

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, other distinguished members of the committee, fellow testifiers listening and viewing 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 and Jamila Haynes, Chief Program Officer – Community Development Block Grant Disaster Recovery (CDBG-DR) Programs. We appreciate the opportunity to provide an update on the progress of the housing repair programs under the purview of the Office of Disaster Recovery.

As directed by Governor Bryan, restoring the territory's housing stock after Hurricanes Irma and Maria remains a top priority for the Office of Disaster Recovery (ODR). On November 20, 2023, the ODR was authorized as a sub-recipient of the territory's CDBG-DR funds. This expansion enables ODR to centralize disaster recovery efforts, promote greater synergy across program activities, and enhance collaboration with external stakeholders. As a sub-recipient, ODR is responsible for providing practical oversight, including the day-to-day management of these critical recovery programs.

The CDBG-DR program is federally funded by the U.S. Department of Housing and Urban Development (HUD), administered through the VI Housing Finance Authority (VIHFA) and managed by the Office of Disaster Recovery. Its programs play a critical role in local recovery efforts through its four divisions: Housing, Infrastructure, Economic Revitalization, and Public Services & Facilities.

The housing recovery initiatives within these programs are specifically designed to address unmet needs. These programs focus on providing recovery opportunities to the territory's most

vulnerable residents by creating affordable housing, preserving existing housing, providing emergency housing solutions, and facilitating the rehabilitation of damaged homes.

EnVision Tomorrow

Of the HUD-allocated funds, \$483 million has been earmarked specifically for affordable housing initiatives, including the Envision Tomorrow program.

Developing and preserving affordable housing are key elements of our recovery efforts. It is vital that we make considerable progress in repairing homes for Envision Tomorrow program applicants. This responsibility is one we approach with the utmost seriousness.

Out of the 2,084 applications submitted to the program, 610 have been deemed eligible. To date, 35 homes have been completed, 87 are in the construction phase – 47 are in construction and 40 are pending issuance of a notice to proceed. This is a much brighter outlook, considering only nine homes were under construction in February 2024. The needle is moving. Additionally, another 48 homes are currently in solicitation, and site visits are occurring this week.

Over the past 120 days, ODR has initiated two outreach campaigns to assist applicants in progressing to the next steps. The first campaign targeted 147 applicants preparing for solicitation or mobilization under the Person Services contract. A letter and follow-up phone calls offered guidance to expedite their journey toward construction. While processing has accelerated for this group of applicants, challenges persist, particularly regarding the need to relocate or clear personal belongings from the home or impacted areas before construction begins.

Although the program provides relocation and storage support, the process of determining eligibility under program and HUD regulations, requires significant documentation that many applicants cannot provide or are unable to produce in a timely manner.

The second initiative focused on updating contact and demographic information through an interest survey to over 439 applicants. This effort is essential for ensuring timely and effective communication and will help the program prioritize applicants for construction. To date, 187 surveys have been returned. The program is making telephone calls to those who have not returned surveys to ensure all applicants are captured. Currently, prioritization is based on disability status, displacement, and applicants who have addressed duplication of benefits issues.

The program must undergo several steps before achieving construction status. In summary, those steps include grant signing, solicitation, contracting and negotiation, and mobilization. The program projects that 100 homes would have entered construction in September. We expect to issue another 55 homes in September and relaunch the Rental Rehab and Reconstruction program in November of this year.

Beyond the EnVIision Tomorrow program, CDBG-DR is also supporting housing initiatives with a total of \$237.7 million. Over \$180 million has been allocated for the completion of nine projects across the territory. Of the nine active projects, two are in the construction phase.

Walter IM Hodge

The \$116 million Walter IM Hodge Revitalization project funded through a combination of FEMA Public Assistance, FEMA Hazard Mitigation Grant Program, HUD Community

Development Block Grant-Disaster Recovery and Low-Income Housing Tax Credits began in June 2022 and is steadily approaching the 95% completion mark. Out of the \$22.6 million awarded by CDBG-DR, \$16.8 million has been spent to restore 248 affordable housing units, with completion expected in October of 2024.

Donoe Redevelopment

The Donoe Redevelopment Project is the first launch of the total redevelopment effort and will provide replacement housing for residents of the Estate Tutu Hi Rise public housing apartments devastated during the 2017 storms. The project, originally budgeted at \$34 Million, consists of the construction of 84 units in 14 buildings. Construction began in November 2020 but came to a halt in June 2022. The contract was terminated for convenience in October 2022. The project is now anticipated to be restarted with a new General Contractor, Consigli Benton. The timeline for completion is twenty-six months. In the interim, environmental remediation work is ongoing at the site to ensure a smoother transition once construction resumes. The Virgin Islands Housing Authority has requested an additional \$46 Million to complete the project. This requires a substantial amendment to the CDBG-DR Action Plan. The ODR and the VIHFA are working together to submit that request for approval by HUD. This process, which includes a public commentary review, can take approximately 120 days.

Affordable Housing

Funds are also being allocated for affordable housing preservation and rehabilitation. Lovenlund Phase 2 is an existing 96-unit LIHTC rental property located in St. Thomas. The property has now passed the end of the initial 15-year tax credit compliance period and is

vulnerable to loss of affordability. Providing CDBG-DR funding to preserve affordable rental housing, addresses the unmet need for safe, affordable rental housing in the US Virgin Islands that was further exacerbated by the impact of the 2017 storms, Irma and Maria. Jackson Development has applied to acquire the property, aiming to preserve its long-term affordability and rehabilitate the buildings to ensure their quality and resilience. A funding application for \$25.5 million is currently under review to facilitate the purchase and rehabilitation of the property. The transaction is tied to the approval of the Lovenlund Phase I and Bellevue applications currently under consideration by VIHFA for CDBG-MIT funding.

The VIHFA has an additional six projects, totaling \$57.4 million, in the design phase: Emergency Housing Projects namely, Kronegade Inn and Ross Taarneberg Emergency Housing and new home construction projects at Mount Pleasant, Fortuna (Wild Pineapple), Queen Louise Townhomes, and Ross Taarneberg Town Homes.

Own-a-Lot, Build-a-Home

The Own-a-Lot, Build-a-Home Program was introduced to the community on June 28, 2024. This program is a territorial lending initiative designed to assist first-time homeowners in constructing a single-family home on their existing property. Qualified applicants can receive financial support in the form of a zero percent (0%) interest forgivable loan also known as a grant to fund the construction of a first home. The CDBG-DR second lien is forgiven over a five-year affordability period. Beneficiaries must occupy the property as a primary residence during the affordability period and complete a homebuyer education course. Next, the applicant will submit a program application along with required documentation to a participating lending institution.

The program has received an overwhelming response. All local lenders were engaged initially to determine interest. In the end, not many were providing construction financing. This resulted in the executing of MOUs with Banco Popular and USDA Rural Development. Interested lenders may contact the program to inquire about participation. Interest in the program continues to grow and program marketing is on-going.

Conclusion

Mr. Chair, I would like to extend my gratitude to you and the members of this committee for your time and attention, and for holding today's hearing on the status of housing projects in the territory. As we near the end of 2024, the Office of Disaster Recovery remains steadfast in its mission to fully recover and rebuild the Virgin Islands. I also want to reaffirm our commitment to working closely with the Virgin Islands Housing Finance Authority to accelerate the Envision program and advance other critical affordable housing initiatives.

I would like to express my sincere appreciation to my dedicated team at the Office of Disaster Recovery for their unwavering commitment and tireless efforts.

We remain resolute in our goal of building a stronger, more resilient, and prosperous territory, and with your continued support, we will "Build a Legacy of Resilience".