accepting them**

N/A; see discussion above re: public comment period.

## **7. Summary**

The proposed allocation of funds for owner-occupied rehabilitation and new home owner assistance (HOME), for the rehabilitation of existing senior housing and construction of transitional housing (CDBG), and also the rehabilitation of property by non-profit Catholic Charities for provision of homeless services and supportive housing (CDBG) is consistent with the outlined strategies to address the identified unmet needs in housing, homelessness, and special needs. No funds are allocated for infrastructure projects in this Plan as the greater portion of hurricane-related infrastructure repair and resilience costs will be covered by CDBG-DR and other federal funding sources.

**PR-05 Lead & Responsible Agencies – 91.200(b)**

**1. Agency/entity responsible for preparing/administering the Consolidated Plan**

Describe the agency/entity responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

Agency Role	Name	Department/Agency
CDBG Administrator	VIRGIN ISLANDS	Virgin Islands Housing Finance Authority
HOME Administrator	VIRGIN ISLANDS	Virgin Islands Housing Finance Authority
ESG Administrator	VIRGIN ISLANDS	Virgin Islands Housing Finance Authority
	VIRGIN ISLANDS	Virgin Islands Housing Finance Authority

**Table 1 – Responsible Agencies**

**Narrative (optional)**

The Virgin Islands Housing Finance Authority (VIHFA) has as its mission to increase to housing and community development opportunities by developing innovative programs and projects. The VIHFA's Federal Programs Division exercises direct oversight over the various Consolidated Plan programs. Federal Programs is tasked promoting, planning, implementing and administering federal grants and programs to help the Authority achieve its mission of increasing housing access across the housing continuum and supporting community development initiatives which improve the living environment for all residents of Territory.

**Consolidated Plan Public Contact Information**

Virgin Islands Housing Finance Authority

Attention: Federal Programs Director

100 Lagoon Complex, Suite #4

Frederiksted, VI 00840-3912

## **AP-10 Consultation – 91.100, 91.200(b), 91.215(I)**

### **1. Introduction**

The Virgin Islands Housing Finance Authority actively participates in planning efforts in the Territory, including affordable housing, housing and services for persons who are homeless and housing and services for other vulnerable populations. In addition to coordinating vital funding for services related to health, safety, housing, and support for youth, the VIHFA is represented in planning activities with representatives from key agencies from the government, nonprofit sector, and foundations. The VIHFA is an active participant in the USVI Hurricane Recovery and Resilience Taskforce which taskforce developed a comprehensive report on the 2017 hurricanes' impact, as well as produced recommendations for effective recovery and resilience. The VIHFA led the housing sector portion of the taskforce.

In addition, in its role as the lead agency for the administration of the Community Development Block Grant - Disaster Recovery (CDBG-DR), the VIHFA has been in consultation with numerous public agencies.

### **Provide a concise summary of the jurisdiction's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies (91.215(I))**

The Virgin Islands Housing Finance Authority actively participates in planning efforts in the Territory, including affordable housing, housing agencies for persons who are homeless and housing and services for other vulnerable populations. In addition to coordinating vital funding for projects which provide health, safety, housing, and support for youth, the VIHFA is represented in planning activities with representatives from key agencies of the government, nonprofit sector, and community foundations.

One of the ongoing efforts relative to the coordination between housing providers and health, mental health, and service agencies is the "Reaching Potentials Initiative". Although the initiative was founded by a private benefactor, VIHFA played a key role in meetings of the core group which includes housing providers (VIHFA), non-profit health providers (Frederiksted Health Care, Inc), nonprofit service agencies (Catholic Charities), and a community foundation in the capacity as a fiduciary (St. Croix Foundation). The initiative subscribes to the "Housing First" model wherein medical services and medication management as well as hygiene products are provided to homeless persons to help those persons attain sufficient stability to be housed in permanent supportive housing situations without having to be transition through the traditional housing continuum. Although the housing crisis left in the wake of the 2017 hurricanes has negatively impacted the efforts at housing placements, Frederiksted Health Care, supported by the private benefactor and other non-profit service agencies, continues to provide the Saturday clinics for homeless persons and street outreach/case management services funded via a subgrant of Emergency Solution Grant (ESG) funds.

**Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness.**

As the designated Collaborative Applicant, VIHFA is an active participant in the Continuum of Care (CoC). This position helps to improve coordination between the two major homeless planning and policy development organizations - the Interagency Council on Homelessness and the Continuum of Care. A full-staff staff position at the VIHFA is responsible for implementation of the ESG Program and development of policies and procedures for homelessness and increasing services for homeless persons and those at risk of becoming homeless.

Over the past year, the VIHFA has been leading the CoC's efforts to strengthen the organization and bring it into full compliance with HUD requirements. Strengthening the organization is key to increasing the jurisdiction's overall score in the annual CoC grant competition - which will ultimately increase the funding available to the CoC for projects to address the needs of homeless persons.

A large part of the collaboration with the CoC to address the needs of homeless persons centers around implementation of the Coordinated Entry (CE) system.

The USVI CES will help people access the housing crisis system faster, by ensuring that persons with the greatest needs receive priority for the housing and homeless assistance available in the Territory of the USVI. To ensure that all systems and processes best meet the needs of the homeless, design principles for the CES include:

- Client-centered practices where every person at risk of or experiencing homelessness is treated with dignity, offered at least minimal assistance, afforded the opportunity to participate in the development and execution of their own housing plan (if applicable) and with clients offered choice during the referral process whenever possible.
- Degree of vulnerability as the primary factor in determining where the Territory's limited resources should be directed first
- Avoidance of system practices and individual project eligibility criteria which may pose barriers to housing access
- Policies and practices that respect cultural, regional, programmatic, linguistic, and philosophical differences.
- A diversity of housing options created through collaborative and inclusive planning and decision-making practices based on data analysis of local housing needs

The completion of its Coordinated Entry protocol and implementation of the CE system was delayed by the disruption of normal operations of Hurricanes Irma and Maria which devastated the Territory in September 2017. The CES sub-committee of the local Continuum of Care developed a draft protocol which draft document was provided to HUD in July 2018. HUD has since assigned Abt Associates to

provide technical assistance provider to the jurisdiction. A large part of the technical assistance provided to date has been to help the CoC identify gaps in the homeless crisis response system and the steps needed to enhance the system to so that it can better address the needs of homeless persons across all cohorts. In this effort, the technical assistance provider met with homeless providers as well as other community stakeholders to explore the nature of homelessness pre- and post-storms. This process also reviewed available resources, identified the most significant system gaps, and outlined a vision for necessary homeless system improvement and expansion in the future.

**Describe consultation with the Continuum(s) of Care that serves the jurisdiction's area in determining how to allocate ESG funds, develop performance standards for and evaluate outcomes of projects and activities assisted by ESG funds, and develop funding, policies and procedures for the operation and administration of HMIS**

As the designated Collaborative Applicant, VIHFA is an active participant in the Continuum of Care. A full-staff staff position at the VIHFA is responsible for implementation of the ESG Program and development of policies and procedures for homelessness and increasing services for homeless persons and those at risk of becoming homeless.

ESG and CoC recipients are required to coordinate to develop performance standards for evaluating the effectiveness of ESG Program-funded activities within the jurisdiction. In recent months, VIHFA and the CoC, working closely with HUD-assigned technical assistance provider, Abt Associates, have begun to identify gaps in the homeless crisis response system and to quantify the needs in the areas of emergency shelter, transitional housing, rapid re-housing, and permanent supportive housing. This analysis helps to inform the allocation of not only ESG funds but also CDBG funds (as the Territory's ESG allocation is relatively small). The technical assistance has also highlighted the improved reporting capability and tracking via HMIS as a critical need for monitoring and improving system performance. Going forward, understanding this relationship will help inform the development of policies and procedures for the Territory's HMIS.

The CoC and VIHFA are awaiting final approval of the second phase of the technical assistance engagement. In this phase of the engagement, the TA provider will customize trainings to more fully prepare the CoC for its consultative role relative to the development of written standards for both ESG- and CoC-funded programs and policies and procedures for HMIS. The establishment of formal performance standards will enable the evaluation of the outcomes of ESG-assisted projects and activities against established performance measures.

**2. Describe Agencies, groups, organizations and others who participated in the process and describe the jurisdiction's consultations with housing, social service agencies and other entities**

**Table 2 – Agencies, groups, organizations who participated**

1	<b>Agency/Group/Organization</b>	Reaching Potentials Homeless Service Improvement
	<b>Agency/Group/Organization Type</b>	Task force Foundation
	<b>What section of the Plan was addressed by Consultation?</b>	Homeless Needs - Chronically homeless Homelessness Strategy
	<b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b>	Various meetings were held between VIHFA and the other participants in the initiative which includes non-profit health providers (Frederiksted Health Care, Inc), nonprofit service agencies (Catholic Charities), a private citizen benefactor and a community foundation in the capacity as a fiduciary (St. Croix Foundation). The anticipated outcome is that housing providers and social service agencies will support the efforts of the "Housing First" model wherein an Assertive Community Treatment team will provide case management (which includes medication management) to help homeless persons with mental illness or substance issues attain sufficient stability to be housed in permanent supportive housing situations without having to be transition through the traditional housing continuum.
2	<b>Agency/Group/Organization</b>	Virgin Islands Economic Development Authority
	<b>Agency/Group/Organization Type</b>	Planning organization
	<b>What section of the Plan was addressed by Consultation?</b>	Economic Development
	<b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b>	The Economic Development Authority (EDA) is an autonomous entity of the Territorial government. A meeting was held with the Enterprise Zone Commission (EDA-EZC) to gather information about EDA-EZC's current and upcoming initiatives relative to the redevelopment/revitalization of the downtown districts in both St. Thomas and St. Croix. The outcome of the consultation between the two agencies will be two-fold: (1) ensure that there are no duplicative efforts and (2) better planning by VIHFA with respect to revitalization strategies.

4	<b>Agency/Group/Organization</b>	Frederiksted Health Clinic
	<b>Agency/Group/Organization Type</b>	Health Agency
	<b>What section of the Plan was addressed by Consultation?</b>	Homeless Needs - Chronically homeless
	<b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b>	Several meetings were held with a representative of Frederiksted Health Care to discuss agency's interest in homeless services and whether/how CDBG and/or ESG funds could be utilized to expand/extend their services. Anticipated outcome of the consultation is the VIHFA has developed a better understanding of the need for homeless services (especially for the mentally ill) in the Frederiksted area. FHC also gained a better understanding of the eligible activities under the program and was able to successfully apply for funding for a street outreach program which will serve a need which has gone unmet in the recent past.
5	<b>Agency/Group/Organization</b>	Virgin Islands Housing Authority
	<b>Agency/Group/Organization Type</b>	PHA
	<b>What section of the Plan was addressed by Consultation?</b>	Public Housing Needs
	<b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b>	By statute, the VI Housing Finance Authority's Executive Director is one of the members of VIHA (PHA) Board of Directors. In addition, there is collaboration between the two entities on a regular basis relative to the affordable housing needs of the Territory especially as it relates to the extremely and very-low income segments of the population. Proven outcome of the consultation is improved coordination of resources (which include LIHTCs administered by VIHFA).The passage of Hurricanes Irma and Maria resulted in increased collaboration between VIHFA and VIHA insofar as planning for the relocation of displaced residents and the restoration of the public housing stock - to include replacement of substantially damaged projects such as Tutu.

**Identify any Agency Types not consulted and provide rationale for not consulting**

**Other local/regional/state/federal planning efforts considered when preparing the Plan**

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Continuum of Care		
Christiansted Community Town Plan	USVIEDA- Enterprise Zone Commission	

**Table 3 – Other local / regional / federal planning efforts**

**Narrative (optional)**

The ongoing recovery efforts in the wake of Hurricanes Irma and Maria continue to be the focus of many organizations (both governmental and non-governmental agencies). Nonetheless, there has been extensive meetings with local agencies that provide service to the various special populations i.e., homeless, disabled, children & youth, DV, homeless, as part of the extensive needs assessment information gathering that informed the CDBG-DR planning. Extensive consultation and collaborations were also held with the Housing Task Force.

## **AP-12 Participation – 91.105, 91.200(c)**

### **1. Summary of citizen participation process/Efforts made to broaden citizen participation Summarize citizen participation process and how it impacted goal-setting**

Two rounds of public hearings were held on each island of the Territory. Subsequent to the hearings, VIHFA engaged the citizens to gather their input about the relevance/appropriateness of the various project proposals toward meeting identified community needs. The citizens' input confirmed that public service projects particularly services for the elderly, academic enrichment programs for youth, substance abuse prevention/mental health services, and homeless services are perceived as the greatest needs. In large part, the projects that have been selected for funding reflect these needs.

The public hearings held presented the opportunity for gathering input from citizens relative to the proposals received in the current cycle. Several of the public hearings were televised and also re-aired several times on the local government access channel.

Notices announcing the availability of the draft 2019 Action Plan for the requisite period public review and comment period appeared in both local newspapers of general circulation and also the electronic newspaper. **Note:** Due to a technical glitch resulted in a delay in making the Action Plan document available, the public comment period will be re-advertised and extended for the appropriate duration. Any comments received in response to the extended public review process will be summarized upon expiration of the period.

**Citizen Participation Outreach**

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
1	Public Hearing	Non-targeted/broad community	Public hearings were held on all three islands on April 9, 10, and 15 - St. John, St. Thomas, & St. Croix, respectively. The hearings were publicized via ads in the local print and electronic media. In an effort to expand the public participation, the hearings on the St. Thomas and St. Croix were filmed by the VI Government Access Channel. This allowed for the hearings to be re-broadcast on several occasions.	No comments were received.	N/A; no comments were received.	

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (if applicable)
2	Public Hearing	Non-targeted/broad community	Additional public hearings were held during the week of July 15, 2019 on all three islands. The hearings were publicized via ads in the local print and electronic media.	No comments received.	N/A; no comments were received.	
3	Newspaper Ad	Non-targeted/broad community	Notices announcing the availability of the draft Annual Action Plan which also included a copy of the HTF allocation plan for review and comments appeared in the local print and electronic media.	No comments were received.	Not applicable.	

**Table 4 – Citizen Participation Outreach**

## Expected Resources

### AP-15 Expected Resources – 91.220(c)(1,2)

#### Introduction

Resources from federal CDBG, ESG, HOME, and HTF grants are based on current year allocations, with a reasonable expectation of program and other income shown. The current year Action Plan represents the final year of the Consolidated Plan cycle; thus, resources from federal CDBG, ESG, HOME, and HTF grants expected for the remainder of the Consolidated Plan are reflected as -0-. The Territory will be required to prepare a new Consolidated Plan for PY 2020-2024.

#### Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
CDBG	public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	1,983,317	0	533,838	2,517,155	0	

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
HOME	public - federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	844,132	266,000	0	1,110,132	0	
ESG	public - federal	Conversion and rehab for transitional housing Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Services Transitional housing	158,751	0	325,890	484,641	0	

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
HTF	public - federal	Acquisition Admin and Planning Homebuyer assistance Multifamily rental new construction Multifamily rental rehab New construction for ownership	90,138	0	196,362	286,500	0	

**Table 5 - Expected Resources – Priority Table**

**Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied**

As an insular area, there is no requirement for the Virgin Islands to match ESG, HOME , or HTF funding. The match for the CDBG program will be provided primarily by nonprofit subrecipient organizations through their own fundraising, in-kind services, and, in some cases, from sources such as United Way. Although there is no formal match requirement for the ESG program, many of the ESG subrecipients are non-profit organizations(such as Catholic Charities, Methodist Training and Outreach, Inc., Women's Coalition of St. Croix, and St. Croix Mission Outreach) and they also provide in-kind match as well as through staff salaries and other grants they receive.

The Territory looks to funds from other sources including local government, nonprofit organizations, fund-raising and community foundations to supplement federal grants. In addition to matches described above, resources from USDA, Housing Choice Vouchers, local Homestead Loan funds, federal Low Income Housing Tax Credits, the local Stamp Tax, and the Virgin Islands government have increased the ability to meet Territorial needs.

VIHA, the local PHA, has engaged in several public-private partnerships to develop new communities. The Virgin Islands Housing Finance

Authority created a nonprofit subsidiary (VI Housing Management, Inc.) which expanded access to financing sources such as Low Income Housing Tax Credits. This creates increased opportunities for development of new and rehabilitation of existing rental housing, including those properties acquired by the VIHFA as a result of the 2008 housing merger. HOME Program funds for home ownership assistance are used primarily as subsidy (secondary) financing in conjunction with primary financing provided by other lenders. HOME funds are used for mortgage buy downs, closing cost assistance and filling other gaps in lending requirements. For a majority of the assisted households, USDA Rural Development's 502 Direct Lending Program (a federally funded program) provides the primary financing. Rural Development provides subsidized mortgages for very-low and low-income families. This increases the number of households VIHFA is able to assist. In other cases on a limited basis, local government lending programs or conventional lenders provide the primary financing.

USDA Rural Development's Section 504 Repair program assists very-low income homeowners to repair their unit to remove health and safety hazards. From time to time, both the VIHFA and USDA Rural Development refer owner-occupied rehabilitation applicants to the other agency for additional financing. The collaboration between VIHFA's HOME Program and USDA Rural Development provides for the leveraging of HOME funds which enables both agencies to expand the number of households that can be assisted and the scope of repairs/improvements that can be undertaken.

New rental units can be funded using federal Low Income Housing Tax Credits and renters, including those coming from homelessness and persons with special needs, can be housed using Housing Choice Vouchers administered by the VI Housing Authority – the local PHA. Housing Choice Vouchers can also be used for home-ownership assistance, which increases the potential for collaboration with local lenders, especially the USDA Rural Development.

The Government of the Virgin Islands has made various tax exemptions available to developers of low- and moderate-income housing under an Affordable Housing Development Agreement. Also at the local level, the VIHFA is able to utilize proceeds from the Stamp Tax to subsidize housing development and/or purchase land for the Affordable Housing Program.

**If appropriate, describe publically owned land or property located within the jurisdiction that may be used to address the needs identified in the plan**

Use of publicly-owned resources has been beneficial in meeting needs in the past and use of those resources is anticipated in the future. Notably, the Virgin Islands Housing Finance Authority has provided house plots at below-market prices which helps make homeownership more affordable. The house plot, along with the included infrastructure, results in an average subsidy of \$35,000 to the buyer. The Government of the Virgin Islands likewise has transferred developable land from the central government's inventory to the VIHFA for development of affordable housing

**Discussion**

## Annual Goals and Objectives

### AP-20 Annual Goals and Objectives

#### Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Increase and preserve affordable housing units	2015	2019	Affordable Housing Public Housing		Affordable housing choice	CDBG: \$40,000 HOME: \$1,110,132 HTF: \$90,138	Rental units constructed: 3 Household Housing Unit Rental units rehabilitated: 14 Household Housing Unit Homeowner Housing Rehabilitated: 4 Household Housing Unit Direct Financial Assistance to Homebuyers: 10 Households Assisted

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
2	Reduce and prevent homelessness	2015	2019	Homeless		Homelessness services and facilities	CDBG: \$375,000 ESG: \$484,641	Tenant-based rental assistance / Rapid Rehousing: 3 Households Assisted Homeless Person Overnight Shelter: 50 Persons Assisted Overnight/Emergency Shelter/Transitional Housing Beds added: 6 Beds Homelessness Prevention: 17 Persons Assisted
3	Provide services and community support	2015	2019	Non-Homeless Special Needs Non-Housing Community Development		Infrastructure, facilities and economic developmen Public and community services	CDBG: \$2,087,155	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 91 Persons Assisted Public service activities other than Low/Moderate Income Housing Benefit: 750 Persons Assisted Overnight/Emergency Shelter/Transitional Housing Beds added: 10 Beds
4	Support community and economic development	2015	2019	Non-Housing Community Development		Infrastructure, facilities and economic developmen	CDBG: \$15,000	Public service activities other than Low/Moderate Income Housing Benefit: 15 Persons Assisted

Table 6 – Goals Summary

### Goal Descriptions

<b>1</b>	<b>Goal Name</b>	Increase and preserve affordable housing units
	<b>Goal Description</b>	Utilize primarily HTF and HOME funds to increase and preserve rental and home ownership units in order to increase affordable housing choice across the Territory.
<b>2</b>	<b>Goal Name</b>	Reduce and prevent homelessness
	<b>Goal Description</b>	Utilize ESG and CDBG funds to expand programs, services, and facilities that serve homeless persons and persons at-risk of homelessness
<b>3</b>	<b>Goal Name</b>	Provide services and community support
	<b>Goal Description</b>	Utilize CDBG funds for projects which deliver services and create facilities primarily benefitting low/mod income residents of the Territory
<b>4</b>	<b>Goal Name</b>	Support community and economic development
	<b>Goal Description</b>	CDBG funds will be utilized for projects which create public facilities

## Projects

### AP-35 Projects – 91.220(d)

#### Introduction

This annual plan describes how funds will be used over the next program year. The annual projects have been carefully selected to make progress in meeting the needs and goals established through this planning process and in developing the Consolidated Plan.

#### Projects

#	Project Name
1	2019 Housing Trust Fund Rental Unit Production
2	CDBG Program Administration 2019
3	HOME Program Administration 2019
4	HOME Ownership Assistance Funds 2019
5	HOME Owner Housing Rehabilitation 2019
6	Emergency Solutions Grant Project Fund 2019
7	FRC Youth Counseling Program St. Thomas-St.John
8	Engineers for Tomorrow Outreach STEM Saturdays Program
9	Wesley Methodist Church After-school Program
10	Pistarckle Theater Summer Scholarship Program
11	Mon Bijou After-school Program
12	Frederiksted Boys and Girls of the VI After-school Program
13	Mon Bijou Land Acquisition & Community Playground Construction
14	St. John Community Foundation Services and Support Program
15	Project Promise Caterpillar After-School Program
16	Hearts In Services Association Transitional Facility Construction Phase III
17	St. Thomas Boys and Girls Club After-school Program
18	CCVI Frederiksted Bethlehem House Shelter Renovation
19	St. John Boys and Girls Club After-school Program
20	Christiansted Boys and Girls of the VI After-school Program
21	CHANT Building Arts Institute
22	STT Caribbean Center for Boys and Girls of the VI After School Program
23	Frederiksted Boys and Girls of the VI Building Acquisition
24	New Life Senior Resort Building Renovation
25	Women Coalition East Street Crisis Center Transitional Housing Phase III
26	St. John Community Center Reconstruction

**Table 7 - Project Information**

**Describe the reasons for allocation priorities and any obstacles to addressing underserved needs**

Allocation priorities were established after review of the priority needs outlined in the Consolidated Plan, discussions at public hearings, and various consultations.

**AP-38 Project Summary**  
**Project Summary Information**

<b>1</b>	<b>Project Name</b>	2019 Housing Trust Fund Rental Unit Production
	<b>Target Area</b>	
	<b>Goals Supported</b>	Increase and preserve affordable housing units
	<b>Needs Addressed</b>	Affordable housing choice
	<b>Funding</b>	HTF: \$90,138
	<b>Description</b>	The Territory will utilize its allocation under the Housing Trust Fund (HTF) to help reduce barriers to affordable housing - notably for extremely low-income households (ELI = households earning at or below 30% of Area Median Income). Pursuant to the HTF Allocation Plan developed, VIHFA will award HTF funds in coordination with the Low Income Housing Tax Credits (LIHTC). Applicants for LIHTC will be required to complete a separate application process pursuant to evaluation criteria outlined in the HTF Allocation Plan. HTF monies will be awarded to the successful LIHTC project which achieves the highest HTF score. Use of the HTF funds will enable LIHTC developers to include a small number of units reserved for households in the extremely low income category in their developments - thus increasing affordable housing choice for this very vulnerable population.
	<b>Target Date</b>	
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	
	<b>Location Description</b>	
	<b>Planned Activities</b>	
<b>2</b>	<b>Project Name</b>	CDBG Program Administration 2019
	<b>Target Area</b>	
	<b>Goals Supported</b>	
	<b>Needs Addressed</b>	
	<b>Funding</b>	CDBG: \$386,499

	<b>Description</b>	Program administration entails activities related to the overall planning and execution of CDBG-assisted community development projects. Eligible program administration costs include, but are not limited to, costs associated with staffing, general management oversight and coordination, and applicable indirect costs. In accordance with CDBG program regulations, up to 20% of the annual grant allocation may be used for program administration costs.
	<b>Target Date</b>	
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	
	<b>Location Description</b>	
	<b>Planned Activities</b>	
<b>3</b>	<b>Project Name</b>	HOME Program Administration 2019
	<b>Target Area</b>	
	<b>Goals Supported</b>	
	<b>Needs Addressed</b>	
	<b>Funding</b>	HOME: \$126,612
	<b>Description</b>	HOME funds in the amount of \$126,632 will be used for program administration activities.
	<b>Target Date</b>	
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	
	<b>Location Description</b>	
	<b>Planned Activities</b>	
<b>4</b>	<b>Project Name</b>	HOME Ownership Assistance Funds 2019
	<b>Target Area</b>	
	<b>Goals Supported</b>	Increase and preserve affordable housing units
	<b>Needs Addressed</b>	Affordable housing choice

	<b>Funding</b>	HOME: \$717,500
	<b>Description</b>	The Home Ownership assistance program makes HOME funds available to assist eligible purchasers with downpayment, mortgage buydown, and closing costs. The HOME funds are used in conjunction with first lender financing to make home ownership affordable for first-time buyers.
	<b>Target Date</b>	12/31/2020
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	
	<b>Location Description</b>	
	<b>Planned Activities</b>	
5	<b>Project Name</b>	HOME Owner Housing Rehabilitation 2019
	<b>Target Area</b>	
	<b>Goals Supported</b>	Increase and preserve affordable housing units
	<b>Needs Addressed</b>	Affordable housing choice
	<b>Funding</b>	HOME: \$266,000
	<b>Description</b>	
	<b>Target Date</b>	12/31/2020
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	
	<b>Location Description</b>	
<b>Planned Activities</b>		
6	<b>Project Name</b>	Emergency Solutions Grant Project Fund 2019
	<b>Target Area</b>	
	<b>Goals Supported</b>	Reduce and prevent homelessness
	<b>Needs Addressed</b>	Homelessness services and facilities
	<b>Funding</b>	ESG: \$158,751

	<b>Description</b>	Emergency Solutions Grant funds will be used by the Territory to support activities including shelter operations, street outreach (essential services), homelessness prevention and rapid re-housing (tenant-based financial assistance and housing relocation & stabilization), HMIS data collection, and ESG program administration.
	<b>Target Date</b>	12/31/2020
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	
	<b>Location Description</b>	
	<b>Planned Activities</b>	
<b>7</b>	<b>Project Name</b>	FRC Youth Counseling Program St. Thomas-St.John
	<b>Target Area</b>	
	<b>Goals Supported</b>	Provide services and community support
	<b>Needs Addressed</b>	Public and community services
	<b>Funding</b>	CDBG: \$30,000
	<b>Description</b>	Funds are being awarded to Family Resource Center, Inc. (FRC) to provide counseling services to youth ages -17 who display negative and "acting-out" behaviors that are identified at home, school, or in the community at large. Youth in the program often are in crisis because of undisclosed trauma. The counseling provides resources for safety, justice, coping skills, and improved social interventions.
	<b>Target Date</b>	12/31/2020
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	It is estimated that approximately 25 low-mod income youth and their families will directly benefit from the proposed services. The community at-large will also benefit from the reduction in negative, acting -out behavior by the youth.
	<b>Location Description</b>	Services will be provided from the sponsor's (Family Resource Center) facility at #17 Commandant Gade, St. Thomas. On the island of St. John, the services will be provide from the Myrah Keating Health Center.
	<b>Planned Activities</b>	Counseling services for troubled youth.

8	<b>Project Name</b>	Engineers for Tomorrow Outreach STEM Saturdays Program
	<b>Target Area</b>	
	<b>Goals Supported</b>	Provide services and community support
	<b>Needs Addressed</b>	Public and community services
	<b>Funding</b>	CDBG: \$20,000
	<b>Description</b>	Funds are being awarded to Engineers for Tomorrow Outreach, Inc. to provide a science, technology, engineering, and math (STEM) enrichment program targeted to students in grades 4-8. The program will expose youth to engineering through projects and interactions with professional engineers. The program is designed to be a hands-on, interactive learning experience for youth ages 8-13.
	<b>Target Date</b>	12/31/2020
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	The program will benefit youth ages 8-13 (generally, grades 4 -8).
	<b>Location Description</b>	The program will operate from the locations of at least two existing after-school programs. The specific locations have not yet been determined.
<b>Planned Activities</b>	The proposed activity will feature hands-on, interactive learning experiences whereby professional engineers foster participants interest in science, technology, engineering, and math (STEM) through workshops featuring creative, age-appropriate projects.	
9	<b>Project Name</b>	Wesley Methodist Church After-school Program
	<b>Target Area</b>	
	<b>Goals Supported</b>	Provide services and community support
	<b>Needs Addressed</b>	Public and community services
	<b>Funding</b>	CDBG: \$32,200
	<b>Description</b>	Funds are being awarded to Wesley Methodist Church STT/STJ Circuit, Inc. to operate an after-school program that provides homework assistance and tutoring in various subjects.
	<b>Target Date</b>	12/31/2020

	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	An estimated seventy (70) low-mod income youth ages 5-18 will benefit from the program.
	<b>Location Description</b>	The program will operate from the Wesley Methodist Church located at #147 Anna's Retreat, St. Thomas.
	<b>Planned Activities</b>	Planned activities consist of homework assistance and tutoring in various academic subjects.
<b>10</b>	<b>Project Name</b>	Pistarckle Theater Summer Scholarship Program
	<b>Target Area</b>	
	<b>Goals Supported</b>	Provide services and community support
	<b>Needs Addressed</b>	Public and community services
	<b>Funding</b>	CDBG: \$16,800
	<b>Description</b>	Funds are being awarded to Pistarckle Theater, Inc. to provide scholarships for eligible low-income youth interested in the performing arts to attend a 6-week summer theater production camp. Youth in the program receive workshop-style training in acting, singing, dance, and elocution as well as sound engineering, lighting, costuming and make-up, set construction, and stage management.
	<b>Target Date</b>	9/30/2020
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	The program will offer scholarship assistance to fifteen (15) low-mod income youth.
	<b>Location Description</b>	The program will operate from the Pistarckle Theater which is located at Tillet Gardens on St. Thomas.
	<b>Planned Activities</b>	During the 6-week summer theater production camp program, participants receive workshop-style training in acting, singing, dance, and elocution as well as sound engineering, lighting, costuming and make-up, set construction, and stage management.
<b>11</b>	<b>Project Name</b>	Mon Bijou After-school Program
	<b>Target Area</b>	
	<b>Goals Supported</b>	Provide services and community support

	<b>Needs Addressed</b>	Public and community services
	<b>Funding</b>	CDBG: \$32,500
	<b>Description</b>	Funds are being awarded to the Mon Bijou Homeowners Association, Inc. to operate an after-school and summer enrichment program for youth in Mon Bijou and surrounding neighborhoods.
	<b>Target Date</b>	12/31/2020
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	At least seventy-five (75) student participants from low-mod income families will benefit from the proposed activity.
	<b>Location Description</b>	The progrma will operate from the Malik A. Felix Community Center located at #29QRS Mon Bijou on St. Croix.
	<b>Planned Activities</b>	The proposed program is an after-school and summer enrichment program for youth ages 5 - 17. In addition to homework and tutorial assistance, participants can take advantage of various activities to include music lessons, music production, dance classes, photography, basic and graphic art design.
12	<b>Project Name</b>	Frederiksted Boys and Girls of the VI After-school Program
	<b>Target Area</b>	
	<b>Goals Supported</b>	Provide services and community support
	<b>Needs Addressed</b>	
	<b>Funding</b>	CDBG: \$25,000
	<b>Description</b>	Funds are being awarded to Caribbean Center for Boys and Girls of the Virgin Islands, Inc. to operate an after-school program at the organization's Frederiksted location that provides homework assistance, computer classes, physical fitness, and recreational activities for children and youth.
	<b>Target Date</b>	12/31/2020
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	It is estimated that at least eighty (80) low-mod income youth will benefit from the proposed activity.

	<b>Location Description</b>	The program will operate from the organization's club house located at #33 Two Brothers, Frederiksted, St. Croix.
	<b>Planned Activities</b>	The program will provide homework assistance, computer classes, physical fitness, and recreational activities for children and youth.
<b>13</b>	<b>Project Name</b>	Mon Bijou Land Acquisition & Community Playground Construction
	<b>Target Area</b>	
	<b>Goals Supported</b>	Support community and economic development
	<b>Needs Addressed</b>	Infrastructure, facilities and economic developmen
	<b>Funding</b>	CDBG: \$25,000
	<b>Description</b>	Funds are being awarded to Mon Bijou Homeowners' Association, Inc. to construct a community playground at #29NOP Mon Bijou.
	<b>Target Date</b>	12/31/2020
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	It is estimated that at least 200 households in Mon Bijou and the surrounding neighborhoods will benefit from the proposed playground facility.
	<b>Location Description</b>	The playground will be constructed at #29NOP Mon Bijou, St. Croix.
	<b>Planned Activities</b>	Planned activities include site design/layout; procurement and installation of playground equipment.
<b>14</b>	<b>Project Name</b>	St. John Community Foundation Services and Support Program
	<b>Target Area</b>	
	<b>Goals Supported</b>	Provide services and community support
	<b>Needs Addressed</b>	Public and community services
	<b>Funding</b>	CDBG: \$32,450
	<b>Description</b>	Funds are being awarded to St. John Community Foundation, Inc. to provide on-demand response door-to-door transportation for elderly and disabled residents of St. John. Additional support services to be provided include, but are not limited to, outreach, assessment, referral services and coordination of medical and other service provider appointments.
	<b>Target Date</b>	12/31/2020

	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	It is estimated that at least eighty (80) elderly persons and disabled adults on the island of St. John will benefit from the proposed activity.
	<b>Location Description</b>	By its nature, the service area for the activity is the island of St. John (which has a land mass of 20 sq. mi.).
	<b>Planned Activities</b>	The primary activity to be undertaken is on-demand response door-to-door transportation for elderly and disabled residents of St. John. Additional support services to be provided include, but are not limited to, outreach, assessment, referrals to mainstream services and coordination of medical and other service provider appointments.
15	<b>Project Name</b>	Project Promise Caterpillar After-School Program
	<b>Target Area</b>	
	<b>Goals Supported</b>	Provide services and community support
	<b>Needs Addressed</b>	Public and community services
	<b>Funding</b>	CDBG: \$15,000
	<b>Description</b>	Funds are being requested by Project Promise (ILERI, Inc., d/b/a Project Promise) to operate an after-school educational, health, career and vocational program for at-risk youth from low-income households.
	<b>Target Date</b>	12/31/2020
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	
	<b>Location Description</b>	
<b>Planned Activities</b>		
16	<b>Project Name</b>	Hearts In Services Association Transitional Facility Construction Phase III
	<b>Target Area</b>	
	<b>Goals Supported</b>	Reduce and prevent homelessness
	<b>Needs Addressed</b>	Homelessness services and facilities
	<b>Funding</b>	CDBG: \$225,000

	<b>Description</b>	Funds are being requested by Hearts In Services Association, Inc. to continue the construction of transitional housing units located at #173-88B Estate Anna's Retreat, St. Thomas. for persons transitioning from homelessness.
	<b>Target Date</b>	12/31/2020
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	It is anticipated that three (3) households who are either at-risk of homelessness or literally homeless will benefit from the transitional housing units created under this project.
	<b>Location Description</b>	The project is located at #173-88B Anna's Retreat, St. Thomas.
	<b>Planned Activities</b>	Continuation of construction activities toward the completion of transitional housing units.
17	<b>Project Name</b>	St. Thomas Boys and Girls Club After-school Program
	<b>Target Area</b>	
	<b>Goals Supported</b>	Provide services and community support
	<b>Needs Addressed</b>	Public and community services
	<b>Funding</b>	CDBG: \$17,980
	<b>Description</b>	Funds are being awarded to the Boys & Girls Clubs of St.Thomas/St. John Inc. to operate an after-school program at the Oswald Harris Court public housing community. It is anticipated that the program will serve 40-50 low-mod income youth.
	<b>Target Date</b>	12/31/2020
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	The program will serve 40-50 low-mod income youth.
	<b>Location Description</b>	The program will operate from the community center at the Oswald Harris Court public housing community on St. Thomas.
<b>Planned Activities</b>	The program will operate Monday - Friday from 3:00 - 6:00 PM providing homework assistance. In addition, participants will receive lessons in good character and citizenship; participants will also be taught about healthy lifestyles.	
	<b>Project Name</b>	CCVI Frederiksted Bethlehem House Shelter Renovation

<b>18</b>	<b>Target Area</b>	
	<b>Goals Supported</b>	Reduce and prevent homelessness
	<b>Needs Addressed</b>	Homelessness services and facilities
	<b>Funding</b>	CDBG: \$150,000
	<b>Description</b>	Funds are being awarded to Catholic Charities of the Virgin Islands Inc. to renovate a facility known as Light of Christ Retreat Center located at New Street to replace the Bethlehem House Shelter that was destroyed by Hurricane Maria. It is anticipated that the facility will provide emergency shelter for up to 400 individuals per year.
	<b>Target Date</b>	12/31/2020
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	The facility will provide emergency shelter accommodations for up to 40 homeless persons at a time - predominantly single individuals (both males and females). Some families consisting of single mothers with children will also be accommodated.
	<b>Location Description</b>	The project's location is #4 New Street, Frederiksted, St. Croix
	<b>Planned Activities</b>	The facility will provide emergency shelter accommodations for persons experiencing homelessness. In addition to sleeping accommodations, shelter residents will also receive meals.
<b>19</b>	<b>Project Name</b>	St. John Boys and Girls Club After-school Program
	<b>Target Area</b>	
	<b>Goals Supported</b>	Provide services and community support
	<b>Needs Addressed</b>	Public and community services
	<b>Funding</b>	CDBG: \$17,980
	<b>Description</b>	Funds are being awarded to the Boys & Girls Clubs of St. Thomas/St. John Inc. to operate an after-school program at the on the island of St. John. The program will operate from the Giffit Hill School campus. It is anticipated that the program will serve 40-50 low-mod income youth.
	<b>Target Date</b>	12/31/2020
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	The program will serve 40-50 low-mod income youth.

	<b>Location Description</b>	The program will operate from the Giffit Hill School campus on the island of St. John.
	<b>Planned Activities</b>	The program will operate Monday - Friday from 3:00 - 6:00 PM providing homework assistance. In addition, participants will receive lessons in good character and citizenship; participants will also be taught about healthy lifestyles.
<b>20</b>	<b>Project Name</b>	Christiansted Boys and Girls of the VI After-school Program
	<b>Target Area</b>	
	<b>Goals Supported</b>	Provide services and community support
	<b>Needs Addressed</b>	Public and community services
	<b>Funding</b>	CDBG: \$17,500
	<b>Description</b>	Funds are being awarded to Caribbean Center for Boys and Girls of the Virgin Islands, Inc. to operate an after-school program at the Ruby M. Rouss Housing Community located at Water Gut in Christiansted. The program provides homework assistance, computer classes, physical fitness, and recreational activities for children and youth.
	<b>Target Date</b>	12/31/2020
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	100 low-mod income youth.
	<b>Location Description</b>	The program will operate from the Ruby M. Rouss Housing Community located at #1AB Water Gut, Christiansted.
	<b>Planned Activities</b>	The program provides homework assistance, computer classes, physical fitness, and recreational activities for children and youth.
<b>21</b>	<b>Project Name</b>	CHANT Building Arts Institute
	<b>Target Area</b>	
	<b>Goals Supported</b>	Provide services and community support
	<b>Needs Addressed</b>	Public and community services
	<b>Funding</b>	CDBG: \$15,000

	<b>Description</b>	Funds are being requested by Crucian Heritage and Nature Tourism (CHANT), Inc. to fund the Building Art Institute program that will provide training in the traditional arts to include woodworking, stone masonry, metal work and fiber. Participants will be provided with hands-on experience and apprenticeship opportunities.
	<b>Target Date</b>	12/31/2020
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	15 loww-mod income residents
	<b>Location Description</b>	The program will operate from #17 Queen Street, Frederiksted.
	<b>Planned Activities</b>	Hands-on skills training in traditional arts to include woodworking, stone masonry, metal work and fiber. Instruction in the safety practices and use and handling of tools. Apprenticeship opportunities.
<b>22</b>	<b>Project Name</b>	STT Caribbean Center for Boys and Girls of the VI After School Program
	<b>Target Area</b>	
	<b>Goals Supported</b>	
	<b>Needs Addressed</b>	
	<b>Funding</b>	CDBG: \$25,000
	<b>Description</b>	Funds are being requested b Caribbean Center for Boys and Girls of the Virgin Islands, Inc. to operate an after-school care, homework assistance, financial management, computer skills, at the Bovoni housing community on St. Thomas. The program proposes to serve 50 low- mod income youth between ages 6-18.
	<b>Target Date</b>	
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	50 low- mod income youth between ages 6-18.
	<b>Location Description</b>	The program will operate from the Bovoni Community Center. Bovoni is a public housing community on the eastern end of St. Thomas.
	<b>Planned Activities</b>	Planned activities include after-school care with homework assistance and computer instruction.

<b>23</b>	<b>Project Name</b>	Frederiksted Boys and Girls of the VI Building Acquisition
	<b>Target Area</b>	
	<b>Goals Supported</b>	Support community and economic development
	<b>Needs Addressed</b>	Infrastructure, facilities and economic developmen
	<b>Funding</b>	CDBG: \$101,909
	<b>Description</b>	Funds are being awarded to Caribbean Center for Boys and Girls of the Virgin Islands Inc. to acquire a building in close proximity to the existing Frederiksted clubhouse in order to expand the program's capacity to accommodate more children.
	<b>Target Date</b>	9/30/2020
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	It is estimated that upon completion the new facility will accommodate up to 80 youth.
	<b>Location Description</b>	
	<b>Planned Activities</b>	Acquisition of a building which will subsequently be renovated to serve as an annex to the existing clubhouse in order to expand the program's capacity to accommodate more children.
<b>24</b>	<b>Project Name</b>	New Life Senior Resort Building Renovation
	<b>Target Area</b>	
	<b>Goals Supported</b>	Increase and preserve affordable housing units
	<b>Needs Addressed</b>	Affordable housing choice
	<b>Funding</b>	CDBG: \$40,000
	<b>Description</b>	Funds are being awarded to New Life Resort, Inc. to complete renovations at the senior housing facility that is operated by the organization. The property is located at #303 Barren Spot, St. Croix.
	<b>Target Date</b>	12/31/2020
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	The proposed activity will benefit fourteen (14) senior families.
	<b>Location Description</b>	The project is located at #303 Barren Spot, Christiansted, St. Croix.

	<b>Planned Activities</b>	Property renovations.
25	<b>Project Name</b>	Women Coalition East Street Crisis Center Transitional Housing Phase III
	<b>Target Area</b>	
	<b>Goals Supported</b>	Reduce and prevent homelessness Support community and economic development
	<b>Needs Addressed</b>	Homelessness services and facilities Infrastructure, facilities and economic developmen
	<b>Funding</b>	CDBG: \$377,500
	<b>Description</b>	Funds are being awarded to Women's Coalition of St. Croix, Inc., to complete the reconstruction of the East Street Crisis Center located at East Street, St. Croix. The facility will used to provide services for victims of domestic violence.
	<b>Target Date</b>	12/31/2020
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	The sponsor organization provides services to hundreds of victims of domestic violence, sexual abuse, and stalking annually.
	<b>Location Description</b>	Specific location suppressed due to nature of the facility.
	<b>Planned Activities</b>	Counseling and other services for victims of domestic abuse.
26	<b>Project Name</b>	St. John Community Center Reconstruction
	<b>Target Area</b>	
	<b>Goals Supported</b>	Support community and economic development
	<b>Needs Addressed</b>	Infrastructure, facilities and economic developmen
	<b>Funding</b>	CDBG: \$381,000
	<b>Description</b>	Funds are being awarded to the Department of Sports, Parks, & Recreation to demolish the hurricane-damaged Youth and Community Center to facilitate the construction of a new community center in Cruz Bay, St. John. The proposed facility will serve as a disaster shelter for the island of St. John in the event of natural disaster. No sheltering capacity does not presently exists on St. John.
	<b>Target Date</b>	12/31/2020

<b>Estimate the number and type of families that will benefit from the proposed activities</b>	The proposed facility will benefit the entire population St. John.
<b>Location Description</b>	The proposed facility is located in Cruz Bay, St. John.
<b>Planned Activities</b>	The project entails demolition of a hurricane-damaged structure and construction of a new building on the site. The new building will serve as a community center for the island of St. John. The facility will also double as a disaster shelter in the event of a natural disaster.

## AP-50 Geographic Distribution – 91.220(f)

### Description of the geographic areas of the entitlement (including areas of low-income and minority concentration) where assistance will be directed

There are no designated or HUD-approved geographic target areas in the Territory. Activities described in this Annual Plan will take place for the benefit and opportunity of low- and moderate-income persons across all three islands appropriate to the funded program. The Territory recognizes the benefit of focusing funding to achieve maximum benefit in particular areas, should the opportunity arise, so that neighborhoods are lifted out of poverty or business areas are revitalized to create or retain badly needed jobs and safe housing.

### Geographic Distribution

Target Area	Percentage of Funds

Table 8 - Geographic Distribution

### Rationale for the priorities for allocating investments geographically

Allocations have not been invested geographically herein because there are no designated or HUD-approved geographic target areas in the Territory.

Although there are no formally designated or HUD-approved geographic target areas in the Territory, funding under the various programs included in this Annual Action Plan will benefit the two island districts - although in differing proportions. In all instances, funding allocations are consistent with the priorities identified in the Territory's 2015-2019 Consolidated Plan and also the input received during the citizen participation process. In addition, the experience of the island of St. John in the aftermath of the devastation wreaked by Hurricane Irma was a key factor in the selection of the St. John Community Center Reconstruction project for funding in this cycle.

- For CDBG, the distribution is 50/50 between St. Croix and St. Thomas/St. John as required by local law. Each district will receive funding in the amount of \$798,409. For the grant year 2019 cycle, 37 % of the proposals received in the St. Croix district were selected for award; while for the St. Thomas/ St. John district, 34.5% of the proposals received were selected for award.
- For HOME, the assistance is on a first-come, first-served basis for eligible applicants; thus there is no geographic allocation priority.
- For HTF, given the Territory's intention to allocate the HTF monies competitively along with the LIHTC, it is not possible to know at this juncture where the HTF monies will be allocated for program year 2019.
- For ESG, 100% of the FY 2019 funds will be distributed on St. Croix; however, the sole St. Thomas/St. John district applicant organization will receive an allocation from prior year

uncommitted funds. The allocation of the ESG funds is reasonably consistent with the geographic distribution of the applications received. St. Thomas/St. John applications represented 12.5% of the applications submitted and 11.3% of the funding requests; the proposed award represents 25.2% of the funds to be awarded - i.e., taking into consideration both the current year and prior year uncommitted funding).

## **Discussion**

The experience of the island of St. John in the aftermath of 2017 hurricanes Irma and Maria exposed the inherent shortcomings in the Territory's disaster preparedness plan and response system for St. John. The island's infrastructure was devastated. Separated from St. Thomas by 5 miles of open ocean and accessible only by boat, St. John was virtually cut off from the outside world as damages to facilities and navigational hazards left the seaports closed for days after the storm. With many residents rendered homeless and needing shelter, there was no sustainable disaster shelter on the island. To that end, the St. John Community Center Reconstruction project has been selected for funding in this cycle. The project will entail the demolition of the hurricane-damaged Youth and Community Center and reconstruction of a state-of-the-art community center. As the only recreational facility in Cruz Bay, St. John, the facility will host social activities for all age groups but most particularly, youth and seniors. An added bonus is that the facility will provide much-needed emergency sheltering capability for St. John. CDBG funds will serve as leverage for FEMA Hazard Mitigation funds and funding from the Public Finance Authority that has been secured by the project's sponsor, the local Department of Sports, Parks, and Recreation.

It has been documented that there is a significant gap in services available on the island of St. John and thus, a need to align (coordinate) systems to maximize the efficient use of the resources that exist. To that extent, funds in this Action Plan are being committed to two (2) proposed public service programs. One is an after-school program (St. John Boys and Girls Club After-School Program) that proposes to serve 40-50 low-mod income youth in a safe, nurturing environment from 3 - 6 PM Monday-Friday. The second program (St. John Community Foundation Services and Support Program, will serve elderly and disabled residents of St. John by providing an on-demand response door-to-door transportation program via a fleet of accessible vehicles; additional support services to be offered by the program include but are not limited to, outreach, assessment, referrals, coordination of medical and other service provider appointments.

# Affordable Housing

## AP-55 Affordable Housing – 91.220(g)

### Introduction

Housing – especially housing for displaced Virgin Islanders and those living in damaged homes as a result of the 2017 Irma hurricane events - remains the Territory’s highest priority, especially for low- and moderate-income families. To arrive at a more comprehensive assessment of the damages to the Territory’s housing stock and outline unmet needs, information has been collected directly from the following entities: (i) the Virgin Islands Housing Finance Authority (VIHFA), the Virgin Islands Housing Authority (VIHA), and the U.S. Virgin Islands Department of Human Services (DHS); (ii) organizations investing in housing recovery such as USDA; and (iii) private property managers, nonprofits, and other stakeholders involved in providing housing.

The Territory will build new affordable housing for eligible owners and renters. New housing units funded through the CDBG-DR Action Plan will meet the U.S. Virgin Islands’ enhanced building codes and HUD’s resilience standards, which will reduce the future need for emergency sheltering. The program will case manage disaster impacted, low- to moderate-income households that may be ready to move up to home ownership or are interested in subsidized and affordable rental housing. Some renter households that choose to move up to home ownership will require subsidy assistance in the form of downpayment or mortgage buydown assistance to enable them to realize homeownership; HOME funds may be employed as the source of the subsidy assistance. A total of \$717,500 is dedicated to first-time homebuyer assistance in the Program Year 2019-20 Action Plan.

Additionally, it is anticipated that some low-income owner-occupied households may not get the extent of repairs needed from disaster recovery programs such as FEMA and SBA and thus may require assistance from other sources to include the HOME Program. A total of \$200,000 of HOME program income funds was dedicated to owner-occupied rehabilitation in the Program Year 2018-19 Action Plan; an additional \$266,000 will be set-aside for owner-occupied rehabilitation in this Action Plan. VIHFA's HOME policies and procedures include rehabilitation standards for owner-occupied rehabilitation.

Although the proposed CDBG-DR housing program will also support the repair and development of affordable multi-family rental and public housing for low-mod income households - the need for which predates but was exacerbated by the storms, no HOME funds will be dedicated to either new construction or rehabilitation of rental housing in the Program Year 2019-20 Action Plan. The Territory’s HTF allocation will be dedicated to the eligible developers of qualified LIHTC projects via a competitive scoring process to incentivize the inclusion of units reserved for ELI households in their developments. It is anticipated that the HTF allocation will support approximately 3 units.

One Year Goals for the Number of Households to be Supported	
Homeless	20

<b>One Year Goals for the Number of Households to be Supported</b>	
Non-Homeless	17
Special-Needs	0
Total	37

**Table 9 - One Year Goals for Affordable Housing by Support Requirement**

<b>One Year Goals for the Number of Households Supported Through</b>	
Rental Assistance	20
The Production of New Units	13
Rehab of Existing Units	4
Acquisition of Existing Units	0
Total	37

**Table 10 - One Year Goals for Affordable Housing by Support Type**

### **Discussion**

Homeowner housing rehabilitated:4 existing units; direct financial assistance to first-time homebuyers: 10 new units; rental units assisted with HTF funds: 3 new units ; homeless prevention/rapid rehousing rental assistance; 20 units

## **AP-60 Public Housing – 91.220(h)**

### **Introduction**

#### **Actions planned during the next year to address the needs to public housing**

The Virgin Islands Housing Finance Authority will continue to support the needs of the local PHA (Virgin Islands Housing Authority) and public residents during the next year. The VIHFA and the VIHA will continue to expand cooperation between the two housing providers including referral of public housing tenants in the FSS (Family Self-Sufficiency) Program and those receiving Housing Choice Vouchers to VIHFA to apply for the homebuyer program, to receive pre-purchase counseling or homebuyer education. Increased coordination and collaboration between the agencies has resulted in the construction of new units using Project-Based Section 8 funds and Low Income Housing Tax Credits (LIHTC), among other sources of financing. The PHA has developed an aggressive portfolio repositioning plan spanning the next decade which will replace the aging inventory. The PHA reports that a combination of 9% and 4% LIHTC can leverage current FEMA and CDBG-DR funds can leverage

Currently, the PHA has submitted applications for Low Income Housing Tax Credits for two (2) projects - 1 each on St. Croix and St. Thomas - for the 2019 application cycle.

VIHA has designed a homeownership program and partnered with the VIHFA to provide homeownership counseling and mortgage financing with various banking and mortgage institutions for residents of Williams Delight on St. Croix. Residents will be screened and processed for the homeownership program.

The activities of the annual Action Plan are consistent with the needs and goals of public housing residents. Housing stability and opportunities for self-sufficiency are key elements of both VIHA's goals and the long-term objectives of the Territory's Consolidated Plan. On a broad level, the use of CDBG funds for public services supports the needs of low- and moderate-income households - many of whom are public housing residents. More specifically, two of the public service programs that are included in this Action Plan are after-school programs which will operate from locations within a public housing community and thus, will directly benefit residents of those communities - most particularly, youth. In addition, the homeownership programs of VIHFA also offer first-time homeownership opportunities for low- and moderate-income households – which generally include public housing tenants.

#### **Actions to encourage public housing residents to become more involved in management and participate in homeownership**

The ROSS (Resident Opportunity and Self-Sufficiency) Program links public housing residents to support services, activities and assistance toward becoming economically self-sufficient. ROSS Coordinators assess needs of participating residents and coordinate available resources in the community to meet

those needs. Services are geared toward enabling participating families to increase earned income, progress toward achieving economic independence and eventually attain housing self-sufficiency.

The Family Self-Sufficiency (FSS) program is a voluntary program to help public housing residents obtain education, job training, and life skills necessary to move toward financial self-sufficiency. Over the five-year contract period, when participating family members report an increase in earned income and a new rent payment is calculated, a portion of the increase in rent is deposited monthly in an escrow account established for the family. Once the head of household completes the contract of participation by achieving all listed goals and is free from welfare assistance for 12 consecutive months, the family will receive the balance of the escrow account.

Participants from both the FSS and ROSS programs have been linked to supportive services such as job readiness skills training, job search tutorials, enrollment in the University of the Virgin Islands, driving instruction, parenting skills development, computer literacy courses, employment opportunities, money management workshops, disaster preparedness, alternatives to violence workshops and domestic violence awareness workshops.

The VIHA has also obtained Youthbuild Grants that provide job training, employment and education opportunities for residents. The Youthbuild Program is designed to equip youth with skills to overcome education and employment challenges.

**If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance**

The Virgin Islands Housing Authority is not designated as troubled. In 2014, the VIHA was returned to the control of the local government after more than ten years of receivership by HUD. During the receivership, the local government worked closely with HUD to make improvements to the Territory's aging public housing stock and to accomplish the refurbishment of a number of off-line apartments in order to return them to service. VIHA also resolved a number of deficiencies that were noted. As a result of the transfer, VIHA is currently being managed locally and continues to operate satisfactorily post-receivership.

**Discussion**

## **AP-65 Homeless and Other Special Needs Activities – 91.220(i)**

### **Introduction**

The Territory has a long-standing history of utilizing CDBG funds to support activities for the homeless and other special needs populations.

### **Homeless**

During the 2019-20 program year, the Territory will utilize funding under both the ESG and the CDBG Programs in support of programs supporting the homeless.

The U.S. Virgin Islands' many public and community facilities sustained significant damage as a result of Hurricanes Irma and Maria. The storms had a widespread and lasting impact on numerous facilities which include the main homeless shelter on St. Croix, a transitional housing facility on St. Thomas, and two (2) facilities for victims of domestic violence on St. Thomas. As such, residential units for particularly vulnerable populations—the homeless, disabled, mentally ill, and elderly—has been identified as a priority need. One of the projects that is proposed for funding under the 2019 CDBG funds is the rehabilitation of a former retreat center on St. Croix which has been donated to non-profit subrecipient Catholic Charities. The facility, will be converted to a homeless shelter providing approximately forty (40) beds. The shelter will provide accommodations for single males, single females, and also a small number of family units. The facility will replace the Bethlehem House Shelter, St. Croix's largest homeless shelter, which has been off-line since the 2017 hurricanes.

### **Special Needs**

- One of the St. Thomas/St. John district projects that is being proposed for CDBG funds is a facility which provide transitional housing for victims of domestic violence.
- One planned CDBG public service project is an on-demand transportation and support services program which will serve elderly and disabled persons on St. John.
- One planned CDBG construction project on St. Croix will support rehabilitation of New Life Senior Resort, an elderly housing complex on St. Croix
- One non-profit subrecipient, Women's Coalition of St. Croix, will utilize an award of CDBG funds to supplement funds that were awarded in a previous grant year to undertake development of its facility on St. Croix that will provide transitional housing for victims of domestic violence.

**Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including**

**Reaching out to homeless persons (especially unsheltered persons) and assessing their**

## **individual needs**

The Continuum of Care will continue to work toward improving the quality of the Point-in-Time counts and also of HMIS data to provide basic information on homeless needs. These data sources will provide the Continuum and its members with comparative data on which to assess gaps in housing and services and determine individual needs and will allow for a data-informed approach for system capacity building. Implementation of the Coordinated Entry System (planned for early 2020) which will include standards for access points and a universal assessment strategy will also help to ensure that homeless persons receive quality services and effectively flow through the homeless crisis system.

Outreach, assessment and placement for homeless persons with mental illness will continue to be conducted through the PATH Program. In addition, as the Continuum moves toward full implementation of the coordinated entry system, the process of assessing individual needs to determine appropriate placement will be improved. The intake process includes conducting initial evaluations of the client including verification of eligibility for housing.

In the 2019-2020 grant cycle, ESG funds will be awarded for a street outreach program on St. Croix.

## **Addressing the emergency shelter and transitional housing needs of homeless persons**

The passage of Hurricanes Irma and Maria in September 2017 and the resulting damages as well as disruption of business services impacted two major projects aimed at addressing the transitional housing needs of homeless persons. The storms delayed the completion of Catholic Charities 10-bed transitional housing facility on St. Croix. That facility is now substantially complete and will be placed in service in September 2019. In the St. Thomas district, MTOC's rehabilitation of its Hill Top transitional housing facility in downtown Charlotte Amalie in the property formerly known as the Old Unity Lodge remains on hold pending completion of a new scope of repairs (the property sustained major damages in Hurricane Irma).

VIHFA's Emergency Housing Program provides close to 40 units of temporary housing for victims of domestic violence, natural disaster, catastrophic incidents and financial hardships across four complexes – three in St. Croix and one in St. Thomas. All four complexes sustained damages as a result of the hurricanes. One property is under repair and should be returned to service by early 2020 - thus returning 16 units to the inventory. In addition, the VIHFA is awaiting approval of funds to complete the rehabilitation of the other properties so that they can once again provide emergency housing accommodations for individuals and families experiencing short-term homelessness.

In the 2018-19 Action Plan, CDBG funds in the amount of \$600,000 were committed for the acquisition of a former guest house property on St. Croix by Frederiksted Health Care Inc. which facility will be used for the provision of homeless services to include an emergency shelter, transitional housing, and units of permanent supportive housing as well as auxiliary clinical services. Consummation of the purchase is pending completion of the requisite environmental review process. In the current Action Plan, CDBG

funds in the amount of \$150,000 are being awarded to Catholic Charities of the Virgin Islands toward the renovation of a former retreat center which will be converted to replace the Bethlehem House Shelter on St. Croix. The CDBG funds will be leveraged with a grant provided by Catholic Charities USA. The new shelter will provide accommodations for single individuals and will also include a few units for families. The proposed facility is expected to provide up to 40 beds.

**Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again**

The ESG Program will provide rapid rehousing resources and prevention services to persons in need. Under either homelessness prevention or rapid rehousing assistance, ESG funds may be used to pay rental application fees, security deposit, and first month's rent at move-in to assist in move-in costs. Funds will also be used to provide rental assistance for up to 24 months to assist clients in attain and maintain stability. **In the 2019-2020 grant cycle, the sum of \$51,600 is being allocated to homeless prevention & rapid rehousing activities in the Territory.**

Under the Territory's ESG homelessness prevention/rapid rehousing assistance program, funds may be also be used to pay for housing search/placement and case management services to support transition to permanent housing in 2018-2019 including intake services or activities necessary to assist program participants in locating, obtaining, or retaining suitable permanent housing, and case management activities (counseling, coordinating and securing benefits, conducting re-certifications and reevaluations) which result in program participants achieving permanent housing stability. Stabilizing case management services include developing individualized housing and service plans; coordinating referrals and services and assisting the participant to secure benefits, as appropriate; and, monitoring and evaluating the participant's progress toward achieving the milestones of the housing stability plan.

A major step toward improving transition to permanent housing will be taken by Catholic Charities with construction of a 10-bed transitional housing facility on St. Croix. In the St. Thomas district, MTOC, Inc. will operate a transitional housing facility in downtown Charlotte Amalie in the property formerly known as the Old Unity Lodge. The Territory has been awarded twelve new VASH Vouchers for Veterans with Permanent Supportive Housing needs; these vouchers will assist veterans to transition to housing stability. In addition, the Territory will continue to seek ways to resolve the relocation of persons living in housing classified as "emergency housing" but occupied by households using it as permanent housing.

Another major step toward improving transition to permanent housing on St. Croix will be Frederiksted Health Care's acquisition of a former guest house property - a portion of which facility will be used for

the provision of units of permanent supportive housing. As a result of its participation in a privately-sponsored "Reaching Potentials" initiative over the past several years whereby working in conjunction with various nonprofit partners, medical and other services have been provided to homeless persons, Frederiksted Health Care has identified a number of chronically homeless clients who require permanent supportive housing. FHC has established an Assertive Community Treatment (ACT) Team to work with the clients. It is anticipated that the proposed facility will provide up to 12 units of permanent supportive housing for individuals and small families.

**Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs.**

To prevent discharging persons from institutions into homelessness, the Continuum recognizes the need to work toward strengthening referral and placement procedures with area hospitals and corrections facilities. In addition, cooperative actions between Continuum, its members and the Department of Human Services can help prevent individual youth graduating out of foster care from falling into homelessness. Having adequate housing resources available in which to place persons being discharged is critical; however, there is a significant shortage of resources that are available as resources for persons being discharged from institutions. City of Refuge Transition Center, Inc. - a ministry of the Seventh Day Adventist Church, is the only known program dedicated to persons exiting the prison system. Subject to vacancies, the following are among the resources that are potentially available as resources for persons being discharged from institutions: Department of Human Services; Frederiksted Baptist Church (Eagles Nest); Methodist Training and Outreach Center; Catholic Charities; and, St. Croix Mission Outreach. The Continuum recognizes that there are insufficient housing resources to meet the demand for persons coming from institutions and will work toward expanding those resources in the 2019-2020 year.

It is anticipated that the implementation of the Coordinated Entry System, while not providing additional units, will help reduce the occurrence of persons being discharged from programs or institutions to homelessness. The written standards which are being established in conjunction with the CES protocol include institutional re-entry clients among the priority population for transitional housing.

## **Discussion**

## **AP-75 Barriers to affordable housing – 91.220(j)**

### **Introduction:**

**Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment**

In the Virgin Islands, a number of factors combine to create significant barriers to affordable housing. These include the limited supply of buildable land, the high cost of utilities and infrastructure, prohibitively high costs of insurance, lack of centrally supplied water and sewer service for most areas, limited federal program funding, and the strained fiscal condition of the Territorial government. Large deficits and flat revenues virtually preclude significant local support for housing programs. Costs are high and incomes of Virgin Islands residents are low. In many instances, the age of the Territory's rental housing stock (particularly in the St. Thomas district where there are limited subsidized, multi-family properties and the vast majority of the PHA properties are more than 40 years old) means that "affordable" units are often sub-standard units.

The 2017 hurricane events had significant impacts on the Territory's housing stock and this shortage - particularly of rental housing stock - has now presented a new barrier to affordable rental housing. With the influx of disaster recovery workers and also workers engaged in the refurbishment of the Limetree refinery on St. Croix which has been shuttered since 2012, the Territory had been faced with a dramatic increase in the demand for rental housing. In addition, the high demand for market rate housing and the resulting increase in rents has served to discourage some landlords from participating in the Housing Choice Voucher program.

### **Discussion:**

A number of the programs seek to reduce barriers to affordable housing. HOME Program funds are all allocated to affordable housing. The VIHFA has programs to increase homeownership, including programs in cooperation with the VI Housing Authority and other partners (e.g., USDA Rural Development). The VIHFA and the Territorial government have provided land for housing at reduced costs, which represents a substantial subsidy for both the lot and infrastructure. Certain tax benefits are granted to every person, firm partnership, joint venture, or corporation that executes an Affordable Housing Development Agreement for the production of affordable housing and also registered subcontractors and materials vendors. All local corporate income taxes allocable to the project are also waived. The cost savings serve to reduce development costs and translate into more affordable

purchase prices.

Stamp Tax revenues collected by the Territorial government have been used by the VIHFA to develop an in-house lending program (Single Family Loan Purchase Program) to assist first-time homebuyers who are unable to qualify for assistance under the HOME Program. Housing counseling and homebuyer education courses make applicants ready to purchase and maintain housing. This has been extended in the past and is available to qualifying public housing residents.

The Territory will also utilize its allocation under the Housing Trust Fund (HTF) to help reduce barriers to affordable housing – notably for extremely low-income households (i.e., earning at or below 30% of Area Median Income). Pursuant to an allocation plan developed, VIHFA will coordinate its HTF allocation process with the Low Income Housing Tax Credit (LIHTC) application process. VIHFA has developed a short-form HTF application that will be completed by LIHTC applicants. Projects which achieve a minimum threshold score on the LIHTC application in accordance with the criteria outlined in the Territory’s most recent Qualified Allocation Plan (QAP) will then be scored pursuant to the evaluation criteria established for HTF. Projects which achieve the requisite minimum score for the HTF program will be ranked with the highest-scoring project being awarded the HTF funds. The VIHFA anticipates that this use of the funds will enable LIHTC developers to include a small number of units reserved for households in the extremely low income category in their developments – thus increasing affordable housing choice for this very vulnerable population.

The Virgin Islands Territorial government is also working on updating the zoning codes. The current code (last updated in 1972) is antiquated. The new codes are anticipated to review zones and establish blanket policies, rather than having to rely on spot rezoning. There is sufficient allowance in the existing code for housing in 18 zones; however, the update will allow more clarity and flexibility in residential zones, especially between zones for low and high density housing.

## **AP-85 Other Actions – 91.220(k)**

### **Introduction:**

#### **Actions planned to address obstacles to meeting underserved needs**

The VIHFA and the VIHA will continue to expand cooperation between the two housing providers including referral of public housing tenants who are in the Family Self-Sufficiency (FSS) program and those in the Housing Choice Voucher program to VIHFA to apply for its homebuyer program, to receive pre-purchase counseling or homebuyer education. VIHFA continues to work collaboratively with USDA Rural Development to structure affordable financing packages with a focus on increasing the number of low-income households achieving home ownership. The objective is to facilitate the creation of innovative financing packages, structured within the framework of both programs, which ultimately will result in increased home ownership opportunity for clients from typically underserved populations.

Other actions to be taken include additional capacity-building relative to the Continuum of Care to improve the potential to obtain additional resources under the new Continuum of Care Program and increase both services and housing to homeless in the Territory. The VIHFA serves as the designated CoC Lead Agency. This is also expected to improve the coordination of homeless programs/services. Finally, homeless providers are planning to work cooperatively to continue annual Homeless Connect events that engage the homeless and bring together in one location the various homeless programs/services.

In 2012, the local emergency housing program was restructured requiring emergency housing applicants to be represented by an approved service provider agency to act as provider, coordinator, or referral agency for the range of supportive/community services that may be needed by or available to the applicant. The local emergency housing program has entered into Memoranda of Understanding with several service providers and strengthened relationships with others.

#### **Actions planned to foster and maintain affordable housing**

The many programs and opportunities, current and in development, offered by VIHFA and the VIHA are aimed at increasing affordable housing. HOME Program projects will increase homeownership opportunities, expanded by the ability to leverage funds. As a result of the consolidation of the local government's rental and home ownership housing programs under VIHFA, program coordination, implementation and management between the rental and home ownership programs continue to improve. With local housing programs under common management, VIHFA becomes a "one-stop shop" for rental and homeownership housing. This, combined with existing programs, increases access and

processing expediency.

The VIHFA conducts numerous outreach events throughout the year to present information on programs and promote awareness of the various affordable housing opportunities. VIHFA also provides homebuyer education classes to equip prospective homebuyers with information about the steps to purchase a home. Beginning in 2017, homebuyer classes are now available on-line. It is anticipated that this should expand the number of persons that receive information about home ownership options. In addition, various home ownership programs now have a centralized application process and determination of eligibility for the program most appropriate to the need/ situation of the particular applicant. This now allows for the implementation of a true continuum approach to the delivery of housing services.

The Territory's use of funds allocated under the Housing Trust Fund (HTF) – notably for extremely low-income households (i.e., earning at or below 30% of Area Median Income). Pursuant to an allocation plan developed, VIHFA will distribute HTF funds in conjunction with the Low Income Housing Tax Credit (LIHTC) application process - albeit through a separate competitive process utilizing separate scoring criteria outlined in the Territory's recently approved HTF Allocation Plan. The VIHFA anticipates that this use of the funds will enable LIHTC developers to include a small number of units reserved for households in the extremely low income category in their developments – thus increasing affordable housing choice for this very vulnerable population.

### **Actions planned to reduce lead-based paint hazards**

A key action to reduction of potential lead-based paint hazards is compliance with the LBP procedures - which entails first understanding the requirement, determining when visual assessment is triggered, and having the required training to conduct the preliminary visual assessment.

Limited residential rehabilitation is proposed in the current year's Action Plan. The HOME Program tends to rehabilitate properties which have limited condition issues in order to stretch scarce funds and, in the short term, will be prioritized to benefit elderly householders, thus potentially limiting risks for children. Members of VIHFA's Planning & Construction Division staff, who are tasked with developing the scope of work for any HOME rehab projects, have completed the basic on-line Visual Assessment lead training. In the event that a project with potential Lead-Based Paint (LBP) hazards is to be rehabilitated, VIHFA will comply fully with the requirement to abate any hazards.

With respect to rental assistance, the primary activity in which the VIHFA is engaged is ESG Homeless Prevention and Rapid Re-housing. VIHFA recently undertook efforts to increase subrecipients' compliance relative to lead-based paint compliance. Actions taken by VIHFA included: provision of a packet of lead-based paint resource materials (including copies of the Protect Your Family pamphlet for distribution) to the subrecipients; development of draft language for a new LBP section to be included in VIHFA's ESG written standards. Subrecipients administering the Homeless Prevention and Rapid Re-housing activity are required to submit the appropriate Lead Disclosure notice as documentation

showing that assisted clients have been provide the lead pamphlet. During monitoring, ESG staff verifies that the Lead Screening Worksheet is included in the file, and that any follow-up actions were completed, as appropriate. VIHFA also now requires subrecipients administering ESG Homeless Prevention/Rapid Re-Housing programs to provide VIHFA with evidence that relevant program staff have successfully completed the on-line Visual Assessment Training.

### **Actions planned to reduce the number of poverty-level families**

One of the goals of the 2015-2019 Consolidated Plan is to support community and economic development. Several projects that were funded in previous grant years will continue to support community development. One public service project in the 2019-20 year, (CHANT Building Arts Institute) will indirectly reduce the number of poverty-level families by providing a training in the tradition buildidngs arts of wood working, stone masonry, metal work and fiber. Program participants will be provided with apprenticeship opportunities. Ultimately, the participants will have been equipped with skills that can be parlayed into lucrative employment or entrepreneurial opportunities.

Annual projects support programs and activities assisting the homeless to become as self-sufficient as possible through new or improved housing and facilities, supportive services and preventative services, with particular emphasis on assistance to chronic homeless persons and to persons with mental illness and addiction to substances. Projects provide support for youth, including a structured environment to reinforce education and positive behaviors in order to reduce juvenile delinquency and school drop-outs and end thus the cycle of poverty. Projects continue to support and expand services for special needs populations including (among others) youth, the elderly, domestic violence victims, physically and mentally challenged, chronic substance abusers and persons with the AIDS virus, with special emphasis for persons suffering from substance abuse or mental illness.

In addition, increased coordination of programs and services with the Continuum of Care and the Department of Human Services will be essential to assure that activities under the Plan have a maximum impact. Families living in poverty will be assisted with their basic needs by expanding outreach to persons at risk and in crisis. Support for and strengthening of the Continuum of Care will provide key services and support to persons in need, many of whom are homeless or at-risk of becoming homeless.

A number of existing housing initiatives relate to the antipoverty strategy. Increasing housing choice for lower-income households has long-term positive economic effects; owning a home enables the household to build equity, which can be parlayed into greater purchasing power and thus moving families away from poverty. Use of HOME funds for home ownership assistance creates opportunities for lower-income households to become home owners in any neighborhood across the Territory which enables lower-income families to relocate to neighborhoods that provide more opportunities. Successful collaboration between VIHFA's HOME Program and USDA Rural Development's Direct Lending Program enables many low-income households who were previously rent-burdened to achieve home ownership

with affordable payments. The Family Self-Sufficiency Program and the Housing Choice Voucher Home Ownership program, both of which are administered locally by the Virgin Islands Housing Authority have the goal of assisting lower-income households to achieve home ownership. The Family Self-Sufficiency Program helps families save toward down payment and closing costs, while the Housing Choice Voucher home ownership program subsidizes the family's monthly housing payment for up to ten years.

### **Actions planned to develop institutional structure**

Consolidation of all local housing programs under the Virgin Islands Housing Finance Authority and transfer of administrative oversight for CDBG and ESG Programs to VIHFA were significant steps toward strengthening the capacity of the institutional structure. Since those changes, the VIHFA has continued to work toward fine-tuning its organizational structure and expanding staff capacity to ensure efficient delivery of services. In addition, the VIHFA created a nonprofit subsidiary (VI Housing Management, Inc.) to manage the inventory of rental properties, which both increases capacity and increases efficiency.

The Virgin Islands Housing Finance Authority has recently been accepted as a member of the Federal Home Loan Bank of New York (FHLBNY). This association will expand the VIHFA's capacity to finance housing and economic development activities throughout the Virgin Islands. Membership in the Federal Home Loan Bank of New York is a significant accomplishment as it will open new doors to finance and develop new housing opportunities for the residents of the Territory. As a member, the VIHFA will have access to capital which can be used for low-interest construction loans thereby affording contractors with another avenue to obtain project financing. This will continue to foster growth and development opportunities and promote economic stability in the Virgin Islands.

Additional actions planned during the period to develop institutional structure include the strengthening of the ESG Program through the adoption of joint written standards governing ESG- and also CoC-funded projects. The implementation of the Coordinated Entry System process (which will occur during this plan year) will greatly facilitate the efficient management of the Territory's scarce homeless resources. Finally, the adoption of formal standards is expected to elevate the level of service delivery. This will require capacity building among the various providers which will ultimately result in a stronger framework overall.

### **Actions planned to enhance coordination between public and private housing and social service agencies**

The relationship which exists between the VIHFA and the Virgin Islands Housing Authority (VIHA), the two main providers of affordable (assisted) housing, is further strengthened by partnering on projects that rehabilitate and/or construct new units of housing. An example is the receipt of low income housing tax credit allocations for the Louis E. Brown Villas in St. Croix which is currently in its third phase. The VIHFA and VIHA also entered into agreements to provide services to public housing residents

to facilitate readiness for homeownership.

The VIHFA has a full-time staff position dedicated to the implementation of the ESG Program and the development of policies to reduce homelessness and increase services available to persons who are homeless or at-risk of becoming homeless. This has made for better coordination and exchange between VIHFA and other entities making up the Interagency Council on Homelessness and the Continuum of Care. Member agencies, many funded with CDBG and ESG grant funds, are strengthened by ongoing technical assistance and monitoring activities.

Building upon the recommendations of the technical assistance provider that has been working to help the CoC design and implement its Coordinated Entry System, the VIHFA and the CoC are considering the creation of a full-time position to serve as the coordinator of the CES. VIHFA and the CoC are presently working to identify a potential funding source for the position.

**Discussion:**

## Program Specific Requirements

### AP-90 Program Specific Requirements – 91.220(I)(1,2,4)

#### Introduction:

#### Community Development Block Grant Program (CDBG)

##### Reference 24 CFR 91.220(I)(1)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed	0
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan.	0
3. The amount of surplus funds from urban renewal settlements	0
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan	0
5. The amount of income from float-funded activities	0
<b>Total Program Income:</b>	<b>0</b>

#### Other CDBG Requirements

1. The amount of urgent need activities	0
2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan.	100.00%

#### HOME Investment Partnership Program (HOME)

##### Reference 24 CFR 91.220(I)(2)

1. A description of other forms of investment being used beyond those identified in Section 92.205 is as follows:

The specific forms utilized by the Territory are deferred grants and low-interest loans with no interest, interest only, and/or deferred payments. The Territory of the U.S. Virgin Islands does not

utilize other forms of investment beyond those identified at Section 92.205.

2. A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 92.254, is as follows:

**Recapture:** Recapture provisions are triggered by any transfer of title, voluntary or involuntary, during the affordability period. Recapture applies where HOME funds are used to assist home ownership housing to qualify as affordable either by providing financial assistance to enable purchase or as a development subsidy which then enables the unit to be sold at a price below fair market value. Under the recapture option, the HOME-assisted homebuyer is permitted to sell/transfer the property to any willing buyer at whatever price the market will bear; however, the participating jurisdiction will recapture from the net proceeds all or a portion of the direct HOME subsidy assistance provided. The recapture amount will not exceed the available net proceeds.

Upon resale of the unit, the homebuyer shall recover from net proceeds their entire investment before the jurisdiction recaptures the direct HOME subsidy. If the net proceeds are insufficient to repay the homeowner's investment, the homeowner shall receive the available net proceeds and the jurisdiction shall not be responsible for any balance remaining. If net proceeds are not sufficient to repay the homeowner's investment and the direct HOME subsidy, the jurisdiction may not be able to recapture the full amount of the direct HOME investment. Excess proceeds remaining after repayment of the homeowner's investment and the direct HOME subsidy will be shared on a pro rata basis.

The HOME Programmatic Agreement outlines all the applicable HOME requirements to include the affordability period and the conditions which trigger recapture. VIHFA utilizes mortgage documents to enforce the recapture provisions. The homebuyer is required to execute a promissory note for the amount subject to recapture and a mortgage is also recorded at closing to secure the obligation.

**Resale:** Resale provisions apply when HOME funds are used only to subsidize the development cost of the HOME-assisted unit and the unit is purchased at fair market value. Resale provisions also apply when HOME funds are used to provide owner-occupied rehabilitation assistance. For units receiving housing rehabilitation assistance, the affordability period shall be fifteen (15) years from the completion of the rehabilitation as evidenced by the release of the final retainage monies. Resale provisions are triggered by any transfer of title, voluntary or involuntary, of the assisted property during the affordability period. When the assisted homeowner transfers the HOME-assisted property during the affordability period, the property must be sold to another low-income homebuyer who will use the property as their principal residence; further, the resale price of the property must be affordable to a reasonable range of low-income buyers with incomes between 60% and 80% of area median income. Affordability of the unit will be calculated based on the maximum monthly loan payment that would result in the target population paying no more than

35% of their monthly income as their fixed housing cost (i.e., PITI).

Under the resale option, the resale price must provide the original homebuyer a fair return on investment. The formula for calculating fair return shall be: (Downpayment Paid + Cost of Qualified Capital Improvements) X CPI index. Total return to the homeowner at resale = Downpayment Paid at Purchase + Cost (value) of Qualified Capital Improvements + Fair Return.

The participating jurisdiction shall not have any obligation to the homeowner if the fair market value at sale is less than the original purchase price plus the value of the homeowner's investment, the homeowner may not be able to receive the fair return amount (appreciation) or even any portion of the amount of the investment.

3. A description of the guidelines for resale or recapture that ensures the affordability of units acquired with HOME funds? See 24 CFR 92.254(a)(4) are as follows:

Pursuant to the requirements set forth at Section 215 of the HOME statute and promulgated at 24 CFR 92.254 of the HOME rule, in order for HOME-assisted home ownership housing to qualify as affordable housing it must meet affordability requirements for a specific period of time as determined by the amount of assistance provided. The minimum affordability period under the Territory's Program is twenty years or the term of the primary financing (mortgage) secured by the homebuyer to purchase the assisted unit, whichever is greater. Guidelines in discussion of Resale/Recapture apply here as well. See above response.

4. Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b), are as follows:

The jurisdiction does not utilize HOME funds for refinancing of homeowner or multifamily properties. Where HOME funds are provided for rehabilitation of owner-occupied units, if underwriting shows that the owner needs cannot afford additional housing costs, the HOME assistance is structured as a grant. If the overall housing costs would still be beyond acceptable limits even with the grant structure, then HOME assistance is not provided.

### **Emergency Solutions Grant (ESG) Reference 91.220(l)(4)**

1. Include written standards for providing ESG assistance (may include as attachment)

Detailed discussion of standards attached as a separate document.

2. If the Continuum of Care has established centralized or coordinated assessment system that

meets HUD requirements, describe that centralized or coordinated assessment system.

The CoC's completion of its Coordinated Entry protocol and implementation of the CE system was delayed by the disruption of normal operations of Hurricanes Irma and Maria which devastated the Territory in September 2017. A draft document was provided to HUD in July 2018. HUD has assigned Abt Associates to provide the CoC with technical assistance. The first phase of the engagement began in March 2019 and is now complete; that phase entailed mapping of the existing homeless crisis response system resources, identifying strengths/challenges in resources, training & supports, and coordination, identifying the various cohorts of homelessness, and finally quantifying the need for the various types of housing accordingly. This analysis has identified significant gaps especially in the area of emergency shelter and also units of permanent supportive housing.

One of the key challenges which has been corroborated by the work of the TA providers is the lack of sufficient knowledge of how to operationalize HUD policy goals within the system. Programs still are not using a system-wide approach to address homelessness; thus, the next phase of the engagement will entail the provision of training to the CoC and providers to build system capacity as well as assisting the CES sub-committee of the local Continuum of Care with the finalization of a system design and the provision of implementation support. The short-term goal is to refine the existing system components so that they are utilized in the most efficient and effective manner. At present, work continues on the development of the protocol. The Territory expects to be in full compliance with the requirement for implementation of a functional Coordinated Entry System by January 2020.

A brief overview of the system that is being developed is included as a separate attachment.

3. Identify the process for making sub-awards and describe how the ESG allocation available to private nonprofit organizations (including community and faith-based organizations).

As required by the HEARTH Act, the local CoC was included in the process for establishing funding priorities. With respect to ESG funds, the Territory conducts a solicitation for proposals from organizations interested in utilizing ESG funding to carry out eligible activities. Notices announcing the availability of applications are placed in the local print media as well as the on-line newspaper. Information about the funding opportunity is also disseminated at the monthly meeting of the local Continuum of Care (CoC). The process entails completion of an application which requires the applicant to provide information about the experience of the organization, the proposed activity, the funding request, the program budget, and the proposed number of program beneficiaries.

For FY 2015, five organizations submitted applications for funding proposing a range of services. A committee which included a representative of the local Continuum of Care (CoC) on Homelessness evaluated and rated the ESG applications utilizing a rating tool that was developed for the purpose. Awards were made based on the scoring achieved by the applicant.

4. If the jurisdiction is unable to meet the homeless participation requirement in 24 CFR 576.405(a), the jurisdiction must specify its plan for reaching out to and consulting with homeless or formerly homeless individuals in considering policies and funding decisions regarding facilities and services funded under ESG.

ESG regulations include a provision whereby the jurisdiction is required to consult with homeless or formerly homeless individuals in considering and making policies and decisions regarding any ESG-funded facilities, services, or other assistance. VIHFA has instituted a requirement that each organization that applies for funding under the ESG Program demonstrates that there is at least one homeless or formerly homeless individual included among the organization's Board of Directors or an advisory committee thereof. The VIHFA's Board of Directors recently adopted a resolution which provides for the inclusion of current or former consumers (i.e., homeless or formerly homeless individuals) in its development of policies and funding decisions relative to the ESG program. The implementation of the consultation is currently underway.

5. Describe performance standards for evaluating ESG.

ESG and CoC recipients are required to coordinate to develop performance standards for evaluating the effectiveness of ESG Program-funded activities within the jurisdiction.

The proposed performance standards aim to assess the degree to which providers are succeeding in:

- Targeting those who most need assistance
- Reducing the number of unsheltered persons (i.e., persons living on the streets or other places not meant for human habitation) or persons living in emergency shelters
- Reducing program participants' housing barriers or housing stability risks

Achievement of the standards will also support improved performance of the overall homeless service system. HMIS and other pertinent data collected in the community should be used to assist with evaluating ESG- and CoC- funded activities within the context of broader system performance and also to inform subsequent grant allocations.

The proposed performance standards include applicable measures for each program type – i.e., street outreach, emergency shelter, homeless prevention/rapid re-housing. For emergency shelter proposed measures include average length of stay of less than 45 days, 50% exits with successful

housing outcomes and/or 30% with exits to permanent housing , less than 30% exits to an unknown location, 60% exits with or linked to cash income and non-cash resources. For rapid re-housing, proposed measures include 80% exit to permanent housing situation; 50% or more of adult participants will have income from sources other than employment; 40% or more of adult participants will increase income from sources other than employment; 60% or more of all participants have mainstream (non-cash) benefits at exit from program; 20% or more of adult participants have employment income; 20% or more of adult participants increase employment income; Less than 180 days from program entry to move into permanent housing; At least 85 % of the households that exited to permanent housing should not become homeless again within a year.

## Attachments

**U.S. VIRGIN ISLANDS  
2015- 2019 CONSOLIDATED PLAN FOR  
HOUSING AND COMMUNITY DEVELOPMENT**



**2019- 2020 PROGRAM YEAR ACTION PLAN**

AUGUST 2019

Submitted by:  
**Virgin Islands Housing Finance Authority**

**ATTACHMENT #1**  
**2019 PROGRAM YEAR PROJECT LISTING**

The following is a listing of the projects to be undertaken during the second Action Year of the 2015 – 2019 Consolidated Plan period:

**Community Development Block Grant Program**

1.	FRC Youth Counseling Program	STT/J	\$ 30,000.00
2.	St. Thomas Boys and Girls Club After-School Program	STT	\$ 17,979.50
3.	Engineers For Tomorrow STEM Saturdays Program	STT	\$ 20,000.00
4.	St. John Boys and Girls Club After-School Program	STT	\$ 17,979.50
5.	Wesley Methodist Church After-School Program	STT	\$ 32,200.00
6.	Pistarekka Theater Summer Scholarship Program	STT	\$ 16,800.00
7.	STV Caribbean Center for Boys & Girls After-School Program	STT	\$ 25,000.00
8.	St. John Community Foundation Outreach Services Program	STJ	\$ 32,450.00
9.	Project Promise High School Caterpillar Program	STX	\$ 15,000.00
10.	CHANT Building Arts Institute	STX	\$ 15,000.00
11.	Mon Bijou After-School Program	STX	\$ 32,500.00
12.	Frederiksted Boys and Girls of the VI After-School Program	STX	\$ 25,000.00
13.	Christiansted Boys and Girls Club of the VI After-School Program	STX	\$ 17,500.00
14.	St. John Community Center Reconstruction	STJ	\$381,000.00
15.	Hearts in Service Transitional Housing Construction, Phase III	STT	\$225,000.00
16.	Frederiksted Boys and Girls of the VI Building Acquisition	STX	\$101,909.00
17.	Mon Bijou Community Playground Construction	STX	\$ 25,000.00
18.	Women's Coalition East Street Crisis Center Construc., Phase III	STX	\$377,500.00
19.	CCVI Frederiksted Bethlehem House Shelter Renovation	STX	\$150,000.00
20.	New Life Senior Resort Building Renovation	STX	\$ 40,000.00
21.	CDBG Program Administration		\$386,499.40

**Emergency Solutions Grant Program**

22.	Subrecipients to be determined (Emergency Shelter; Street Outreach Svcs)	STX	\$ 95,250.00
23.	Subrecipient to be determined (Homeless Prevention/Rapid Re-housing)	STX	\$ 25,800.00
24.	Subrecipient to be determined (Homeless Prevention/Rapid Re-housing)	STT	\$ 25,800.00
25.	ESG Program Administration		\$ 11,901.00

**HOME Program**

28.	HOME Ownership Assistance Fund		\$ 717,520.00
29.	HOME Owner-Occupied Rehabilitation Assistance Fund	*	\$ 266,000.00
30.	HOME Program Administration		\$126,612.00

**Housing Trust Fund (HTF)**

**Reference 24 CFR 91.320(k)(5)**

**Note:** This attachment covers the Housing Trust Fund section of the **AP-90** screen: **Program Specific Requirements – 91.220(l)(1,2,4)** as per the instructions provided by IDIS technical assistance:

**Re: Download Action Plan**

Thank you for taking the time to meet in regards to your Action Plan download issue. As noted, this is a system issue generated as a result of HTF being checked in the AAP, but not included in the Con Plan (due to timing of HTF release). The process/ next steps are described below:

- 1) Copy all content from the AP-90 screen to a Word document
- 2) Alert your FO Rep that due to this system issue, you will be uploading your HTF relevant information as an attachment to your AAP
- 3) Alert me when you have copied all information from your AP-90 screen
- 4) IDIS Programmers will complete a SPUFI to uncheck the AP-90 screen
- 5) I will alert you once SPUFI is complete – you will be able to download and print your AAP

**Housing Trust Fund (HTF)**

**Reference 24 CFR 91.320(k)(5)**

3. How will the grantee distribute its HTF funds? Select all that apply:

- Applications submitted by eligible recipients
- Subgrantees that are State Agencies
- Subgrantees that are HUD-CPD entitlement grantees

2. If distributing HTF funds through grants to subgrantees, describe the method for distributing HTF funds through grants to subgrantees and how those funds will be made available to state agencies and/or units of general local government. If not distributing funds through grants to subgrantees, enter "N/A".

N/A. The jurisdiction will not be distributing HTF funds through grants to subgrantees

3. If distributing HTF funds by selecting applications submitted by eligible recipients, describe the eligibility requirements for recipients of HTF funds (as defined in 24 CFR § 93.2). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

The eligible activities for the HTF funds under the Territory's Action Plan will be the production of affordable rental developments in which a portion of the rental units are set aside for households with incomes at or below thirty percent of area median income (AMI), as adjusted for household size ("ELI Households"). This activity is consistent with the priority needs and corresponding goals outlined in the 2015-2019 Consolidated Plan.

Among the priority needs that were established with high priority is:

- Affordable housing choice

The corresponding goals that were established to meet the need for affordable housing choice:

- Increase and preserve affordable housing units

Use of funds under this HTF Plan will address the need of affordable housing choice by increasing the number of affordable housing units through new construction.

The Territory will make HTF funds available in support of new construction rental units only. The Territory will not use the HTF funds in support of development or rehabilitation of home ownership housing or to provide direct assistance to first-time homebuyers.

As new construction, all HTF-assisted projects will be required to meet the standards outlined in the Virgin Islands Housing Finance Authority's Affordable Housing Development Guidelines which are minimum standards that may be exceeded by the applicants at their discretion.

**Eligible Recipients**

Eligible Recipients under this Plan are for-profit or non-profit housing developers (including public housing agencies (PHAs) working in conjunction with for-profit or non-profit developers to re-develop public housing communities). These organizations receive HTF assistance from a grantee as an owner or developer to carry out an HTF-assisted project.

To be eligible, a recipient must:

- (1) Make acceptable assurances to the VIHFA that it will comply with the requirements of the HTF program during the entire period that begins upon selection of the recipient to receive HTF funds, and ending upon the conclusion of all HTF-funded activities;
- (2) Demonstrate the ability and financial capacity to undertake, comply, and manage the eligible activity;

(3) Demonstrate its familiarity with the requirements of other Federal, State, or local housing programs that may be used in conjunction with HTF funds to ensure compliance with all applicable requirements and regulations of such programs; and

(4) Demonstrate experience and capacity to conduct an eligible HTF activity as evidenced by its ability to: (i) own, construct or rehabilitate, and manage and operate an affordable multifamily rental housing development; or (ii) design, construct, or rehabilitate, and market affordable housing for homeownership, or (iii) provide forms of assistance, such as down payments, closing costs, or interest rate buydowns for purchasers.

Individuals are not eligible to receive direct assistance from the Housing Trust Fund. The Territory does not intend to use sub-grantees in the current funding cycle.

**Eligible Projects**

Eligible Projects are defined as Eligible Activities undertaken by Eligible Recipients.

h. Describe the grantee's application requirements for eligible recipients to apply for HTF funds. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Pursuant to an allocation plan developed, VIHFA will coordinate its HTF allocation process with the Low Income Housing Tax Credit (LIHTC) application process. VIHFA has developed a short-form HTF application that will be completed by LIHTC applicants. Projects which achieve a minimum threshold score on the LIHTC application in accordance with the criteria outlined in the Territory's most recent Qualified Allocation Plan (QAP) will then be scored pursuant to the evaluation criteria established for HTF. Projects which achieve the requisite minimum score for the HTF program will be ranked with the highest-scoring project being awarded the HTF funds. The VIHFA anticipates that this use of the funds will enable LIHTC developers to include a small number of units reserved for households in the extremely low income category in their developments – thus increasing affordable housing choice for this very vulnerable population.

(Please see the HTF Plan which is included as an attachment for a detailed description of the HTF application process).

c. Describe the selection criteria that the grantee will use to select applications submitted by eligible recipients. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

The selection criteria that will be used include satisfaction of priority housing needs identified in the Consolidated Plan, geographic diversity, capacity of the applicant, availability of project-based rental assistance for all units, an Affordability Period of 35 years or greater, and leveraging of non-federal funds. (Please see the HTF Plan which is included as an attachment for a detailed description of the selection criteria).

d. Describe the grantee's required priority for funding based on geographic diversity (as defined by the grantee in the consolidated plan). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Although there are no designated or HUD-approved geographic target areas defined in the Territory's Consolidated Plan, according to the evaluation criteria outlined in the HTF Plan, projects that will be located in the Territory's downtown areas (Christiansted, Frederiksted, Charlotte Amalie, & Cruz Bay) will receive a score of five (5) points. A proposed project within these areas of that has occupancy restrictions or preferences that favor tenants with special needs will receive five (5) bonus points.

e. Describe the grantee's required priority for funding based on the applicant's ability to obligate HTF funds and undertake eligible activities in a timely manner. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Applicant Capacity has been included as one of the evaluation criteria that will be used to determine which project will be selected for HTF funding. A maximum of ten (10) points will be awarded in this category as follows:

Five (5) points for the applicant's ability to obligate HTF funds. To receive points for this category, the proposed development team members must have successfully participated in the development of at least two (2) affordable housing properties of similar size or larger. The scoring gives preference to individual development team members based on local experience, performance, and satisfaction of LIHTC training/certification requirements.

Five (5) points for the applicant's ability to undertake project in a timely manner (readiness). To achieve points in this category, the applicant must demonstrate readiness to undertake the project in a timely manner by submitting the following documents at the time of application.

- Evidence of site control (Offer to Purchase, deed, or draft ground lease)
- Evidence that property is appropriately zoned
- Preliminary plans (drawings)
- Cost estimates
- Equity investment letter of interest

f. Describe the grantee's required priority for funding based on the extent to which the rental project has Federal, State, or local project-based rental assistance so that rents are affordable to extremely low-income families. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

A commitment of project-based rental assistance has been included as one of the evaluation criteria that will be used to determine which project will be selected for HTF funding. A maximum of five (5) points will be awarded in this category. Eligible Projects shall have a commitment of project-based rental assistance for at least 66% of the units for a period of at least five years so that rents are affordable to extremely low-income households. The applicant is required to provide a commitment letter or executed Housing Assistance Payment contract as documentation of the project-based rental assistance.

g. Describe the grantee's required priority for funding based on the financial feasibility of the project beyond the required 30-year period. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Pursuant to the HTF regulations, HTF-assisted units in Eligible Projects must remain affordable for a period of at least thirty (30) years beginning from the date the unit was first placed in service. In the case of HTF, affordability means that the unit remain income-restricted and rents remain in compliance with the HTF rent limits as published by HUD annually.

As one of the evaluation criteria that will be used to determine which project will be selected for HTF funding, five (5) points will be awarded to Projects which propose to remain affordable for at least five (5) years beyond the required 30-year period.

The Affordability Period requirement shall be imposed either by a deed restriction, covenant, or land use agreement restricting the property. The applicable document shall be recorded in the official records of the Recorder of Deeds.

h. Describe the grantee's required priority for funding based on the merits of the application in meeting the priority housing needs of the grantee (such as housing that is accessible to transit or employment centers, housing that includes green building and sustainable development features, or housing that serves special needs populations). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Satisfaction of Priority Housing Needs has been included as one of the evaluation criteria that will be used to determine which project will be selected for HTF funding. A maximum of fifteen (15) points will be awarded in this category. By assigning the highest relative priority to this factor, the Territory ensures that priority for funding is based on the merits of the application in meeting the priority housing needs established in the 2015-2019 Consolidated Plan. Affordable housing choice and homelessness services and facilities were identified as two of the priority needs and corresponding goals in the 2015-2019 Consolidated Plan. Safe, affordable

housing is the first priority for helping families to self-sufficiency, improving neighborhoods and creating stability. Housing is out of reach for lower income households in the Virgin Islands where 25% of households are paying more than 50% of household income for rent. Without deep subsidies, affordable housing is out of reach for low income households. Provision of supports for the most vulnerable populations, including extremely low-income households, is the most important step to reducing and eliminating homelessness.

Projects which seek to increase affordable housing choice for extremely low-income households - including homeless persons or persons at-risk of homelessness. To receive points in this category, the project's proposed units must be permanent units and the project may not use the SRO model. The project also cannot be age-restricted.

i. Describe the grantee's required priority for funding based on the extent to which the application makes use of non-federal funding sources. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

A requirement for leveraging non-federal funding sources has been included as one of the evaluation criteria that will be used to determine which project will be selected for HTF funding. A maximum of ten (10) points will be awarded in this category. To receive points in this category, the proposed project must have at least one non-federal funding source in addition to the LIHTC equity proceeds.

4. Does the grantee's application require the applicant to include a description of the eligible activities to be conducted with HTF funds? If not distributing funds by selecting applications submitted by eligible recipients, select "N/A".

Yes  No  N/A

5. Does the grantee's application require that each eligible recipient certify that housing units assisted with HTF funds will comply with HTF requirements? If not distributing funds by selecting applications submitted by eligible recipients, select "N/A".

Yes  No  N/A

6. **Performance Goals and Benchmarks.** The grantee has met the requirement to provide for performance goals and benchmarks against which the grantee will measure its progress, consistent with the grantee's goals established under 24 CFR 91.315(b)(2), by including HTF in its housing goals in the housing table on the SP-45 Goals and AP-20 Annual Goals and Objectives screens.

Yes  No

7. **Maximum Per-unit Development Subsidy Amount for Housing Assisted with HTF Funds.** Enter or attach the grantee's maximum per-unit development subsidy limits for housing assisted with HTF funds. The limits must be adjusted for the number of bedrooms and the geographic location of the project. The limits must also be reasonable and based on actual costs of developing non-luxury housing in the area. If the grantee will use existing limits developed for other federal programs such as the Low Income Housing Tax Credit (LIHTC) per unit cost limits, HOME's maximum per-unit subsidy amounts, and/or Public Housing Development Cost Limits (DCLs), it must include a description of how the HTF maximum per-unit development subsidy limits were established or a description of how existing limits developed for another program and being adopted for HTF meet the HTF requirements specified above.

**See HTF Allocation Plan 2019-20 Included as an attachment.**

8. **Rehabilitation Standards.** The grantee must establish rehabilitation standards for all HTF-assisted housing rehabilitation activities that set forth the requirements that the housing must meet upon project completion. The grantee's description of its standards must be in sufficient detail to determine the required rehabilitation work including methods and materials. The standards may refer to applicable codes or they may establish requirements that exceed the minimum requirements of the codes. The grantee must attach its rehabilitation standards below. In addition, the rehabilitation standards must address each of the following: health and safety; major systems; lead-based paint; accessibility; disaster mitigation (where relevant); state and local codes, ordinances, and zoning requirements; Uniform Physical Condition Standards; and Capital Needs Assessments (if applicable).

**See HTF Allocation Plan 2019-20 included as an attachment.**

9. **Resale or Recapture Guidelines.** Below, the grantee must enter (or attach) a description of the guidelines that will be used for resale or recapture of HTF funds when used to assist first-time homebuyers. If the grantee will not use HTF funds to assist first-time homebuyers, enter "N/A".

**See HTF Allocation Plan 2019-20 included as an attachment.**

10. **HTF Affordable Homeownership Limits.** If the grantee intends to use HTF funds for homebuyer assistance and does not use the HTF affordable homeownership limits for the area provided by HUD, it must determine 95 percent of the median area purchase price and set forth the information in accordance with §93.305. If the grantee will not use HTF funds to assist first-time homebuyers, enter "N/A".

The grantee will use the HUD issued affordable homeownership limits.

The grantee has determined its own affordable homeownership limits using the methodology described in § 93.305(a)(2) and the limits are attached.

The Territory does not intend to use HTF funds for homebuyer assistance in the 2019-20 program year

11. **Grantee Limited Beneficiaries or Preferences.** Describe how the grantee will limit the beneficiaries or give preferences to a particular segment of the extremely low- or very low-income population to serve unmet needs identified in its consolidated plan or annual action plan. If the grantee will not limit the beneficiaries or give preferences to a particular segment of the extremely low- or very low-income population, enter "N/A."

Any limitation or preference must not violate nondiscrimination requirements in § 93.350, and the grantee must not limit or give preferences to students. The grantee may permit rental housing owners to limit tenants or give a preference in accordance with § 93.303(d)(3) only if such limitation or preference is described in the action plan.

**See HTF Allocation Plan 2019-20 included as an attachment.**

12. **Refinancing of Existing Debt.** Enter or attach the grantee's refinancing guidelines below. The guidelines describe the conditions under which the grantee will refinance existing debt. The grantee's refinancing guidelines must, at minimum, demonstrate that rehabilitation is the primary eligible activity and ensure that this requirement is met by establishing a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing. If the grantee will not refinance existing debt, enter "N/A."

The Territory does not intend to allow eligible recipients to use HTF funds for refinancing of existing debt.

**U.S. VIRGIN ISLANDS  
NATIONAL HOUSING TRUST FUND (HTF)  
ALLOCATION PLAN**



**PROGRAM YEAR 2019- 2020**

**Prepared by Virgin Islands Housing Finance Authority  
acting in its capacity as the administrator of the National  
Housing Trust Fund for the Territory of the U.S. Virgin Islands**

*Territory of the U.S. Virgin Islands  
National Housing Trust Fund Allocation Plan*

**Program Description**

Established under Title I of the Housing and Economic Recovery Act of 2008 (HERA), the Housing Trust Fund (HTF) is a new program which provides formula grants to states, the District of Columbia, Puerto Rico, and the insular areas for the production of affordable housing. The program is designed to complement existing federal, state, and local efforts to increase and preserve the supply of decent, safe, and affordable housing for extremely low-income (ELI) and very-low income (VLI) households, including families experiencing homelessness. The program is funded from assessments on new originations by Fannie Mae and Freddie Mac; the U.S. Department of Housing and Urban Development (HUD) is responsible for distributing the funds. HTF funds may be used for the production or preservation of affordable housing through the acquisition, new construction, reconstruction, and/or rehabilitation of non-luxury housing with suitable amenities. The regulations for the Housing Trust Fund are found at 24 CFR Part 93.

Pursuant to the HTF regulations at 24 CFR Part 93.250, in a fiscal year in which the total amount of HTF funds available for allocation to the 50 states, the District of Columbia, Puerto Rico and the insular areas is less than \$1 billion, 100% of the HTF grant must benefit extremely low income households. The funding announced for the HTF Program for 2019 is \$247,666,778.80; thus, for Program Year 2019 (= October 1, 2019 through September 30, 2020), the entire HTF allocation must benefit extremely low-income (ELI) households. As prescribed by the statute, a minimum of 80% of each allocation must be used for rental housing, a maximum of 10% may be used for home ownership housing, and a maximum of 10% may be used for program administration.

The 2019 HTF allocation for the Territory of the U.S. Virgin Islands is \$90,138.00.

The Virgin Islands Housing Finance Authority has been designated to act as the HTF grantee for the Territory. The HTF regulations prescribe that the grantee shall annually submit to HUD a plan (the "HTF Allocation Plan") which describes how the grantee will distribute its HTF funds, including how it will use the funds to address priority housing needs, which activities may be undertaken with the HTF funds, and how recipients and projects will be selected to receive those funds.

For Program Year 2019, the VIHFA has chosen to directly fund projects by eligible recipients in accordance with this HTF Allocation Plan.

Methodology for Use and Allocation of HTF

In September 2015, the U.S. Department of Housing and Urban Development ("HUD") approved the Territory's Consolidated Plan for program years 2015-2019. The Consolidated Plan establishes local priorities consistent with national objectives and priorities established by the U.S. Department of Housing and Urban Development (HUD) and long-term strategies for utilizing funds allocated under the Community Development Block Grant (CDBG), the HOME Investment Partnership Program, and the Emergency Solutions Grant (ESG) to address the identified needs. Each year, the Territory is required to develop an Annual Action Plan which describes the activities to be undertaken during the current program year to implement the strategies identified in the Consolidated Plan. The enabling legislation for HTF requires the inclusion of information in the jurisdiction's Consolidated Plan and Annual Action Plan with regards to how the jurisdiction plans to distribute/utilize the HTF funds to address identified priority housing needs.

Research conducted in conjunction with preparation of the 2015-2019 Consolidated Plan noted that the most common problem is cost of housing in relation to income. It is common, when examining CHAS data, to discover that virtually all renter and owner households with incomes at or below 30% of Area Median Income (AMI) have housing problems. The lowest income households are more likely to have problems (including cost burden) and less likely to find solutions within reach. Although there is no HUD-provided CHAS (Comprehensive Housing Affordability Strategy) tables for the Territory making it difficult to specifically categorize housing problems by income, it can be assumed that the situation is no different in the Virgin Islands than in other jurisdictions.

Pursuant to the governing regulations of the National Housing Trust Fund, for Program Year 2019 (= October 1, 2019 through September 30, 2020), the entire HTF allocation must benefit extremely low-income (ELI) households. Although, as prescribed by the statute, HTF funds may be used for rental or homeownership housing, the greater emphasis is on rental housing given that it is stipulated that a minimum of 80% of each allocation must be used for rental housing. In the case of the Territory, the Housing Demand Study that was conducted in 2015 further speculates that there has been movement toward more renter-occupancy in recent years and the demand for affordable rental housing remains robust Territory-wide.

Developing new housing in the Territory is costly. The Housing Demand Study notes that development costs can be as much as three times the amount on the mainland. Factors contributing to high costs are topography, transportation, materials (including shipping), limited developers/builders, and the high cost of insurance and financing. As a result, deep-skewing to make housing affordable to households below even 50% AMI is not generally attainable. In light of the high development costs contrasted with the relatively small amount

of the Territory's HTF allocation, it is unlikely that the HTF funding will allow for the development of a dedicated HTF project or that HTF will be the primary source of funding to close a financing gap; thus, the Territory will distribute its HTF allocation to Eligible Projects in conjunction with the process for award of Low Income Housing Tax Credits (LIHTC) in accordance with the criteria for HTF award outlined below and also the LIHTC criteria outlined in the most recent LIHTC Qualified Allocation Plan (QAP). The VIHFA anticipates that, by leveraging the funds with the LIHTC, it will provide an incentive for developers to include a small number of units reserved for households in the extremely low income category in their developments – thus addressing the need for increased affordable housing choice for this very vulnerable population.

#### General Program Information

##### **Expected Resources**

The Program Year 2019 HTF allocation to the Territory is \$90,138. The Territory will allocate the full amount of its 2019 allocation for direct investment in unit production. The Territory will not use any portion of its allocation for program administration expenses.

##### **Eligible Activities**

The eligible activities for the HTF funds under this plan will be the production of affordable rental developments in which a portion of the rental units are set-aside for households with incomes at or below thirty percent of area median income, as adjusted for household size ("ELI Households"). This activity is consistent with the priority needs and corresponding goals outlined in the 2015-2019 Consolidated Plan:

Among the priority needs that were established with high priority is:

- Affordable housing choice

The corresponding goals that were established to meet the need for affordable housing choice:

- Increase and preserve affordable housing units

Use of funds under this HTF Plan will address the need of affordable housing choice by increasing the number of affordable housing units through new construction.

The Territory will make HTF funds available in support of new construction rental units only. The Territory will not use 2019 HTF funds in support of development or rehabilitation of home ownership housing or to provide direct assistance to first-time homebuyers.

As new construction, all HTF -assisted projects will be required to meet the standards outlined in the Virgin Islands Housing Finance Authority's Affordable Housing Development Guidelines which are minimum standards that may be exceeded by the applicants at their discretion.

### **Eligible Recipients**

Eligible Recipients under this Plan are for-profit or non-profit housing developers (including public housing agencies (PHAs) working in conjunction with for-profit or non-profit developers to re-develop public housing communities). These organizations receive HTF assistance from a grantee as an owner or developer to carry out an HTF-assisted project.

To be eligible, a recipient must:

- (1) Make acceptable assurances to the VIHFA that it will comply with the requirements of the HTF program during the entire period that begins upon selection of the recipient to receive HTF funds, and ending upon the conclusion of all HTF-funded activities;
- (2) Demonstrate the ability and financial capacity to undertake, comply, and manage the eligible activity;
- (3) Demonstrate its familiarity with the requirements of other Federal, State, or local housing programs that may be used in conjunction with HTF funds to ensure compliance with all applicable requirements and regulations of such programs; and
- (4) Demonstrate experience and capacity to conduct an eligible HTF activity as evidenced by its ability to: (i) own, construct or rehabilitate, and manage and operate an affordable multifamily rental housing development; or (ii) design, construct, or rehabilitate, and market affordable housing for homeownership, or (iii) provide forms of assistance, such as down payments, closing costs, or interest rate buydowns for purchasers.

Individuals are not eligible to receive direct assistance from the Housing Trust Fund.

The Territory does not intend to use sub-grantees in the current funding cycle.

### **Eligible Projects**

Eligible Projects are defined as Eligible Activities undertaken by Eligible Recipients.

### **Eligible Project Costs**

Eligible Project Costs include the following: 1) development hard costs; 2) acquisition costs; and 3) related soft costs.

### **Cost Allocation**

HTF funds may be used to assist in the development of one or more housing units in a new multi-unit project. Only the actual HTF-eligible development costs of the assisted unit may be charged to the HTF program. If the assisted and non-assisted units are not comparable, the actual costs may be determined based on a method of actual cost allocation; however, if all units in the project are comparable in size, amenities and number of bedrooms, the cost of the HTF-assisted units can be determined by prorating the total HTF-eligible development costs of the project so that the proportion of the total development costs charged to the HTF program does not exceed the proportion of the HTF-assisted units in the project.

### **HTF Units**

The HTF-assisted units within each Eligible Project will be determined on a "floating" basis which shall allow the project to maintain the specified number of units throughout the affordability period, although the specific unit(s) so designated may vary with availability as long as the substituted unit(s) are at least comparable to the original units in size, amenities, and number of bedrooms. Further guidance on the formula for designating assisted units can be found in HUD CPD Notice 98-2.

### **Maximum per Unit Development Subsidy**

Pursuant to the regulations at §93.300, the HTF grantee is required to establish maximum limitations on the total amount of HTF funds that may be invested per-unit for development of HTF-assisted housing, with adjustments for the number of bedrooms and the geographic location of the project - which limits must be reasonable and based on actual costs of developing non-luxury housing in the jurisdiction. The grantee must include these limits in its consolidated plan and update these limits annually.

The Territory will adopt the HOME Program's maximum per-unit subsidy limits to determine the total amount of HTF and other federal funds that can be invested on a per-unit basis in affordable housing. The primary rationale for adoption of the HOME Program's limits is that the VIHFA's experience has shown that the maximum per unit subsidy limits as calculated by HUD for the HOME Program are reasonable based on the actual development cost of units. With respect to the adoption of the HOME limits, pursuant to the current guidance, the applicable limits are the most recent limits established under Section 234 condominium housing basic mortgage limits for elevator-type projects that apply to the area in which the housing is located. In accordance with the National Affordable Housing Act (NAHA), these limits may be increased on a program-wide basis to an amount, up to 240 percent of the original per unit limits, for high cost areas. Thus, as of this writing, the applicable limits are as follows:

<u># of Bedrooms</u>	<u>Section 234 limit -elevator</u>	<u>Maximum per-unit subsidy</u>
0	\$62,445.00	\$149,868.00
1	\$71,584.00	\$171,801.60
2	\$87,047.00	\$208,912.80
3	\$112,611.00	\$270,266.40
4+	\$123,611.00	\$296,666.40

Although construction costs vary across the two island districts of the Territory (i.e., St. Croix vs. St. Thomas/St. John), the VIHFA's experience is that the maximum per unit subsidy as calculated is generous and thus is reasonable - even for the district with the higher development cost (i.e., St. Thomas/St. John). An added benefit of the adoption of the HOME limits is consistency across the programs. For example, by statute, the HOME and HTF programs already utilize the same maximum purchase price limits.

Notwithstanding the maximum per unit subsidy limits outlined above, before committing funds to a project, the participating jurisdiction will evaluate the project in accordance with guidelines that it has adopted for determining a reasonable level of profit or return on owner's or developer's investment in a project and must not invest any more HTF funds, alone or in combination with other governmental assistance, than is necessary to provide quality affordable housing that is financially viable for a reasonable period.

**Underwriting Standards**

VIHFA will underwrite all applications to balance the efficient use of resources with the need to develop housing that is viable and sustainable for at least the 15-year LIHTC compliance period. VIHFA shall ensure that the combination of the LIHTC allocation and any HTF allocation does not exceed what is necessary for financial feasibility, and in consideration of best practices promoted by the National Council of State Housing Agencies.

*Timing of Underwriting Reviews*

VIHFA will review a project's feasibility over the 15 year compliance period at various stages including but not limited to prior to making an award of credit and at Placed in Service (i.e., upon completion of the construction). The following is a breakdown of how this provision will apply to each of the underwriting stages in the allocation process and what this provision will mean in practice:

- Initial Application/Prior to Award - In order to receive an initial award of tax credits and HTF, the project must be financially feasible for the 15-year compliance period utilizing the underwriting standards as applied to the pro forma.

- **Placed in Service/Issuance of LIHTC Form 8609(s) – VIHFA will review the sources and uses of funds and the total financing planned for the project to ensure that the combined amount of LIHTC and HTF funding being allocated to the project does not exceed the amount necessary for the project to be financially feasible for the 15-year compliance period. VIHFA will continue to monitor a project's income and expenses during this phase of the process.**

Projects without project-based Section 8 assistance that are subject to federal subsidy layering requirements under §911 of the Housing and Community Development Act of 1992 will be reviewed by both by VIHFA and HUD. Additionally, projects with project-based housing choice vouchers must comply with the standards in the HUD Administrative Guidelines: Subsidy Layering Review for Proposed Section 8 Project-Based Voucher Housing Assistance Payments Contracts, as published in the Federal Register, July 9, 2010.

*Evaluation of project financing*

(a) For projects proposing private permanent debt financing, a letter of intent is required from each lender. The letter shall be on the official letterhead of the lender and shall be signed and dated by a duly authorized representative of the lender. The letter must clearly state the term of the permanent loan (must be at least fifteen (15) years), the manner in which the interest rate will be indexed and the current rate at the time of the letter, the amortization period, any prepayment penalties, anticipated security interest in the property and lien position. The interest rate must be fixed and no balloon payments may be due for the first fifteen years.

(b) For projects proposing public permanent financing, binding commitments are required to be submitted by the application deadline. A binding commitment is defined as a letter, resolution or binding contract from a governmental entity – e.g., HUD, USDA, NPS. The letter must clearly state the term of the permanent loan (must be at least fifteen (15) years), the manner in which the interest rate will be indexed and the current rate at the time of the letter, the amortization period, any prepayment penalties, anticipated security interest in the property and lien position. The interest rate must be fixed and no balloon payments may be due for the first fifteen years after project completion. Where funds are being provided by a local governmental entity, the letter must specifically identify the source of the proposed funding (e.g. HOME, housing trust fund).

(c) The applicant shall also provide a letter from a construction lender documenting the proposed loan amount, interest rate, term, and any applicable fees (e.g., origination, construction inspection, etc.)

(d) Applications may only include one set of proposed funding sources; the Agency will not consider multiple financing scenarios. A project will be ineligible for allocation if any of the listed funding sources will not be available in an amount or under the terms described in the application. The VIHFA may waive this limitation if the project otherwise demonstrates financial feasibility. Project cash flow may not be used as a source of funds.

(e) Consistent with LIHTC regulations and industry best practices, VIHFA limits the award of LIHTC and other locally-awarded resources to the funding gap necessary to make a transaction viable. With respect to the HTP funding, the award will only be made as an incentive for the developer to reserve at least two units in the development for households at or below 30% of AMI. The VIHFA will require the developer to execute a Funding Agreement which shall stipulate the terms & conditions of the HTP funding.

#### **Distribution of Funds**

Given the very small HTP allocation to the Territory, it is unlikely that the HTP funding will allow for the development of a dedicated HTP project or will be the primary source of funding to close a financing gap. Further, deep-rent skewing to allow households below even 50% AMI is not generally achievable; thus, the Territory will distribute its HTP allocation to Eligible Projects in conjunction with the process for award of Low Income Housing Tax Credits (LIHTC) in accordance with the criteria for HTP award outlined below. The VIHFA will award its HTP funds to the highest-scoring HTP applicant also selected for LIHTC award. The VIHFA will require the LIHTC developer to include a small number of units reserved for households in the extremely low income (ELI) category in their development – thus increasing affordable housing choice for this very vulnerable population.

The VIHFA reserves the right to deny an HTP allocation to any applicant or project if the developer refuses to commit to provision of the required units targeted to ELI households. VIHFA will in all instances allocate HTP funds consistent with sound and reasonable judgment and the exercise of its inherent discretion.

#### **Housing Priorities and Scoring Criteria**

The VIHFA has adopted the following selection criteria which will be used to determine the housing priorities of the Territory which are appropriate to local conditions:

- (i) project location
- (ii) housing needs characteristics
- (iii) sponsor characteristics
- (iv) tenant populations with special housing needs
- (v) public housing waiting lists

- (vi) the energy efficiency of the project and
- (vii) percentage of low-income units.

*Primary Allocation Priorities*

The primary allocation priorities for the use of funding provided under the HTF have been determined based on the priority needs identified in the Territory's 2015-2019 Consolidated Plan. Priority needs and corresponding goals for the five-year period covered by the Consolidated Plan were established after an assessment of needs and capacity, review of relevant economic information and statistical data, discussions in the community, consideration of strategic plans of partner agencies and providers in the region, and review of available planning documents.

Among the priority needs that were established with high priority:

- Affordable housing choice

The corresponding goal that was established to meet the need for affordable housing choice:

- Increase and preserve affordable housing units

Use of funds under this HTF Plan will address the need of affordable housing choice by increasing the number of affordable housing units through new construction. Among those eligible projects that address the need by increasing the number of affordable housing units through new construction, the priority for allocation will be based on the following factors:

- Non-age restricted housing
- Readiness to proceed (i.e. ability to get to construction in a relatively short period)
- Non-profit sponsored housing
- High quality of construction, including energy efficiency
- Projects that achieve broad community development objectives, including "smart growth" and neighborhood revitalization
- Cost containment

**Application Process**

The applications for HTF funding will be solicited in conjunction with the Territory's LIHTC process; however, the decision to award HTF will be based on a separate process/criteria.

The Territory anticipates one funding cycle per year; the deadline for receipt of applications is expected to be March 30. The Territory reserves the right to conduct a second application cycle if no applications are received in the first round or if no application achieves the minimum score required for HTF award as outlined below. If it is determined that a second

round will be held, notifications will be published for a period of not less than two weeks in the local media and on VIHFA's website. Applications for the second round shall be due by September 15.

Upon the public announcement of the LIHTC application cycle, interested developers will be required to complete and submit a detailed application. The LIHTC application form consists of multiple sections to include General Section (project and property data such as location, number of units, population targeting, LIHTC minimum set-aside, proposed unit & site amenities), Qualifications of Developer (legal status, project experience, financial capacity), Project Budgets (construction estimates, Sources and Uses), and also Qualifications of Architect, General Contractor, and Marketing/Management Agent, respectively.

A short-form application for the HTF funding will also be included with the LIHTC application. Interested developers will be required to complete all applicable questions and submit the short-form with all documents that are requested in the application for the HTF funding which shall include details of the proposed project including but not limited to development costs, written commitments of financing, and pro forma budgets; evidence of the developer's experience and financial capacity to undertake, comply, and manage the eligible activity; documentation of the developer's familiarity with the requirements of other Federal, State, or local housing programs that may be used in conjunction with HTF funds to ensure compliance with all applicable requirements and regulations of such programs; and Documentation of the developer's experience and capacity to conduct the eligible HTF activity as evidenced by its ability to: (i) own, construct or rehabilitate, and manage and operate an affordable multifamily rental housing development; or, if applicable, (II) design, construct, or rehabilitate, and market affordable housing for homeownership, or (III) provide forms of assistance, such as down payments, closing costs, or interest rate buydowns for purchasers.

At the end of the short-form application, the applicant shall sign a certification statement in which the applicant attests that, if awarded an allocation of HTF, it will comply with the requirements of the HTF program during the entire period beginning upon its selection to receive HTF funds, and ending upon the conclusion of all HTF-funded activities.

The short-form HTF application is designed to be comprehensive in addressing all information necessary for a responsible funding decision; however, the Virgin Islands Housing Finance Authority will reserve the right to ask for additional information during the review process should it be deemed necessary.

Applications will be reviewed by a formal evaluation committee. Formal review of the application will occur only after the application is complete and all necessary documentation

is provided. Applications will first be scored in accordance with evaluation criteria outlined in the LIHTC QAP. Basic threshold criteria required to qualify for a LIHTC award include project feasibility and appropriateness, demonstrated demand as evidenced by a current market study, demonstrated site control, readiness to proceed. Some additional selection criteria and preferences addressed by the scoring criteria include development team experience, deep income skewing (i.e., greater than or equal to 10% of the total units reserved for ELI households), project-based rental assistance subsidy for at least 66% of the project's units, projects in an existing downtown or neighborhood infill site or projects that are part of a larger comprehensive community revitalization effort. In allocating Low Income Housing Tax Credits among selected projects which meet the basic selection criteria, preference shall be given to projects which pledge to keep the project's low income status for more than 30 years.

Once the applications have been scored in accordance with evaluation criteria outlined in the LIHTC QAP and it has been determined that the application has met the minimum score for LIHTC award, then the HTF short-form application will be evaluated in accordance with the HTF criteria outlined below. The VIHFA will award its HTF funds to the highest-scoring HTF applicant also selected for LIHTC award. The minimum score required for HTF award is thirty (30) points.

The Virgin Islands Housing Finance Authority will render written notification of the disposition of the application within ninety (90) days of the submission deadline. If the Authority does not allocate an HTF amount to an application, the Authority shall provide the applicant with a written explanation of the reasons for denial.

#### SCORING

##### A. LIHTC Scoring Criteria

Each LIHTC application will be evaluated using the scoring criteria listed below. The LIHTC criteria directly address most of the selection criteria and preferences outlined in the LIHTC regulations at Section 42 of the IRS Code.

In order to obtain points for the respective criteria, the applicant shall provide documentation where applicable. Any supportive documentation is subject to verification, and the VIHFA may require additional information as a condition of awarding points. The VIHFA may reject any documentation deemed to be insufficient, unsupported, or inadequate for the particular scoring criteria.

- 1. Non-Age Restricted Units** **10 points**  
Projects cannot have "senior" or other age-restricted designation.  
Non-age restricted projects with greater than or equal to 50% of the units having 2 or more bedrooms. Note: A project that has occupancy restrictions or preferences that favor tenants with special needs and can demonstrate the need for one bedroom units exclusively will be given the ten (10) points.
- 2. Income Targeting**
- (a) Projects with 100% of its units as LIHTC units **10 points**  
Note: A 100% LIHTC project that has greater than or equal to 10% of the total number of units reserved for extremely low income ( $\leq 30\%$  AMI) will receive five (5) additional points;
- or
- (b) Projects with at least 75% of its units as LIHTC units **5 points**  
Note: A project that has greater than or equal to 10% of the total number of units reserved for extremely low income ( $\leq 30\%$  AMI) or greater than or equal to 40% of the total number of units reserved for very low income ( $\leq 50\%$  AMI) will receive five (5) additional points.
- 3. Supportive Housing Serving Homeless – Non-age Restricted, Elderly, or Veterans** **15 points**  
Each household must be homeless or at imminent risk of homelessness immediately prior to tenancy and be identified as needing services to maintain housing. Certification of homeless status must be obtained. Eligible projects may be either transitional or permanent supportive housing and may use the single room occupancy (SRO) model. Services may be provided for residents through a third party or the project, but must include at a minimum:
- An initial assessment of each resident's needs within thirty (30) days of move-in and development of a written plan to address those needs
  - Regular case management, including ongoing assessments of residents' needs and the efficacy of the services being provided in meeting the identified needs.
  - Coordination of benefits and services to assist residents in becoming permanently housed.
- 4. Community-Based Supported Housing/Proposed Projects.** **5 points**
- (a) Projects committing 10% of new units for individuals with disabilities as defined. Federal laws define a person with a disability as "Any person who has a physical or mental impairment that substantially limits one or more major life activities; has a record of such impairment; or is regarded as having such an impairment."  
Units shall be committed on an "as available" basis subject to the "next available unit" requirement.
- (b) Projects offering integrated Permanent Supportive Housing (PSH) Opportunities for persons who are homeless or "at risk of homelessness".  
To meet this priority, the project must provide at least 10% and not more than 25% of its total units to households with incomes at or below 30% of area median income **and** headed by one of the following:

**For general occupancy projects:**

- o Non-elderly person with disabilities (PWD), including persons referred by the V.I. Department of Human Services, Center for Independent Living, V.I. Advocacy Agency
- o Youth aging out of foster care;
- o Persons transitioning from correctional facilities; or
- o Homeless veterans.

**For Elderly Projects:**

- o Elderly persons with disabilities (PWD);
- o Elderly persons with special needs;
- o Elderly persons who are homeless;
- o Elderly persons transitioning from correctional facilities or other facilities or institutions;
- or
- o Elderly veterans.

To meet this priority, units must be reserved exclusively for the targeted population and applications must include a letter from or memorandum of understanding or other agreement with an entity that will assist the applicant in marketing the units to the targeted population. Additionally, projects with non-elderly PWD units must agree to provide notice of unit availability to and accept referrals from DHS etc. in addition to any other marketing and referrals the project chooses to do. If a project is unable to fill a unit with the targeted population after a ninety (90) calendar day referral period, the unit may be leased to another household with income at 30% AMI or below.

The next available 30% AMI unit in the Project shall be marketed to the Project's original targeted population until the project is in compliance with its targeted percentage (i.e., 10-25%). The ninety (90) calendar day period at lease-up will be measured from the date upon which the project achieves 80% occupancy and at turnover will be measured from the date upon which the unit is determined ready for occupancy following move-out by the prior tenants and completion of any unit turn cleaning, repairs, or maintenance.

**5. Preservation of Existing Affordable Housing**

**5 points**

To meet this priority, the project must involve the acquisition and rehabilitation of an existing multifamily rental housing development, whether or not it has existing rent or income restrictions, provided the project:

1. Agrees to affordability restrictions for at least thirty (30) years; and
2. Is not financially feasible using tax-exempt bond financing, as determined by VIHFA.

For the purpose of qualifying for this priority, rehabilitation means repair or alterations to an existing building, or buildings, where a majority of the structural elements of the original building or buildings, at a minimum, is incorporated into the finished project. In its discretion, VIHFA may permit a project to meet this priority if the project involves the demolition and replacement of an existing occupied housing project if rehabilitation of the existing building or buildings is infeasible or impractical. The replacement project must comply with VIHFA's policies concerning displacement and relocation of existing tenants.

**6. Public Housing Waiting List** **5 points**  
Projects where a Public Housing Authority, VHFA (or an affiliate thereof) has an ownership in, and materially participates in the management of, public housing or housing with project-based Section 8 vouchers.

**7. Project Grants and Assistance** **5 points**  
Projects which will have rental assistance subsidy for at least 66% of the units for at least five years.

This point category is not available to existing projects requiring minimal rehabilitation.

**8. Waiver of Qualified Contract** **10 points**  
Projects that waive the right to request a qualified contract under Section 42(h)(6)(E)(i) of the Internal Revenue Code

**9. Community Development Component** **10 points**  
**a. Projects in existing downtown or neighborhood infill site, or adaptive reuse of existing buildings.**  
- or -  
Projects that are part of a larger comprehensive revitalization strategy/effort supported by the Territorial government. The minimum size improvement zone for this scoring category is generally a one block area, but cannot have been specifically created for the benefit of the proposed project. The formal designation must come from an official act by a government agency, such as the Office of the Governor, the State Housing Preservation Office, or the Economic Development Authority.

**10. Development Team Experience** **0 to 10 points**  
To receive points for this category, the proposed development team members must have successfully participated in the development of at least two (2) other LIHTC properties of similar size or larger. The scoring gives preference to individual development team members based on local experience, performance, and satisfaction of LIHTC training/certification requirements.

**11. Management Experience** **0 to 5 points**  
To receive points for this category, the proposed management agent must have at least five (5) years' experience in the management of LIHTC properties. The scoring gives preference to management agents based on experience, performance, and satisfaction of LIHTC training/certification requirements.

**12. Energy Efficiency/ Green Building Technology** **10 points**  
Projects which promote energy and water conservation, operational savings and sustainable building practices in affordable housing design may be awarded up to 10 points as follows:

ENERGY STAR Version 3 - Guam, Hawaii, & Puerto Rico	Enterprise Green Communities	LEED for Homes	ICC 700 National Green Building Standard	Number of Points
Certified				8

		Certified	Bronze	9
	Certified	Silver or higher	Silver or higher	10

*B. Housing Trust Fund Scoring Criteria*

Projects satisfying the scoring criteria for LIHTC award will be further evaluated in accordance with the HTF Scoring Criteria outlined below. The project which achieves the highest total points in the HTF scoring will be awarded the available HTF funds to include a small number of units reserved for households in the extremely low income (ELI) category in their development – thus increasing affordable housing choice for this very vulnerable population. The minimum score required for HTF award is thirty (30) points.

In order to obtain points for the respective criteria, the applicant shall provide documentation where applicable. Any supportive documentation is subject to verification, and the VIHFA may require additional information as a condition of awarding points. The VIHFA may reject any documentation deemed to be insufficient, unsupported, or inadequate for the particular scoring criteria.

**1. Geographic Diversity**

**5 points**

*Note: This scoring criterion coincides with LIHTC criterion #9 as outlined in the Territory's LIHTC Qualified Allocation Plan.*

Projects that will be located in the Territory's downtown areas (Christiansted, Frederiksted, Charlotte Amalie, & Cruz Bay) will receive a score of five (5) points. A proposed project within these areas of that has occupancy restrictions or preferences that favor tenants with special needs will receive five (5) bonus points.

The most recent update to the Analysis of Impediments for the Territory was completed in 2015. The analysis stated that, although the two key providers of housing in the Virgin Islands – the Virgin Islands Housing Finance Authority and the Virgin Islands Housing Authority – have made significant inroads since the 2006 AI in providing quality housing, improving housing choice, and reducing barriers to affordable housing, the need for affordable housing choice continues as a priority Territory-wide. As a result of the AI's finding that development anywhere within the Territory would affirmatively further fair housing, the Territory's Strategic Plan does not provide for any designated or HUD-approved geographic target areas in the Territory.

Although geographic diversity was not among the issues identified by the Analysis of Impediments, the VIHFA has committed to the re-development of the Territory's downtown

areas (Christiansted, Frederiksted, Charlotte Amalie, & Cruz Bay) so that urban neighborhoods are lifted out of poverty or business areas are revitalized to create or retain badly needed jobs and safe housing. No undue concentrations of low-income housing are expected as a result of the focus on development in the urban areas.

## 2. Applicant Capacity

10 points

(a) Ability to obligate HTF funds: 5 points

To receive points for this category, the proposed development team members must have successfully participated in the development of at least two (2) affordable housing properties of similar size or larger. The scoring gives preference to individual development team members based on local experience, performance, and satisfaction of LIHTC training/certification requirements.

(b) Ability to undertake project in a timely manner (readiness) 5 points

To achieve points in this category, the applicant must demonstrate readiness to undertake the project in a timely manner by submitting the following documents at the time of application.

- 1) Evidence of site control (Offer to Purchase, deed, or draft ground lease)
- 2) Evidence that property is appropriately zoned
- 3) Preliminary plans (drawings)
- 4) Cost estimates
- 5) Equity investment letter of interest

## 3. Project-based Rental Assistance

5 points

*Note: This scoring criterion coincides with LIHTC criterion #7 as outlined in the Territory's LIHTC Qualified Allocation Plan.*

Eligible Projects which have a commitment of project-based rental assistance for at least 66% of the units for a period of at least five years so that rents are affordable to extremely low-income households will receive five (5) points. The applicant shall provide a commitment letter or executed Housing Assistance Payment contract as documentation of the project-based rental assistance.

## 4. Duration of Affordability Period

5 points

HTF-assisted units in Eligible Projects must remain affordable for a period of at least thirty (30) years beginning from the date the unit was first placed in service. In the case of HTF, affordability means that the unit remains income-restricted and rents remain in compliance with the HTF rent limits as published by HUD annually. The Affordability Period

requirement shall apply without regard to the term of any loan or mortgage, repayment of the HTF investment, or transfer of ownership of the property. The Affordability Period requirement shall be imposed either by a deed restriction, covenant, or land use agreement restricting the property. The applicable document shall be recorded in the official records of the Recorder of Deeds. Projects which propose to remain affordable for at least five (5) years beyond the required 30-year period will receive five points in this category.

**5. Satisfaction of Priority Housing Needs**

**15 points**

Projects which seek to increase affordable housing choice for extremely low-income households - including homeless persons or persons at-risk of homelessness. To receive points in this category, the project's proposed units must be permanent units and the project may not use the SRO model. The project also cannot be age-restricted.

Affordable housing choice and homelessness services and facilities were identified as two of the priority needs and corresponding goals in the 2015-2019 Consolidated Plan. The needs were established after assessment of needs and capacity, review of relevant economic information and statistical data, discussions in the community, consideration of strategic plans of partner agencies and providers in the region, and review of available local government planning documents.

**Basis for Relative Priority:** Safe, affordable housing is the first priority for helping families to self-sufficiency, improving neighborhoods and creating stability. Housing is out of reach for lower income households in the Virgin Islands where 25% of households are paying more than 50% of household income for rent. Without deep subsidies, affordable housing is out of reach for low income households. Provision of supports for the most vulnerable populations, including extremely low-income households, is the most important step to reducing and eliminating homelessness. By assigning the highest relative priority to this factor, the Territory ensures that priority for funding is based on the merits of the application in meeting the priority housing needs established in the 2015-2019 Consolidated Plan.

**6. Leveraging**

**10 points**

To receive points for this category, the proposed project must have at least one non-federal funding source in addition to the LIHTC equity proceeds.

One of the actions recommended by the 2015 update to the Analysis of Impediments to address the need for affordable housing in general is the provision of incentives for private and public sector development of affordable housing, including the leveraging of resources; thus, the Territory's plan is to utilize the HTF funding as leverage with LIHTC to incentivize private developers to include units targeted at ELL households in their developments.

### **Forms of Assistance**

HTF monies will be distributed to Eligible Recipients in the form of interest-free, deferred forgivable loans as gap financing for Eligible Projects approved for LIHTC award. Assistance will be made available only to the extent it is needed as determined by underwriting guidelines as outlined in the LIHTC Program Guide. The awarded project shall remain in compliance with all HTF requirements for the entire 30-year affordability period. The loan will be forgiven upon satisfactory completion of the affordability period.

### **HTF Rents**

In accordance with the HTF regulations, rents for HTF-assisted units must not exceed thirty percent (30%) of the income of the household qualified to occupy the HTF unit. HUD will publish HTF rent limits on an annual basis. The VIHFA will make the rent limits available once released by HUD.

### **Funding Agreement**

Eligible Recipients selected for receipt of an award of HTF funds will be required to execute an HTF Funding Agreement. The Funding Agreement will outline the following: a description of the project, the project location, the amount of the HTF award to the project, the number of HTF units to be created, the approved use of funds (project budget), the project timeline, and all applicable HTF requirements and associated federal law and regulations.

The Funding Agreement will also contain a certification that the HTF recipient will comply with all applicable HTF requirements and associated federal law and regulations.

The Funding Agreement may be terminated at the sole discretion of the Authority if the applicant fails to submit the progress phase requirements below within 120 days of notification of the HTF allocation or by November 1<sup>st</sup>, whichever is sooner:

- A. Environmental site assessment and related reports (lead, asbestos, historic, archaeological, etc.)
- B. Appraisal (if required by the Authority)
- C. Evidence of zoning/local approvals
- D. Permanent financing letter of commitment
- E. Construction financing letter of commitment
- F. Equity investment letter of commitment
- G. Construction period sources and uses (monthly)
- H. Final plans and specifications
- I. Evidence of continued site control
- J. Soils and/or structural engineering report (if applicable)
- K. Copy of the architect contract
- L. For projects providing tenant services, an executed agreement binding on both parties

- M. Cost estimates (or bids, if available) by schedule of value. Must comply with limits for contractor overhead and profit
- N. Copy of contract for consultant services (if applicable)
- O. Any revised or updated pages from the application form related to changes in the project scope or cost, including complete updated budget
- P. Evidence of limited partnership existence, including federal tax identification number, Certificate of Good Standing from the Office of the Lieutenant Governor or Secretary of State (in the case of a non-VI partnership) or copy of the Certificate of Limited Partnership bearing the seal of the appropriate Secretary of State.
- Q. A copy of the IRS letter assigning the EIN.
- R. Copy of partnership agreement or offering summary (draft acceptable).
- S. Evidence of continued site control, in the form of proof that the taxpayer that will be issued the credit is the owner of the land or depreciable real property that is expected to be part of the project. This may include:
  - 1) recorded deed,
  - 2) executed ground lease
  - 3) copy of a recordable land contract or Option to Purchase
- T. Copy of construction proposals (or bids) and executed construction contract. Include a copy of schedule of values showing contractor overhead and profit breakdown.
- U. Any Progress Phase Requirement items for which VIHFA may have previously granted an extension.

### Compliance Monitoring

Each Eligible Recipient is required to comply with all HTF requirements with respect to income and rent limits. The VIHFA will require that each Eligible Recipient provide a written certification annually which lists the HTF-assisted units in the project and includes a declaration that all tenants in the HTF-assisted units meet the income limits as required and that rents for the HTF units are in compliance with the applicable rent limits.

VIHFA staff, or its authorized delegate, will monitor each HTF project on-site within the first twelve (12) calendar months after the project has been placed in service and thereafter at least once every three years for the duration of the Affordability Period. For projects with one to four HTF-assisted units, all the HTF dwelling units as well as the site, building exterior, building systems, and common areas for each building with HTF units shall be inspected. The purpose of the monitoring shall be to review the project's compliance with the HTF Plan, eligibility requirements, housing quality standards, rents, tenant policies, affirmative outreach and fair housing. The monitoring will conclude with the issuance of a written report outlining the results of the review and any corrective measures that may be required.

**Performance Goals**

The VIHFA has established the following goals for use of the HTF allocation to increase and preserve affordable housing units in the Territory:

- Increase the number of affordable housing units targeted to households with incomes at or below thirty percent (30%) of area median income.
- Provide up to three (3) new affordable housing units to households in the extremely low income (ELI) category each year for the next four years for a total of twelve (12) units by 2020.
- Increase awareness of the needs of extremely low income households and the use of leveraging to create housing opportunities for ELI households within other developments.



---

## *ESG Program Specific Requirements*

---

### **Written Standards for the Provision of ESG Assistance**

Since March 2019, the Territory has been working with a HUD-assigned technical assistance provider to develop the framework for the Coordinated Entry System. As part of the process, the Territory will revise written standards for the provision of ESG assistance to ensure that they align with the CES protocols. The first step toward evaluating eligibility for assistance will be an assessment done through the Coordinated Entry System (CES). The CES will provide standardized access and assessment ensuring that screening, evaluation, and referral of program participants are consistent across the board. These standards shall govern both ESG- and CoC-funded programs. The standardized assessment will be used to determine which applicants meet the criteria for ESG-funded emergency shelter, homeless prevention or rapid re-housing assistance. The assessment tool will also assign the priority score of the applicant. Qualified applicants will be referred as appropriate. All ESG- or CoC- funded shelters/outreach projects will be required to use the CES to assess clients and ESG- or CoC- funded programs are required to take referrals from the CES.

Providers of homelessness prevention and/or rapid re-housing assistance under ESG will be required to verify and document the eligibility of applicants before providing ESG assistance; eligibility documentation shall be maintained in the client's case file. Initial eligibility for homelessness prevention assistance will be limited to individuals or families whose annual household income is below 30% of the area median income, as adjusted for the household size; the applicant must also meet the criteria under the definition for "at-risk of homelessness" outlined below and must lack sufficient resources and support networks to retain housing without ESG assistance. Initial eligibility for rapid re-housing assistance is not income-based; however, at recertification, annual household income must be at or below 30% of the area median income, as adjusted for the household size. (A copy of the current income limits for the Territory is attached hereto as Appendix B).

The preferred form of documentation is written, third-party verification; in the absence of such written documentation, the provider may also accept verification from the third party provided directly to program staff over the telephone, or, as a last resort, a self-attestation (affidavit) from the client. A conscientious and reasonable effort shall be made by the case management staff to use the highest documentation standard possible. The program requires that documentation must be dated within thirty (30) days prior to the application date.

### *Standards for targeting and providing essential services related to street outreach*

ESG funds may be used for the costs of providing essential services to unsheltered homeless persons. Eligible costs include the cost of providing services necessary for outreach to such persons, costs associated with connecting them with services such as emergency shelter, transitional housing, or other critical services, and costs related to the provision of urgent, outpatient emergency health services (to include emergency mental health services).

ESG street outreach subrecipients shall have the ability to assist in immediately connecting prospective clients to CES access points. Subrecipients shall identify, locate, and seek out unsheltered homeless persons in the service area carefully building relationships so that they can ultimately engage them for the purpose of providing intervention, connections with homeless assistance programs/services and /or mainstream social services and housing programs. In each

case, the ESG subrecipient shall either conduct a CES assessment to determine needs and eligibility or link the individual with an access point location. ESG subrecipients shall address immediate physical needs such as provision of meals, toiletries, basic hygiene, and a change of clothing, as needed.

ESG subrecipients shall either provide on-going case management or referral to another agency that provides case management services. Case management entails assessing needs and researching eligibility for various services as well as arranging, coordinating, and monitoring the delivery of services to meet the needs of the client in conjunction with an individualized housing and service plan developed for the client. Where the client is fleeing or attempting to flee domestic violence, is a survivor of domestic or dating violence, sexual assault, or stalking, the ESG subrecipient shall employ the safety and confidentiality process outlined in the CES protocol.

The ESG subrecipient shall ensure that persons employed to conduct street outreach have a basic working knowledge of the service area and the dynamics of the community so that they can readily identify those places frequented by homeless persons either for food or "shelter". Street outreach workers shall also be required to conduct a VI-SPDAT (Vulnerability Index – Service Priority Decision Assessment Tool) assessment on homeless persons engaged. To the greatest extent possible, the street outreach persons shall also have some basic Spanish and French Creole language skills and potentially other languages based on a VIHFA Language Access Plan as may be developed later. Case management staff shall have a working knowledge of the available resources in the community including but not limited to, the location/contact information for emergency shelters, transitional housing, rapid re-housing services, soup kitchens, various financial assistance programs, substance abuse treatment programs, and victim service providers.

ESG funds may also be used for the costs of providing essential services to homeless persons and families residing in emergency shelters. Where ESG funds are used to provide essential services in conjunction with assistance to residents of emergency shelters, ESG subrecipients shall conduct a CES assessment to determine needs and eligibility and shall coordinate and monitor the delivery of services to meet the needs of the client. Services that shall be provided may include counseling; securing and coordinating services and assisting the client to obtain federal and local benefits, as applicable; and providing referrals to other providers; monitoring and evaluating the client's progress. Based on the needs identified during the initial assessment, and in conjunction with an individualized housing and service plan developed for the client, the ESG subrecipient shall also facilitate any other services needed – such as, child care (for children under age 13 or under age 18, if disabled), basic education services, life skills training, employment assistance and job training programs, outpatient health services, legal services directly related to matters germane to the client's ability to obtain and retain housing, transportation costs, and specialized victim services. Priority shall be given to those services which can help the client to move towards gainful employment and financial stability. For as long as the client remains in the emergency shelter, the ESG subrecipient shall meet with the client at least bi-weekly to monitor and evaluate the progress and re-assess the need for ongoing essential services.

## *Coordination with other resources*

### **Housing Assistance Programs**

The Territory's ESG Program will adhere to the joint written standards established for the ESG and the CoC, and coordinate, to the maximum extent possible, with other homeless assistance programs available in the area. At present, the federal homeless assistance resources available to the Territory are limited to the Continuum of Care Grant Programs and the VASH Program; many of the other targeted homeless service programs are not available to the Territory. CoC grant-funded programs and VASH Programs are required to participate in the Coordinated Entry System; thus, this will facilitate the coordination between ESG and these resources.

- **Federal homeless assistance resources**

**The HEARTH Act - Continuum of Care Grant Program.** Some of the eligible activities under the Continuum of Care Program include: construction of new housing units to provide transitional or permanent housing; acquisition, leasing, or rehabilitation of a structure to provide transitional or permanent housing or supportive services; provision of rental assistance (including tenant-, project- or sponsor-based assistance) to provide transitional or permanent housing to eligible persons; payment of operating costs for housing units assisted with CoC Program funds or for the preservation of housing that will serve homeless individuals and families and for which another form of housing is expiring or no longer available.

**Veteran Affairs Supportive Housing (HUD-VASH) -** Under the VASH program, the Virgin Islands Housing Authority (VIHA) has been granted twelve (12) vouchers to provide permanent housing for veterans residing in the Territory.

- **Local emergency housing**

The Coordinated Entry System evaluation process should also include assessment of the applicant's eligibility for local emergency housing and completion of referral, if appropriate. The local emergency housing program is administered by the V.I. Housing Finance Authority. Prior to the September 2017 hurricanes, the inventory of emergency housing units consisted of twenty-eight (28) units on St. Croix and three (3) units on St. Thomas. Some of the emergency housing properties sustained significant damages in the storm, which resulted in some units being taken off-line. At present, the active inventory consists of 16 units on St. Croix and on 3 St. Thomas; there are no emergency housing units on St. John. The local emergency housing program has implemented a policy whereby emergency housing applicants must be represented by an approved service provider agency which will act as a provider, coordinator, or referral agent for the range of supportive/community services that may be needed by/available to the applicant. The VIHFA has entered into memoranda of understanding with several service provider agencies and relationships have been established with another eight (8) agencies which have committed to provide supportive services, as applicable, including drug treatment services, an HIV/AIDS service provider, legal services, victim services, and also the local public housing agency.

The eligibility criteria for emergency housing are: fulfillment of the targeted population; ability to pay the rent and utilities; and referral by an approved service provider agency. The applicant must be either (1) a victim of either a natural or man-made disaster that results in extraordinary levels of casualties or damage or disruption severely affecting the population, infrastructure, environment, economy, national morale, or government functions in the Territory; (2) a victim of domestic violence; (3) a victim of financial hardship - i.e., extreme deprivation or suffering from a lack of the

basic necessities of life, including, but not limited to, shelter and food which has resulted from a recent and sudden reduction in household income or inability to work due to health reasons or loss of employment which was unexpected and beyond the individual's control.

There are a number of other local programs which provide services to persons at-risk or experiencing homelessness which are not currently receiving any federal funding. The local Continuum of Care has pledged to engage those providers to participate in the CHS and HMIS in order to maximize the coordination of resources.

- **Public housing/ Other affordable rental housing**

Applicants for ESG assistance will also be assessed for public housing eligibility and referred as appropriate. The local PHA administers both public housing and the Housing Choice Voucher program. The PHA maintains separate waiting lists for each program. Another important resource with respect to affordable rental housing is the inventory of multi-family properties which have project-based subsidy. ESG homelessness prevention or rapid re-housing case managers will also be required to assist ESG program participants with applying at these various properties, as appropriate, in addition to public housing.

#### Financial Assistance Programs

It is anticipated that many of the persons seeking assistance under the homeless prevention and rapid re-housing components of ESG will be victims of financial hardship resulting from a recent and sudden reduction in household income or inability to work. A key component of helping these persons will be to ensure that they have financial resources to afford the basic necessities of life, to include, shelter and food. The initial evaluation process is required to include assessment of the applicant's need for any of these services and completion of referral, as appropriate.

- **Department of Human Services – Financial Programs/ Intake and Emergency Services**

Under the Department of Human Services' Division of Family Assistance, there are a number of programs which provide financial assistance toward food and other necessities – e.g., the Supplemental Nutrition Assistance Program (SNAP, formerly Food Stamps), Temporary Assistance to Needy Families (TANF) and General Assistance (which provides assistance to person with a temporary or permanent disability).

The Intake and Emergency Services Division offers one-time emergency welfare services (EWS) grants which are that are available in the absence of other community resources. The EWS grant's ability to provide basic furnishings (bed, stove, refrigerator) can be beneficial where rapid re-housing assistance is being provided to a chronically homeless (unsheltered) client. ESG can provide the funds for security deposit and rental assistance while EWS funds can be tapped to provide the basic furnishings.

#### Other mainstream resources

- **Employment and other services**

Another key component of helping ESG clients will be to ensure that they have access to job search and job training/re-training programs and services. These services will be the most critical component to ensuring that these persons are able to become gainfully employed in stable job situations once again. Stable, full-time employment and household income are the major predictors of success in attaining and maintaining housing stability.

The Virgin Islands Department of Labor (VIDOL) is tasked with administering a system of effective programs and services designed to develop, protect and maintain a viable workforce. These goals aim to provide workers with the assistance and encouragement needed to develop new skills and competencies over time, both to seek greater opportunity and to adapt to a rapidly changing employment reality and world economy. In furtherance of this mission, VIDOL has built partnerships with government agencies, businesses, community organizations and other stakeholders.

The Division of Job Service connects job seekers with suitable jobs and employers with qualified/skilled workers. The Division of Training develops and implements programs that are designed to address the needs of unskilled job seekers, the economically disadvantaged, the older worker, the unemployed, the underemployed, dislocated workers and individuals with serious barriers to employment. The Division of Unemployment Insurance pays income support benefits to eligible workers who become unemployed through no fault of their own.

- **Head Start**

The lack of access to adequate, affordable child care can be another barrier to stability for families with children. As such, a key component of helping these families will be to ensure that children who have not yet achieved school age can be cared for in a safe environment during daytime hours. This will provide critical time for the parent to pursue either job search or job training opportunities. Where this may be an issue for program participants, ESG service providers will be required to assist the client in completing the necessary applications so that any children who are eligible for these services can be enrolled.

The Head Start Program provides comprehensive education, health, nutrition, and parent involvement services to low-income children and their families. Eligibility is largely income-based; families must earn less than 30% of the federal poverty level in order to be eligible. Education includes preschool education to low-income children from age three to five. Health services include screenings, check-ups and dental check-ups. Social services provide family advocates to work with parents and assist them in accessing community resources for low income families. The Early Head Start Program, which serves children from birth to three years of age, promotes healthy prenatal outcomes, healthy families and infant and toddler development recognizing that these years are critical to children's development. In addition, there is also transportation to Early Head Start program to allow all participants access to the program and services.

The 2007 Head Start reauthorization directed Head Start to serve homeless children. Homeless children "lack a fixed, regular, and adequate nighttime residence." This includes not only the typical homeless child in a shelter or other outreach program, those living in motels or cars, but also children who are "sharing the housing of others due to loss of housing, economic hardship, or similar reason." Up to 10% of any funded program's enrollment can be from higher income families or families experiencing emergency situations.

Other Supportive Services

- **Mental Health/Substance Abuse Services**

Where the ESG applicant faces known substance abuse or mental health issues, the ESG service provider will be required to make the necessary referrals to link the client to the appropriate professional help. The completion of substance abuse treatment (for victims of drug abuse) or the completion of an evaluation and receipt of services for identified condition including

identification/continuation of a means to procure medications (for persons suffering from a mental disorder) should be a key component of the individualized stabilization plan for the client.

The Division of Mental Health, Alcoholism and Drug Dependency Services administers the Substance Abuse, Prevention and Treatment Block Grant locally. Grant funds are used to support the operation of substance abuse treatment programs in St. Croix and St. Thomas. The Division also offers drug prevention programs on both St. Croix and St. Thomas.

In addition to the services provided by the Division of Mental Health, one non-governmental entity (The Village – VI Partners in Recovery) also operates substance abuse prevention/treatment programs offering both in-patient and outpatient treatment in the St. Croix district; VIPAR also operates a facility which provides transitional housing units for use by persons moving from in-patient to outpatient treatment. The Village – VI Partners in Recovery receives funding from the local Department of Human Services in support of its residential substance abuse treatment services which are provided to adults including homeless persons suffering from mental illness. Referrals are accepted from clients, families, and other community organizations.

*Standard policies and procedures for determining and prioritizing which applicants will receive homelessness prevention vs. rapid re-housing assistance*

Homelessness prevention assistance will be provided to those clients meeting the definition of “at risk of homelessness”. In general, “at risk of homelessness” means an individual or family who (i) has an annual income below 30%, (ii) does not have sufficient resources or support networks immediately available to prevent them from moving to a shelter or becoming homeless, and (iii) meets one of several other conditions including but not limited to: relocated due to economic reasons two or more times during the 60 days immediately preceding the date of application for homelessness prevention assistance; living in the home of another because of economic hardship<sup>1</sup>; facing eviction within 14 days after the date of the application for homelessness assistance. In accordance with the ESG program regulations, funds for homelessness prevention assistance may be used to provide housing relocation and stabilization services and short- and/or medium-term rental assistance necessary to prevent an individual or family from moving into an emergency shelter or otherwise becoming “homeless” as defined below. As such, homelessness prevention assistance is designed to help the program participant regain stability in the participant’s current permanent housing or move into other permanent housing and achieve stability in that housing. For the purposes of the ESG Program, the term “stability” will refer to the program participant’s establishment in safe, decent housing with at least six months remaining on the lease and for which the participant is able to afford the rent (defined as tenant payment for rent plus utilities) of no more than 30% of gross monthly income.

Rapid re-housing assistance will be provided to clients who meet the definition of “homeless”. In general, “homeless” means: (1) an individual or family who lacks a fixed, regular, and adequate nighttime residence – i.e., a nighttime residence that is (i) a public or private place not ordinarily

---

<sup>1</sup> For the purposes of the Territory’s ESG program, in order to qualify under the criteria of living in the home of another due to economic hardship, the applicant will be required to demonstrate that they had been living/maintaining a separate household at some point within the two years immediately preceding the date of application for assistance.

used as a regular sleeping accommodation for human beings such as a car, park, abandoned building, public transit hub, (ii) a supervised publicly or privately operated shelter designated to provide temporary living arrangements, or (iii) an institution where the individual has resided for 90 days or less after previously residing in an emergency shelter or place not meant for human habitation; or (2) an individual or family who will lose their primary nighttime residence within 14 days of the date of application for homeless assistance, has no subsequent residence identified, and lacks the resources or support network needed to obtain other permanent housing. In accordance with the regulations, ESG funds for rapid re-housing assistance may be used to provide housing relocation and stabilization services and short- and/or medium-term rental assistance necessary to help a homeless individual or family move as quickly as possible into permanent housing and achieve stability in that housing.

The full definitions of "at risk of homelessness" and "homeless" are found at Section 576.2, as revised by the Interim Rule published on December 5, 2011.

*Standard policies and procedures for determining the share of utilities and/or rent, if any, that program participants must pay while receiving homelessness prevention or rapid re-housing assistance*

In light of the fact that program eligibility is limited to extremely low income individuals or households (i.e., with income not greater than 30% of area median income), it has been decided that participants receiving rental assistance will not be required to contribute toward the rent. It is thought that having the participant contribute toward a share of the rent may prove to be counter-productive because the funds could have been utilized toward payment of utilities or some other household necessity. As of this writing, no standards have been established relative to participant's share of utilities.

*Standard policies and procedures for determining the duration of rental assistance that the program participant will receive and whether/how the assistance amount will be adjusted over time*

In accordance with the regulations, program participants may receive up to 24 months of rental assistance during any 3-year period. The Territory has chosen to provide only tenant-based rental assistance. The assistance may be short-term rental assistance, medium-term rental assistance, payment for up to six months of rental arrears, or any combination of the above. Aside from the limits established by the program regulations, no other limits have been established by the Territory relative to maximum amounts or percentage of rental assistance, maximum number of months, or maximum number of times that a program participant may receive rental assistance.

With respect to homelessness prevention assistance, no relocation to a new unit will be allowed unless the rent at the new unit is less than the rent required for the unit being vacated. Where a client is assisted to move to a new residence (whether under homelessness prevention or rapid re-housing assistance), ESG funds may be used to pay rental application fees, security deposit, and first month's rent at move-in; the program will not pay last month's rent. Moving costs may be paid; however, this is to be considered on a case-by-case basis. Where rapid re-housing assistance is being provided, the Territory's ESG Program will also approve payment of utility deposits, if necessary, to ensure that the participant is able to secure electrical and/or potable water service. The Territory's ESG Program will not approve payment of late fees; thus, for new leases, no late fee clauses will be permitted while for existing leases, the landlord will be required to waive the late payments in writing as a condition of the tenant receiving homelessness prevention assistance.

For both homelessness prevention and rapid re-housing assistance, participants will be required to recertify every three months in order to verify their continued need/eligibility for assistance. In order to remain eligible for homelessness prevention assistance, individuals or families must have annual household income that does not exceed (i.e., is at or below) 30% of the area median income, as adjusted for the household size. In order to remain eligible for rapid re-housing assistance, individuals or families must have annual household income that does not exceed (i.e., is at or below) 30% of the area median income, as adjusted for the household size and must also lack sufficient resources and support networks to remain housed without ESG assistance.

The Territory's ESG Program shall reserve the right to terminate the assistance provided to a program participant if the participant violates program requirements. In determining whether violations warrant termination, the Program will exercise judgment and examine all extenuating circumstances; termination shall occur in only the case of the most egregious violations - e.g., misrepresentation of the participant's housing status, household income, assets or other circumstances in order to fraudulently qualify for assistance, failure of the participant to recertify within ten (10) days of the recertification due date, relocation to a new residence without the prior consent of the program, refusal to comply with the terms of the housing stabilization plan, and/or intimidation of the landlord, ESG case worker(s), or other program staff by threat of physical harm. In order to ensure protection of the rights of affected parties, the formal process for termination of rental assistance or housing relocation and stabilization services shall include the following:

- Written correspondence to the participant (hand-delivered or mailed via certified mail to the participant's last known mailing address) outlining the violations, the effective date of the proposed termination, and the process for appeal of the decision
- A formal appeal process whereby the participant is provided the opportunity to present written or oral information to an appeals committee composed of the CoC Chairperson, the VHIIPA's ESG Program Coordinator, and VHIIPA's Director of Federal Programs.
- Written notice within five (5) days of the final decision of the appeals committee relative to the termination action

*Standard policies and procedures for determining the type, amount, and duration of housing stabilization and/or relocation services to be received by a program participant*

Funds may be used to provide payments on behalf of participants to landlords, utility companies, and other third parties for costs associated with rental application fees, security deposits equal to no more than one month's rent, utility payments electricity and/or potable water.

Under the Territory's ESG Program, funds may also be used to pay the following service cost components relative to housing relocation and stabilization: housing search and placement and also housing stability case management. The key housing search and placement and also housing stabilization case management services include:

- Intake services/activities necessary to verify and document eligibility and to assist program participants in locating, obtaining, or retaining suitable permanent housing.
- Case management activities which result in program participants achieving permanent housing stability. Examples include counseling, coordinating and securing benefits; conducting recertifications/re-evaluations. The component services include developing an individualized housing and service plan; coordinating referrals and services, as appropriate; and monitoring and evaluating the participant's progress toward achieving the milestones of the housing stability plan. Program participants will be required to

meet with their respective case manager at least once monthly. In accordance with the regulations, housing stability case management can be provided to program participants for a maximum of 24 months during the period that the participant is living in permanent housing.

The Territory's ESG program will adopt a "fee for service" reimbursement system for compensating the homelessness prevention and rapid re-housing provider agencies for the service activities outlined above. The proposed fee schedule will establish standard fees to compensate the agency based on specific accomplishments/milestones in providing services to each applicant.

With respect to the other service costs which may be included under housing relocation and stabilization services, it has been determined that mediation and legal services are not likely to be cost-effective uses of ESG funds; thus, these services will not be funded. Credit repair assistance, in the form of structured credit counseling may be funded, as needed. VIHFA offers budget and credit counseling as part of its normal portfolio of services; as such, service providers will be able to refer participants who have been identified as needing those services to VIHFA. If the VIHFA is successful in obtaining a federal grant to defray the cost of provision of credit counseling services to the community, the ESG participants will be receive the counseling at no cost to the program. In the absence of grant funding for the counseling, the cost of the counseling will be based on a standard cost-per-client formula.

## ADDENDUM SUMMARY OF COORDINATED ENTRY SYSTEM

The CoC's completion of its Coordinated Entry protocol and implementation of the CE system was delayed by the disruption of normal operations of Hurricanes Irma and Maria which devastated the Territory in September 2017. The CES sub-committee of the local Continuum of Care continues to work on the development of the protocol. A draft document was provided to HUD in July 2018. HUD approved the Territory for technical assistance to assist with the development of its CES. The first phase of the technical assistance began in March 2019 and is now complete; that phase entailed mapping of the existing homeless crisis response system resources, identifying the various cohorts of homelessness, and quantifying the need for various sheltering/housing types accordingly. The next phase of the engagement will entail the effort to develop a system infrastructure using the existing system components that is more aligned, efficient, and effective. The Territory expects to be in full compliance with the requirement for implementation of a functional Coordinated Entry System by January 2020.

The following is a brief overview of the system that is being developed.

### Design Principles

The USVI CES will help people access the housing crisis system faster, by ensuring that persons with the greatest needs receive priority for the housing and homeless assistance available in the Territory of the USVI. Design principles include:

- Client-centered practices where every person at risk of or experiencing homelessness is treated with dignity, offered at least minimal assistance, afforded the opportunity to participate in the development and execution of their own housing plan (if applicable) and with clients offered choice during the referral process whenever possible.
- Degree of vulnerability as the primary factor in determining where the Territory's limited resources should be directed first
- Avoidance of system practices and individual project eligibility criteria which may pose barriers to housing access
- Policies and practices that respect cultural, regional, programmatic, linguistic, and philosophical differences.
- A diversity of housing options created through collaborative and inclusive planning and decision-making practices based on data analysis of local housing needs

### Components of CES

The USVI CoC CES has four distinct elements: Access, Assessment, Prioritization and Referral.

- The access element includes identified access point locations and CoC- and ESG-funded project outreach and case management staff engaging with at-risk populations.
- The assessment element consists of identification of homeless status and completion of a standard assessment tool (the CoC is considering use of the VI-SPDAT) which is used to evaluate risk factors, vulnerabilities and severity of service needs.
- The prioritization element entails using the VI- SPADT score to assign priority to each applicant for services according to the USVI CoC Written Standards for CoC & ESG projects, which will have been established in accordance with 24 CFR 576.400(e) and 24 CFR 578.7(a)(9).
- The referral element entails the process wherein Intake staff refer the client to the indicated program(s) based on the prioritization criteria and program eligibility requirements.

#### Access

The USVI Coordinated Entry System embraces a “no-wrong-door approach” to ensure that any person who is at risk of, or experiencing homelessness can access the CES expeditiously regardless of where they first present seeking/needing services. CE Access Point locations where participants experiencing or at Imminent risk of homelessness can physically receive the standardized CE Assessment are situated in proximity to public transportation and other services to facilitate participant access. In addition, a CoC or recipient of Federal funds may be required to offer some variation to the process, e.g., a different access point, as a reasonable accommodation for a person with disabilities. For example, a person with a mobility impairment may request a reasonable accommodation in order to complete the coordinated entry process at a different location.

All defined access point providers and participating CoC participants must administer the USVI CES Assessment Process as defined by CoC written standards with uniform decision-making across all assessment locations and staff. If access points or assessment processes are conducted or managed by providers who do not receive HUD or USVI local funds, those providers must still abide by assessment standards and protocols defined by the CoC.

VI CoC has currently identified various potential points of access across the Territory for the CES, which will provide a standardized assessment approach for all persons. Additionally, all HMIS partner agencies and ESG-funded agencies will have the ability to assist in immediately connecting prospective clients to Access Points. The ultimate goal is to incorporate additional programs in the future from throughout the Territory as appropriate and available.

The CES business hours are Monday thru Friday from 8am to 5pm, excluding holidays at the identified access point locations. Persons who experience crisis outside of normal business hours can be provided emergency services immediately by crisis response agencies to stabilize the emergent situation. The emergency provider will contact a CE Access Point on the next available date/time during normal CES business hours to coordinate the transport of the client to the Access Point so an assessment can be conducted and the client referred for housing placement and/or mainstream services, as appropriate.

The following will have the ability to assist in immediately connecting prospective clients to Access Points:

- Street outreach: Mobile case managers/outreach workers provide services to persons where they are. Upon engaging a client, the street outreach worker will identify homeless status and conduct a CES assessment or link the individual with an access point location. Although there are limited providers currently utilizing CoC and/or ESG funds to provide street outreach services in the Territory, there are various homeless service provider organizations that currently serve as links between the unsheltered homeless and the community at large. The CoC has identified numerous such links including but not limited to:
  - EMERGENCY shelters, the local Emergency Housing Program, day services programs (such as soup kitchens and showers)
  - Schools, hospitals, health clinics, Bureau of Corrections
  - DHS, VA, VI Housing Authority, Department of Health, Department of Labor
  - Emergency and crisis support agencies (911, VI Police Department, other first responders)
  - Events: such as local Project Homeless Connect events, health fairs
  - Faith-based organizations
  - Residential substance abuse and mental illness co-occurring treatment providers,
  - Domestic violence service providers
  - HIV/AIDS advocacy agencies

#### **Assessment**

All defined access point providers and participating CoC participants must administer the USVI CES Assessment Process as defined by CoC written standards with uniform decision-making across all assessment locations and staff. If assessment processes are conducted or managed by providers who do not receive HUD or USVI local funds, those providers must still abide by assessment standards and protocols defined by the CoC.

- Physical assessment shall be safe and confidential to allow for individuals to identify sensitive information or safety issues in a private and secure setting.
- Tools and assessment processes are easily understood by participants.
- Assessment questions and instructions will be required to reflect the developmental capacity of participants being assessed.
- Assessments are based in part on participant's strengths, goals, risks, and protective factors.
- Assessments are sensitive to participants' lived experience.

#### **Prioritization**

While some non-ESG and CoC programs do not have specific income or homeless verification criteria, the CoC requires that, as a condition of receiving assistance, ALL participants demonstrate lack appropriate housing options, sufficient resources and support networks to obtain or retain housing.

Third party supporting documentation is generally required. The CoC has established a Coordinated Entry Prioritization Policy to guide projects in filling vacant units/vouchers. Programs are required to determine and document eligibility and priority status.

The VI CES uses any combination of the following factors to prioritize homeless persons:

- Significant challenges or functional impairments, including physical, mental, developmental, or behavioral health challenges, which require a significant level of support in order to maintain permanent housing.
- High utilization of crisis or emergency services to meet basic needs.
- Extent to which persons, especially youth and children, are unsheltered.
- Vulnerability to illness or death.
- Risk of continued homelessness.
- Vulnerability to victimization, including physical assault, trafficking, or sex work.

In cases where the assessment tool does not produce the entire body of information necessary to determine a household's prioritization, either because of the nature of self-reporting, withheld information, or circumstances outside the scope of assessment questions, case workers and others working with households may provide additional information through case conferencing or another method of case worker input.

---

#### Referral

The CoC's CE draft protocol includes a uniformed and coordinated referral process for all beds, units, and services available at participating projects within the CoC's geographic area. CoC and ESG program recipients and subrecipients must use the coordinated entry process established by the CoC as the only referral source from which to consider filling vacancies in housing and/or services funded by CoC and ESG programs. Non HUD-funded CoC agencies participating in the coordinated entry process also are encouraged to give priority to referrals from the referring agency/entity when filling project vacancies.

The CoC has established referral criteria for all projects for housing and services. The CoC has committed to publishing referral criteria at least annually and support the identification of, and connection to, appropriate housing and services for all assessed clients. The CoC will maintain and annually update a list of all resources that may be accessed through referrals from the coordinated entry process.

CES will make referrals using a client-centered approach. A client-centered approach encourages participant choice in decisions such as location and type of housing, level and type of services, and other project characteristics - including assessment processes that provide options and recommendations that guide and inform participant choice, as opposed to rigid decisions about what individuals and families need - and allowing clients to freely refuse referrals. The CoC's referral process

is informed by Federal and local Fair Housing laws and regulations and ensures participants are not "steered" toward any particular housing facility or neighborhood because of race, color, national origin, religion, sex, disability, or the presence of children. The CoC and all agencies participating in the coordinated entry process shall comply with the equal access and non-discrimination provisions of Federal civil rights laws.

To ensure client privacy, the CoC has established a minimum set of participant information associated with a referral which will be shared by a referring agency/entity with the project receiving the referral. To ensure transparency in client care coordination and decision making, all CES participants receiving a comprehensive assessment and referral to a CoC project must be offered written documentation of the assessment results and referral with an indication of the CES participant's prioritization for the referral intervention being offered. The information shall be presented with sufficient clarity such that, upon referral, participants are able to easily understand to which program they are being referred, entry requirements of the program, services provided, what the program expects of them, what they can expect of the program, and evidence of the program's rate of success.

Each CoC project is required to establish and make publicly available the specific eligibility criteria the project uses to make enrollment determinations. The referral criteria must identify all the eligibility and exclusionary criteria used by program staff to make enrollment determinations for referred persons or households. Referral guidelines also include acceptable time frames for reviewing and communicating referral decisions to program participants (i.e. whether the potential program participant is either accepted or denied enrollment). The CoC and projects participating in the coordinated entry process do not screen potential project participants out for assistance based on perceived barriers related to housing or services. Where a potential client is not offered enrollment, the reason for rejection must be clearly communicated and documented in HMIS.

The CoC's written CE policies and procedures include standardized criteria by which a participating project may justify rejecting a referral. The CoC's written CE policies and procedures document a uniformed process for managing rare instances of referral rejection, as well as the protocol the coordinated entry process must follow to identify suitable options when projects reject a participant and when participants reject a project and to connect the rejected household with a new project.

**HOME PROGRAM**

**RECAPTURE and RESALE POLICIES**

**RECAPTURE POLICY**

## HOME Program Recapture Provisions

Pursuant to the requirements set forth at Section 215 of the HOME statute and promulgated at 24 CFR 92.254 of the HOME rule, in order for HOME-assisted home ownership housing to qualify as affordable housing it must meet affordability requirements for a specific period of time as determined by the amount of assistance provided. In addition, to ensure affordability, the participating jurisdiction is required to impose either resale or recapture requirements - which shall be outlined in a written agreement with the assisted homebuyer and enforced via lien, deed restrictions, or covenants running with the land.

The Virgin Islands Housing Finance Authority ("VIHFA"), acting as the participating jurisdiction of the U.S. Virgin Islands, hereby adopts the following recapture provisions that comply with the HOME statutory and regulatory requirements. The recapture provisions are triggered by any transfer of title, either voluntary or involuntary, during the established affordability period.

Under the recapture option, the original homebuyer is permitted to sell the property to any willing buyer during the period affordability while the participating jurisdiction recaptures from the net proceeds of the sale all or a portion of the direct HOME subsidy assistance provided to the original homebuyer. **Under no circumstances shall the amount recaptured by the participating jurisdiction exceed the available net proceeds.**

**Affordability period** - The specific period of time for which a HOME-assisted unit must meet be maintained as the principal residence of a qualified, low-income family. For the purpose of its recapture provisions, the participating jurisdiction of the U.S. Virgin Islands has elected to establish the affordability period as twenty years or the term of the primary financing (mortgage) secured by the homebuyer to purchase the assisted unit, whichever is greater.

**Direct HOME subsidy** - The amount of HOME assistance, to include amounts provided from program income, that enabled the homebuyer to purchase the unit such as downpayment or closing cost assistance, interest subsidies, or mortgage buydowns provided directly to the homebuyer or on the homebuyer's behalf. If HOME funds are used for the cost of developing the assisted property, direct HOME subsidy also includes the difference between the fair market value and the actual purchase price.

**Involuntary transfer** - A transfer of title from the original assisted homebuyer to another party through actions of law such as foreclosure proceedings

**Net proceeds** - The sales price less any superior loan repayments (other than HOME funds) and resale expenses (i.e., seller's closing costs). The participating jurisdiction can never recover an amount that is more than the net proceeds of the sale.

**Voluntary transfer** - A transfer of title from the original assisted homebuyer to another party at the will of the assisted homebuyer - e.g., resale, deed of gift, etc.

#### Applicability

The recapture provisions herein shall apply where HOME funds are employed to assist home ownership housing to qualify as affordable housing either by providing financial assistance such as downpayment or closing cost assistance, interest subsidies, or mortgage buydowns that enables the homebuyer to make the purchase or by providing monies as a development subsidy which then enables the unit to be sold at a price below fair market value. **Note:** Recapture provisions shall not apply when HOME funds are used only to subsidize the development cost of the HOME-assisted unit and the unit is sold at fair market value; in that case, resale provisions will be used.

#### Restrictions on Transfer

Under the recapture option, there is no requirement that the HOME-assisted property is sold/transferred to another low-income homebuyer upon either voluntary or involuntary transfer during the affordability period. Instead, the original HOME-assisted homebuyer will be free to sell the property to any willing buyer at whatever price the market will bear. Upon either voluntary or involuntary transfer during the affordability period, the participating jurisdiction shall recapture, from available net proceeds, an amount which is defined below.

#### Enforcement

The VIHFA will utilize its HOME Programmatic Agreement as the initial mechanism to outline the recapture provisions. The HOME Programmatic Agreement, which is executed between the participating jurisdiction and the assisted homebuyer prior to the commitment of HOME funds for the activity, contains language which outlines all the applicable HOME requirements to include the affordability period, the principal residency requirement, the parameters for determination of the amount subject to recapture, and the conditions which trigger recapture. Although the participating jurisdiction does not generally record the HOME Programmatic Agreement, it is a valid legal document which can be recorded, if necessary, and which creates a legal obligation for the VIHFA and the assisted homebuyer.

The VIHFA will utilize mortgage documents as the primary mechanism for enforcement of the recapture provisions. At closing, the homebuyer shall execute a mortgage in the amount of the total HOME investment in the property. The mortgage shall delineate the portion of the HOME investment that is the direct subsidy subject to recapture. The mortgage document shall be recorded upon consummation of the closing transaction. The mortgage document creates a lien on the buyer and the property which lien shall only be subordinate to the primary mortgage executed for the acquisition of the property. The homebuyer will also be required to execute a promissory note for the amount subject to recapture; the note shall be identified as a "non-recourse" note which shall not be payable except in the event of a transfer of the property during the affordability period. The promissory note will include clear explanations of key definitions such as "superior loan", "resale expenses", "net proceeds of resale", and "homeowner's investment" and shall also outline the steps for calculating the amounts due to the homeowner and the HOME Program in the event of a resale.

**VIHFA**

The homebuyer shall be required to seek the consent of the VIHFA prior to refinancing the primary mortgage on the property. The homeowner shall submit copies of relevant documents which outline the reason for the refinancing, terms, current appraised value of unit, proposed distribution of refinancing proceeds for VIHFA's review. Where the refinancing is for the purpose of betterments to the property or to secure more favorable financing terms, VIHFA shall approve the refinancing and re-subordination of the Second Mortgage. VIHFA shall also approve where refinancing results in minimal cash out and VIHFA's position is not jeopardized.

Calculation of Recapture

Upon resale of the property, the homebuyer shall recover from net proceeds their entire investment (which is defined as the homeowner's contribution to downpayment and the cost of capital improvements made by the owner since purchase) before the participating jurisdiction recaptures the direct HOME subsidy. The homeowner's investment shall be repaid in full before the participating jurisdiction recaptures any funds. If the net proceeds are insufficient to repay the homeowner's investment, the homeowner shall receive the available net proceeds and the participating jurisdiction shall not be responsible for any balance remaining. The VIHFA recognizes that, if net proceeds are not sufficient to repay the homeowner's investment and the direct HOME subsidy, the participating jurisdiction may not be able to recapture the full amount of the direct HOME investment.

If there are excess proceeds remaining after repayment of the homeowner's investment and the direct HOME subsidy, the participating jurisdiction and the homeowner shall share the excess proceeds on a pro rata basis based upon the ratio of the direct HOME subsidy to the homebuyer's investment. The formula for calculating the distribution of the excess process shall be as shown below.

- To calculate the amount of excess proceeds to be returned to the participating jurisdiction:

$$\frac{\text{Direct HOME Subsidy}}{\text{Direct HOME Subsidy} + \text{Homeowner's Investment}} \times \text{Excess Proceeds} = \text{HOME Share}$$

- To calculate the amount of excess proceeds to be retained by the homeowner:

$$\frac{\text{Homeowner Investment}}{\text{Direct HOME Subsidy} + \text{Homeowner's Investment}} \times \text{Excess Proceeds} = \text{Homeowner Share}$$

## RESALE POLICY

**HOME Program  
Resale Provisions**

Pursuant to the requirements set forth at Section 215 of the HOME statute and promulgated at 24 CFR 92.254 of the HOME rule, in order for HOME-assisted home ownership housing to qualify as affordable housing, it must meet affordability requirements for a specific period of time as determined by the amount of assistance provided. In addition, to ensure affordability, the participating jurisdiction is required to impose either resale or recapture requirements - which shall be outlined in a written agreement with the assisted homebuyer and enforced via lien, deed restrictions, or covenants running with the land.

The Virgin Islands Housing Finance Authority ("VIHFA"), acting as the participating jurisdiction of the U.S. Virgin Islands, hereby adopts the following resale provisions that comply with the HOME statutory and regulatory requirements. The resale provisions are triggered by any transfer of title, either voluntary or involuntary, during the established affordability period.

Under the resale option, when the original homebuyer transfers the HOME-assisted property during the affordability period, the property must be sold to another low-income homebuyer who will use the property as their principal residence; further, the sales price must be affordable to a reasonable range of low-income buyers. One additional condition is that the resale price must provide the original homebuyer a fair return on investment.

***Affordability period*** – The specific period of time for which a HOME-assisted unit must meet be maintained as the principal residence of a qualified, low-income family. For the purpose of its resale provisions, the participating jurisdiction of the U.S. Virgin Islands has elected to establish the affordability period as twenty years or the term of the primary financing (mortgage) secured by the homebuyer to purchase the assisted unit, whichever is greater.

***Affordable to a reasonable range of low-income homebuyers*** – The maximum purchase price that would result in a 4-person household with income between 60 - 80% of the area median (AMI) paying no more than 35% of their monthly income as their fixed housing cost (i.e., PITI). The affordability determination will differ for St. Thomas/St. John versus St. Croix because the income limits differ in the two island districts.

**Capital Improvements** – Renovations or upgrades to the HOME-assisted property undertaken by the assisted homeowner during the Affordability Period which are recognized as adding value to the property. For the purpose of establishing the basis for calculating fair return, capital improvements shall include any of the following:

- Addition of indoor living space (e.g., bedroom, bathroom, laundry)
- Addition of porch
- Floor replacement (e.g., installation of ceramic floor tiles)
- Kitchen renovation (e.g., re-design/expansion, installation of new cabinets and countertops)
- Bathroom renovation (e.g., re-design/expansion, installation of new fixture set or walk-in shower enclosure)
- Replacement of roof complete
- Replacement of windows throughout
- Central air-conditioning throughout
- Weatherproofing (i.e., permanently-mounted hurricane shutters throughout and permanently-installed generator) – at cost
- 

For the purpose of establishing the basis for calculating fair return, the participating jurisdiction will value capital improvements based on the average increase in value attributable to the specific type of improvement. The participating jurisdiction will utilize value estimates provided by real estate appraisers knowledgeable in the local market.

**Consumer Price Index (CPI)** – The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. CPI data is published monthly by the Bureau of Labor Statistics.

**Fair return on investment** – A prescribed gain on the amount of the homeowner's original investment (i.e., downpayment paid from the homebuyer's personal resources) plus any investment in qualified capital improvements undertaken by the homebuyer since the provision of the HOME assistance. For the purpose of these resale provisions, the participating jurisdiction will utilize the percentage change in the Consumer Price Index (CPI) over the period of ownership as the index for determining fair return. Under no circumstances shall the amount received by the homeowner exceed the sum of the original investment plus the calculated fair return.

**Involuntary transfer** – A transfer of title from the original assisted homebuyer to another party through actions of law such as foreclosure proceedings

**Net proceeds** – The sales price less any superior loan repayments (other than HOME funds) and resale expenses (i.e., seller's closing costs).

**Voluntary transfer** – A transfer of title from the original assisted homebuyer to another party at the will of the assisted homebuyer - e.g., resale, deed of gift, etc.

#### Applicability

The resale provisions herein shall be triggered when a HOME-assisted homebuyer transfers the HOME-assisted property, either voluntarily or involuntarily, during the affordability period. The resale provisions herein shall apply when HOME funds are used only to subsidize the development cost of the HOME-assisted unit and the unit is sold at fair market value.

**Note:** Resale provisions shall not apply when HOME funds are used to provide subsidies such as downpayment or closing cost assistance, interest subsidies, or mortgage buydowns directly to the homebuyer (or on the homebuyer's behalf) to make the purchase affordable or as a development subsidy which then enables the unit to be sold at a price below fair market value; In those cases, recapture provisions shall apply instead.

#### Restrictions on Transfer

Under the resale option, when the original homebuyer transfers the HOME-assisted property during the affordability period, the property must be sold to another low-income homebuyer who will use the property as their principal residence; further, the sales price must be affordable to a reasonable range of low-income buyers. One additional condition is that the resale price must provide the original homebuyer a fair return on investment. Upon either voluntary or involuntary transfer during the affordability period, the homeowner shall receive a fair return on his investment from available net proceeds.

#### Calculation of Fair Return

Upon resale of the property, the homeowner shall receive a fair return on their entire investment (which is defined as the homeowner's contribution to downpayment and the cost of qualified capital improvements made by the owner since the provision of the HOME assistance).

The participating jurisdiction has elected to adopt the percentage change in the broadest and most comprehensive CPI (which is known as the All Items Consumer Price Index for All Urban Consumers [CPI-U]), over the period of ownership, as the standard index for calculating fair return on investment as required under the resale provisions.

- The formula for calculating the fair return on investment shall be as shown below:

$$(\text{Downpayment Paid} + \text{Cost of Qualified Capital Improvements}) \times \text{CPI index} = \text{Fair Return}$$

- The formula for calculating the total return to the homeowner at resale:

$$\begin{array}{l} \text{Downpayment Paid at Purchase} \\ + \text{Cost (value) of Qualified Capital Improvements} \\ \hline \pm \text{Fair Return} \\ \hline = \text{Total Return to Homeowner} \end{array}$$

**Note: if the fair market value at sale is less than the original purchase price plus the value of the homeowner's investment, it is possible that the homeowner may not be able to receive the fair return amount (appreciation) or even any portion of the amount of the investment. The participating shall not have any obligation to the homeowner if this should occur.**

Determination of resale price

The participating jurisdiction shall ensure that the resale price provides a fair return to the original homeowner while ensuring that the property is affordable to the stated target population of households with incomes between 60 – 80% of area median income.

The participating jurisdiction has chosen to calculate the maximum monthly loan payment that would result in the target population (a 4-person household with income between 60 – 80% of AMI) paying no more than 35% of their monthly income as their fixed housing cost (i.e., PITI). The participating jurisdiction will utilize the current HUD income limit chart to identify the 60% and 80% income limits, respectively. The income limit figures will then be divided by 12 to reach gross monthly income; the monthly income figures will be multiplied by 35% in order to determine the maximum PITI. The figures at either end of the range will be averaged in order to determine the overall maximum PITI. *Note:* The affordability determination will differ for St. Thomas/St. John versus St. Croix because the income limits differ across the two island districts.

The maximum PITI figure will be reduced by an allowance of 30% for real property taxes and insurance to determine the maximum principal and interest payment that will be deemed "affordable". Recognizing the range of interest rates that could be applied depending on the lender and the specific loan product offered to the client and recognizing the significant impact of the interest rate on the loan payment, the participating jurisdiction will utilize a loan calculation table to determine the loan principal that correlates to the P&I payment.

**Sample calculation:**

St. Croix	17400	19920	22380	█	26880	28860	30840	31820
	23200	26500	29800	█	35750	38400	41050	43700
St. Thomas	24060	27480	30900	█	37080	39840	42600	45360
St. John	32050	36600	41200	█	49450	53100	56750	60400

STX:

$$60\% \text{ annual limit} = \$24,840/12 = \$2,070/\text{month}$$

$$\times 35\% (= \text{max. housing payment \%})$$

$$\underline{\$724.50 \text{ (Maximum PITI @ 60\% AMI)}}$$

$$80\% \text{ annual limit} = \$33,100/12 = \$2,758.33/\text{month}$$

$$\times 35\% (= \text{max. housing payment \%})$$

$$\underline{\$965.42 \text{ (Maximum PITI @ 80\% AMI)}}$$

**Maximum PITI = \$845.00      =@AVG [\$724.50 + \$965.42]**

*After allowance of 32% for property tax and insurance (TI), the maximum P&I payment = \$575.00*

*Using these figures, the maximum price affordable to the target clientele has been established at \$180,000. (Note: This figure is derived using the lowest interest rate possible (i.e., 1%); however, it is likely that this rate is not likely to be typical of most financing packages.*

The VIHFA recognizes that, in some cases, it may have to invest additional HOME funds in order to achieve the dual objectives of provision of a fair return to the original homeowner and ensuring affordability for the subsequent homebuyer. Before provision of any additional HOME funds, the participating jurisdiction shall ensure that the total of the original HOME investment plus any proposed additional investment will not exceed the applicable maximum per unit subsidy limit. The participating jurisdiction reserves the right to extend the original period of affordability in recognition of any additional HOME subsidy assistance provided to the subsequent homebuyer in order to make the unit affordable to them.

#### Enforcement

The VIHFA will utilize its HOME Programmatic Agreement as the initial mechanism to outline the resale provisions. The HOME Programmatic Agreement, which is executed between the participating jurisdiction and the assisted homebuyer prior to the commitment of HOME funds for the activity, contains language which outlines all the applicable HOME requirements to include the affordability period, the principal residency requirement, the conditions which would trigger the resale provisions, and the resale restrictions. Although the participating jurisdiction does not generally record the HOME Programmatic Agreement, it is a valid legal document which can be recorded, if necessary, and which creates a legal obligation for the VIHFA and the assisted homebuyer.

The VIHFA will utilize mortgage documents as the primary mechanism for enforcement of the resale provisions. At closing, the homebuyer shall execute a mortgage in the amount of the total HOME investment in the property. The mortgage shall outline the resale restrictions and shall create a lien against the property for the duration of the affordability period. The mortgage document shall be recorded upon consummation of the closing transaction. The mortgage will provide an effective mechanism for enforcement of the resale restrictions because, in the event of an impending resale or foreclosure, the title search will reveal the participating jurisdiction's interest in the property and thus, VIHFA will have to be notified of the impending action accordingly. In the case of a proposed sale, the VIHFA will then review the terms of the sale, to include the eligibility of the subsequent buyer as a low-income household, and the sufficiency of the resale price with respect to affordability and provision of a fair return to the homeowner. In the case of an impending foreclosure action, the VIHFA will attempt to work with the lender to negotiate an agreement regarding resale of the unit to an eligible purchaser; if an agreement cannot be reached, then the VIHFA would determine if it will invest additional HOME funds to acquire the unit.

**RESALE POLICY**  
**(Owner-Occupied Rehabilitation)**

**HOME Program**  
**Resale Provisions (Owner-occupied Rehabilitation)**

Pursuant to the requirements set forth at Section 215 of the HOME statute and promulgated at 24 CFR 92.254 of the HOME rule, in order for HOME-assisted home ownership housing to qualify as affordable housing, it must meet affordability requirements for a specific period of time as determined by the amount of assistance provided. In addition, to ensure affordability, the participating jurisdiction is required to impose either resale or recapture requirements - which shall be outlined in a written agreement with the assisted homebuyer and enforced via lien, deed restrictions, or covenants running with the land.

The Virgin Islands Housing Finance Authority ("VIHFA"), acting as the participating jurisdiction of the U.S. Virgin Islands, hereby adopts the following resale provisions that comply with the HOME statutory and regulatory requirements. The resale provisions are triggered by any transfer of title, either voluntary or involuntary, during the established affordability period.

Under the resale option, when a homeowner whose unit received owner-occupied rehabilitation assistance transfers the HOME-assisted property during the affordability period, the property must be sold to another low-income homebuyer who will use the property as their principal residence; further, the sales price must be affordable to a reasonable range of low-income buyers. One additional condition is that the resale price must provide the assisted homeowner a fair return on investment.

**Affordability period** – The specific period of time for which a HOME-assisted unit must meet be maintained as the principal residence of a qualified, low-income family. For the purpose of its resale provisions, the participating jurisdiction of the U.S. Virgin Islands has elected to establish the affordability period as twenty years or the term of the primary financing (mortgage) secured by the homebuyer to purchase the assisted unit, whichever is greater.

- For units receiving housing rehabilitation assistance, the affordability period shall be fifteen (15) years from the completion of the rehabilitation as evidenced by the release of the final retainage monies.

**Affordable to a reasonable range of low-income homebuyers** – The maximum purchase price that would result in a 4-person household with income between 60 – 80% of the area median (AMI) paying no more than 35% of their monthly income as their fixed housing cost (i.e., PITI). The affordability determination will differ for St. Thomas/St. John versus St. Croix because the income limits differ in the two island districts.

**Capital Improvements** – Renovations or upgrades to the HOME-assisted property undertaken by the assisted homeowner during the Affordability Period which are recognized as adding value to the property. For the purpose of establishing the basis for calculating fair return, capital improvements shall include any of the following:

- ✓ Addition of key living space (e.g., bedroom, bathroom)
- ✓ Floor replacement (e.g., installation of ceramic floor tiles)
- ✓ Kitchen renovation (e.g., re-design/expansion, installation of new cabinets and countertops)
- ✓ Bathroom renovation (e.g., re-design/expansion, installation of new fixture set or walk-in shower enclosure)
- ✓ Replacement of roof complete
- ✓ Central air-conditioning throughout
- ✓ Weatherproofing (i.e., permanently-mounted hurricane shutters throughout and permanently-installed generator)
- ✓

For the purpose of establishing the basis for calculating fair return, the participating jurisdiction will value capital improvements based on the average increase in value attributable to the specific type of Improvement. The participating jurisdiction will utilize value estimates provided by real estate appraisers knowledgeable in the local market.

**Consumer Price Index (CPI)** - The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. CPI data is published monthly by the Bureau of Labor Statistics.

**Fair return on investment** - A prescribed gain on the amount of the homeowner's original investment (i.e., downpayment paid from the homebuyer's personal resources) plus any investment in qualified capital improvements undertaken by the homebuyer since the provision of the HOME assistance. For the purpose of these resale provisions, the participating jurisdiction will utilize the percentage change in the Consumer Price Index (CPI) over the period of ownership as the index for determining fair return. **Under no circumstances shall the amount received by the homeowner exceed the sum of the original investment plus the calculated fair return.**

**Involuntary transfer** – A transfer of title from the original assisted homebuyer to another party through actions of law such as foreclosure proceedings

**Net proceeds** – The sales price less any superior loan repayments (other than HOME funds) and resale expenses (i.e., seller's closing costs).

**Voluntary transfer** – A transfer of title from the original assisted homebuyer to another party at the will of the assisted homebuyer - e.g., resale, deed of gift, etc.

Applicability

The resale provisions herein shall be triggered when a HOME-assisted homeowner transfers the HOME-assisted property, either voluntarily or involuntarily, during the affordability period.

Restrictions on Transfer

Under the resale option, when the original homebuyer transfers the HOME-assisted property during the affordability period, the property must be sold to another low-income homebuyer who will use the property as their principal residence; further, the sales price must be affordable to a reasonable range of low-income buyers. One additional condition is that the resale price must provide the original homebuyer a fair return on investment. Upon either voluntary or involuntary transfer during the affordability period, the homeowner shall receive a fair return on his investment from available net proceeds.

Calculation of Fair Return

Upon resale of the property, the homeowner shall receive a fair return on their entire investment (which is defined as the homeowner's contribution to downpayment and the cost of qualified capital improvements made by the owner since the provision of the HOME assistance).

The participating jurisdiction has elected to adopt the percentage change in the broadest and most comprehensive CPI (which is known as the All Items Consumer Price Index for All Urban Consumers (CPI-U)), over the period of ownership, as the standard index for calculating fair return on investment as required under the resale provisions.

- The formula for calculating the fair return on investment shall be as shown below:

$$(\text{Downpayment Paid} + \text{Cost of Qualified Capital Improvements}) \times \text{CPI Index} = \text{Fair Return}$$

- The formula for calculating the total return to the homeowner at resale:

$$\begin{aligned} & \text{Downpayment Paid at Purchase} \\ & + \text{Cost (value) of Qualified Capital Improvements} \\ & + \text{Fair Return} \\ & \hline & = \text{Total Return to Homeowner} \end{aligned}$$

**Note:** If the fair market value at sale is less than the original purchase price plus the value of the homeowner's investment, it is possible that the homeowner may not be able to receive the fair return amount (appreciation) or even any portion of the amount of the investment. The participating shall not have any obligation to the homeowner if this should occur.

Determination of resale price

The participating jurisdiction shall ensure that the resale price provides a fair return to the original homeowner while ensuring that the property is affordable to the stated target population of households with incomes between 60 – 80% of area median income.

The participating jurisdiction has chosen to calculate the maximum monthly loan payment that would result in the target population (a 4-person household with income between 60 – 80% of AMI) paying no more than 35% of their monthly income as their fixed housing cost (i.e., PITI). The participating jurisdiction will utilize the current HUD Income Limit chart to identify the 60% and 80% income limits, respectively. The income limit figures will then be divided by 12 to reach gross monthly income; the monthly income figures will be multiplied by 35% in order to determine the maximum PITI. The figures at either end of the range will be averaged in order to determine the overall maximum PITI. *Note:* The affordability determination will differ for St. Thomas/St. John versus St. Croix because the income limits differ across the two Island districts.

The maximum PITI figure will be reduced by an allowance of 30% for real property taxes and insurance to determine the maximum principal and interest payment that will be deemed “affordable”. Recognizing the range of interest rates that could be applied depending on the lender and the specific loan product offered to the client and recognizing the significant impact of the interest rate on the loan payment, the participating jurisdiction will utilize a loan calculation table to determine the loan principal that correlates to the P&I payment.

*Sample calculation:*

St. Croix	17400	19920	22380		26880	28860	30840	32820
	23280	26500	29800		33750	38400	41050	43700
St. Thoms/	24060	27480	30900		37080	39840	42600	45360
St. John	32050	36600	41200		49450	53100	56750	60400

STX:

$$60\% \text{ annual limit} = \$24,840/12 = \$2,070/\text{month}$$

$$\begin{array}{r} \times 35\% (= \text{max. housing payment \%}) \\ \hline \$724.50 \text{ (Maximum PITI @ 60\% AMI)} \end{array}$$

$$80\% \text{ annual limit} = \$33,100/12 = \$2,758.33/\text{month}$$

$$\begin{array}{r} \times 35\% (= \text{max. housing payment \%}) \\ \hline \$965.42 \text{ (Maximum PITI @ 80\% AMI)} \end{array}$$

$$\text{Maximum PITI} = \$845.00 \quad = @ \text{AVG } [\$724.50 + \$965.42]$$

*After allowance of 32% for property tax and insurance (TI), the maximum P&I payment = \$575.00*

*Using these figures, the maximum price affordable to the target clientele has been established at \$180,000. (Note: This figure is derived using the lowest interest rate possible (i.e., 1%); however, it is likely that this rate is not likely to be typical of most financing packages.*

The VIHFA recognizes that, in some cases, it may have to invest additional HOME funds in order to achieve the dual objectives of provision of a fair return to the original homeowner and ensuring affordability for the subsequent homebuyer. Before provision of any additional HOME funds, the participating jurisdiction shall ensure that the total of the original HOME investment plus any proposed additional investment will not exceed the applicable maximum per unit subsidy limit. The participating jurisdiction reserves the right to extend the original period of affordability in recognition of any additional HOME subsidy assistance provided to the subsequent homebuyer in order to make the unit affordable to them.

#### Enforcement

The VIHFA will utilize its HOME Programmatic Agreement as the initial mechanism to outline the resale provisions. The HOME Programmatic Agreement, which is executed between the participating jurisdiction and the assisted homebuyer prior to the commitment of HOME funds for the activity, contains language which outlines all the applicable HOME requirements to include the affordability period, the principal residency requirement, the conditions which would trigger the resale provisions, and the resale restrictions. Although the participating jurisdiction does not generally record the HOME Programmatic Agreement, it is a valid legal document which can be recorded, if necessary, and which creates a legal obligation for the VIHFA and the assisted homebuyer.

The VIHFA will utilize mortgage documents as the primary mechanism for enforcement of the resale provisions. At closing, the homebuyer shall execute a mortgage in the amount of the total HOME investment in the property. The mortgage shall outline the resale restrictions and shall create a lien against the property for the duration of the affordability period. The mortgage document shall be recorded upon consummation of the closing transaction. The mortgage will provide an effective mechanism for enforcement of the resale restrictions because, in the event of an impending resale or foreclosure, the title search will reveal the participating jurisdiction's interest in the property and thus, VIHFA will have to be notified of the impending action accordingly. In the case of a proposed sale, the VIHFA will then review the terms of the sale, to include the eligibility of the subsequent buyer as a low-income household, and the sufficiency of the resale price with respect to affordability and provision of a fair return to the homeowner. In the case of an impending foreclosure action, the VIHFA will attempt to work with the lender to negotiate an agreement regarding resale of the unit to an eligible purchaser; if an agreement cannot be reached, then the VIHFA would determine if it will invest additional HOME funds to acquire the unit.