

VIRGIN ISLANDS OFFICE OF DISASTER RECOVERY



TESTIMONY

**Committee on Housing,
Transportation &
Telecommunications**

Legislature of the Virgin Islands

**PRESENTED BY:
Adrienne L. Williams-Octalien
DIRECTOR**

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Good Morning, Honorable Senator Marvin A. Blyden, Chairman of the 35th Legislature's Committee on Housing, Transportation & Telecommunications, distinguished members of the committee, as well as fellow testifiers and the listening audience. I am Adrienne L. Williams-Octalien, Director of the Virgin Islands Office of Disaster Recovery (ODR). I am accompanied by Artra Watlington-Francis, Deputy Director of Finance and Compliance. I appreciate the opportunity to appear with the Virgin Islands Housing Finance Authority to provide a status on the Housing and Urban Development's Community Development Block Grant – Disaster Recovery Program's transition to ODR and on housing-related disaster recovery initiatives in the US Virgin Islands.

As mandated by Governor Bryan, restoring the territory's housing stock after Hurricanes Irma and Maria is a top priority for the Office of Disaster Recovery. On November 20, 2023, the Office of Disaster Recovery became a sub-recipient of the territory's CDBG-DR funds. Through this expansion, ODR is centralizing disaster recovery efforts and fostering synergy across activities within the program and with external stakeholders. As a subrecipient, the ODR is tasked with providing pragmatic oversight to include day-to-day operations and program management. The Virgin Islands Housing Finance Authority remains the recipient of HUD funding and, in turn, the managing entity, which includes orchestrating the movement of funds between HUD and the Territory as well as environmental, compliance, and policy administration.

To date, our office has integrated CDBG-DR staff into daily operations and completed a full assessment of all programs, to include identifying challenges and capacity issues and developing strategies to augment performance. In the next sixty days, ODR will continue to streamline operations, finalize action plans and execute on key performance indicators for each program.

CDBG-DR HOUSING PROJECTS

As of January 31, 2024, the territory has received \$1.1 billion in CDBG-DR grant funds, and \$300 million has been expended. Of that allocated amount, \$483 million has been budgeted for affordable housing initiatives.

The development and preservation of affordable housing is a critical component of the recovery. As such, it is imperative that we make significant progress on the repair of homes for applicants of the Envision program. This mandate is not taken lightly.

A total of 2,084 applications were submitted to the program. Of that amount, 610 applicants have been deemed eligible. To date, 30 homes have been completed and 9 are in construction. Currently, 227 homes are in various stages of processing and 353 are left to be started.

Over the last 90 days, ODR has conducted an in-depth assessment into the pervasive issues impacting this program. The rising cost of construction has invalidated many solicitations, as well as delays in the completion of scoping and designs, environmental reviews and attracting and retaining qualified contractors have created significant impediments to progress.

To increase its impact and provide long-awaited relief to homeowners, ODR is working to improve the timeliness of decisions and communication with homeowners to accelerate the program. ODR has developed the following next steps to ensure quality assurance and expedite the necessary scopes of work, drawings, and environmental processes.

- **Launch “Mission 100”** - an initiative to have one hundred homes in construction by Summer 2024. The solicitation is expected to be released in March 2024.
- **Maximize Persons Contract** – assign a minimum of 10 homes per month through December 2024 to Persons Service Corp. that is currently under contract.
- **Bundle Solicitations** – issue solicitation grouping homes based on complexity and construction type to maximize economies of scale.
- **Implement Owner Led Rehabilitation (OLR) Program** – a voluntary option offering

supportive resources to help applicants facilitate the repairs on their homes. This concept will require VIHFA and HUD approval.

- **Provide Alternative Documentation Submittal Options and Support** - assist applicants with flexible access to eligibility documentation through partnerships with agencies to include, extended hours availability, coordinating transportation services for the elderly and other accessibility options.

In addition to the EnVIision Tomorrow program, CDBG-DR is also funding housing initiatives to the tune of \$237.7 million, of which \$16.5 million has been expended as of the end of January. Over \$180 million is earmarked for the completion of eight projects territory-wide. The spending plan for these active projects forecasts the expenditure of \$53.6 million in 2024.

Of those eight projects, two are in the construction phase. The revitalization of the Walter IM Hodge Pavilion is nearing the 75% completion mark. Out of the \$22.6 million awarded by CDBG-DR, \$7.5 million has been expended to revitalize 248 units of affordable housing in the fall of 2024.

Donoe Redevelopment is scheduled to restart construction in June 2024 after work was suspended in 2022 to address contract issues. The 84-unit new construction project located on the island of St. Thomas is expected to be completed in the second quarter of 2026 at the proposed amended cost of \$81 million, with \$8.6 million already expended.

VIHFA has an additional four projects, for a combined \$47.6 million, that are in the design phase: Ross Mixed-Use and new home construction projects at Mount Pleasant, Fortuna (Wild Pineapple), and Queen Louise Townhomes.

Lastly, there are two projects in development, Lovenlund Phase 2 and Kronegade Emergency Housing. Lovenlund Phase 2 was developed as affordable rental housing utilizing the Low-Income Housing Tax Credit (LIHTC) program. The property has now passed the end of the

initial 15-year tax credit compliance period and is vulnerable to loss of affordability. The current owner, April Housing, would now like to divest their Virgin Islands portfolio of affordable housing, which includes Lovelund Phase 2 – 96 units. Jackson Development has applied to acquire the property to preserve the long-term affordability of the rental units and rehab the buildings to ensure the quality and resiliency of the property. An application for \$25.5 million is currently in review for funding to purchase and rehab the buildings.

The Kronegade Inn is a two-story structure that was built in 1962 and previously operated as a hotel on St. Croix. The plan is to rehab and redesign the structure to provide up to 18 emergency housing units. The application for \$3.5 million is in the environmental review stage, with anticipated completion and approval by May 2024.

FEMA HOUSING PROJECTS

ODR is also tracking approximately \$235.7 million in FEMA's Public Assistance Program to rehab housing communities. VIHFA projects include repairs and mitigation measures to Anna's Hope Emergency Housing for \$1.9 million, Frits Lawaetz Housing Community for \$2.3 million, and Grandview/Altona for \$4 million.

The Virgin Islands Housing Authority has completed \$6 million of roofing repair projects in both districts, projects were completed at Marley Homes and Additions on St. Croix, and Michael J. Kirwan Terrace and Paul M. Pearson Gardens on St. Thomas, to name a few.

The FEMA Hazard Mitigation Program has obligated \$7 million to Love City Strong, to manage the St. John Community Foundation Residential Wind Retrofit Project. This project will harden homes to reduce future damages and protect lives. These homes are being structurally retrofitted to protect windows and doors from the impact of hurricanes and other storms. It will also provide the structural rebuilding of roofs. Initially this project was expected to retrofit ninety-seven (97)

homes, but due to increases in cost with construction and materials, the final number of homes was reduced. Twenty-one (21) homes have been completed to date. Since inception, a few homes have dropped from the program and currently FEMA is now reviewing a list of thirty-one (31) potential replacement homes. This project is on hold until FEMA finalizes the review process. A meeting with all stakeholders to review the replacement homes and address any pending questions is scheduled for March 11, 2024.

CONCLUSION

Mr. Chair, I would like to thank you and the members of this body for your time and attention, and particularly for today's hearing on the status of housing projects in the territory. As we approach the end of the first quarter of 2024, the ODR will maintain its focus on the full recovery and rebuilding of the Virgin Islands. I would also like to reiterate our commitment to working with the VIHFA to accelerate the Envision program, in particular and the other affordable housing initiatives. I would like to thank my hard-working team at the Office of Disaster Recovery for their dedication and tireless support.

We remain committed to building a stronger, more resilient, and prosperous territory, and with your support, we will continue to *"Build a Legacy of Resilience."*