

**UNITED STATES VIRGIN ISLANDS
HOUSING FINANCE AUTHORITY**

**SUPPORTIVE HOUSING AND
SHELTERING PROGRAM POLICIES**

VERSION: 1.0

April 4, 2019

Prepared by:

Virgin Islands Housing Finance Authority



The policies and procedures stated in this manual are current as of April 4, 2019. This Manual represents the current version of the Virgin Islands Housing Finance Authority's (VIHFA) policies which shall provide general guidance for the operation of the Supportive Housing and Sheltering Program. All manuals will be reviewed periodically and will be updated. Therefore, you are strongly urged to visit our website www.vihfa.gov/cdbg-dr or to ensure that you have the latest version. There may be times, however, when a policy or procedure will change before the manual is revised.

Table 1: USVI Supportive Housing and Sheltering Development Program Version Control

VERSION NUMBER	DATE REVISED	DESCRIPTION
VERSION 1 (DRAFT)	2/11/19	Supportive Housing and Sheltering Programs Policy Draft
VERSION 1	04/04/19	Updated to include Appendix A: Crosscutting Requirements and Process Overview

DRAFT

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1.0 INTRODUCTION

1.1 Summary

As a result of the 2017 hurricanes, Irma and Maria, the U.S. Virgin Islands received an allocation of Community Development Block Grant Disaster Recovery (CDBG-DR) funds which will be administered by the Virgin Islands Housing Finance Authority (VIHFA). The Department of Housing and Urban Development (HUD) allocations for the Virgin Islands' CDBG-DR program totals \$1,021,901,000 to assist local entities with unmet recovery needs for housing, infrastructure, and economic resilience. VIHFA has allocated \$15,000,000 of the first phase, or Tranche 1, and another \$75,000,000 of Tranche 2 to the Supportive Housing and Sheltering Programs. This program seeks to address the housing need for the most vulnerable segments of the population, as well as provide a shelter facility to not only provide safe haven during disaster events, but accommodates service providers facilitating recovery, such as community services, programs for the elderly, workforce assistance, etc. This policy document explains the structure of this program, requirements for submittal of an application, and supporting documentation for program eligibility determination and funding requests.

1.2 Version History

Version Policy

Version history is tracked in the table above, with notes regarding version changes. The dates of each publication are also tracked in this table. The first version of this document is 1.0.

Substantive changes within this document that reflect a policy change will result in the issuance of a new version 2.0, an increase in the primary version number. Future policy changes will result in additional revision and the issuance of a new primary version number.

Non-substantive changes such as minor wording and editing, or clarification of existing policy, that do not affect the interpretation or applicability of the policy will be included in minor version updates denoted by a sequential number increase behind the primary version number. Such changes would result in a version number such as 2.1, 2.2, etc.

Policy Change Control Board

Policy review and changes for the Supportive Housing and Sheltering Program are considered through a change control process. When policy clarifications, additions, or deletions are needed to more precisely define the rules by which the Program will operate, Program staff will submit a Policy Change Request Form or a Request for Decision Form for internal review by the Policy Change Control Board. (PCCB). Within the PCCB, two members will separately perform a review to verify that all relevant information and any supporting documentation are included in the request. Upon PCCB concurrence by these two members that the request raises a policy issue, rather than a process issue, the Policy Change Request Form or Request for Decision is forwarded to VIHFA for review. The requests are compiled and brought before the entire Policy CCB for a final policy change determination.

The PCCB is composed of the Special Counsel for Disaster Recovery, the Senior Policy Manager, the Senior Housing Program Manager, Housing Program Manager, at least one Subject Matter Expert, and other program staff members representing Program leadership as needed.

The PCCB meets bi-weekly, or as needed, to consider all pending requests but may meet as frequently as necessary to consider critical policy decisions. The schedule for PCCB meetings is expected to move to a lower frequency as the Program matures.

1.2 Agency Acronyms

DHS – Virgin Islands Department of Human Services

DPNR – Virgin Islands Department of Planning and Natural Resources

DPP – Virgin Islands Department of Property and Procurement

FEMA – Federal Emergency Management Agency

PFA – Public Finance Authority

SDD – Virgin Islands Social Development Department

VIHA -Virgin Islands Housing Authority

VIHFA – Virgin Islands Housing Finance Authority

1.3 Definitions

Community Development Block Grant – Disaster Recovery (CDBG-DR): Assistance from HUD to help the Territory recover from presidentially declared disasters, especially in low-income areas, subject to availability of supplemental appropriations.

Cross-cutting regulations: Regulations outside of CDBG-DR regulations that apply to CDBG-DR programs. These include regulations pertaining to financial management, procurement, environmental, labor, acquisition, relocation, fair housing, and non-discrimination.

Davis Bacon and Related Acts (DBRA): Federal law requiring payment of local prevailing wages as determined by the Department of Labor on public works projects. It applies to contractors and subcontractors performing work on federally funded or assisted contracts in excess of \$2,000 for the construction, alteration, or repair of public buildings or public works.

Duplication of Benefits (DOB): A duplication of benefit is the receipt of funding from multiple sources for the same purpose. The Robert T. Stafford Disaster Assistance and Emergency Relief Act (Stafford Act) prohibits any person, business concern or other entity from receiving financial assistance from CDBG Disaster Recovery funding with respect to any part of the loss resulting from a major disaster as to which he/she has already received financial assistance under any other program or from insurance or any other sources. It is an amount determined by the program that may result in the reduction of an award value.

Environmental review record (ERR): the document resulting from required environmental review which includes a description of activities, evaluation of environmental impact,

documentation of compliance with applicable environmental regulations, and an environmental determination.

Low to Moderate Income (LMI): A household is considered to be of low or moderate income if the household income (including income derived from assets) is at or below 80 percent of an area's median income. All income is based on the Area Median Income limits set annually by HUD for each parish or metropolitan statistical area.

Request for Release of Funds (RROF): An environmental review term for a processes used by Responsible Entities (the state) when requesting the release of funds and the authority to use such funds for HUD programs identified by statutes that provide for the assumption of the environmental review responsibility by units of general local government and states. The approval of the RROF is required before environmental clearance may be provided to a recipient of CDBG-DR funds.

Section 3: A provision of the Housing and Urban Development (HUD) Act of 1968 that requires that recipients of certain HUD financial assistance, to the greatest extent feasible, provide job training, employment, and contracting opportunities for low- or very-low income residents in connection with projects and activities in their neighborhoods.

Section 504: A provision of the Rehabilitation Act of 1973 which provides that no qualified individual with a disability should, only by reason of his or her disability, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.

SECTION 1: POLICIES

2.0 SUPPORTIVE HOUSING & SHELTERING PROGRAM OVERVIEW

2.1 Summary

Hurricanes Irma and Maria significantly impacted the limited housing stock that accommodates the most vulnerable population in the U. S. Virgin Islands, including but not limited to, the elderly, disabled, mentally ill, homeless and those at risk of homelessness, as well as individuals with substance abuse issues and victim of domestic abuse. The storms caused severe damage to homeless facilities and providers serving vulnerable populations. The lack of insurance or insufficient insurance has left several providers without the resources to repair facilities.

In order to address the emergency housing needs of this population, existing facilities must be brought back to pre-storm condition and the resilience of those facilities increased. There is also a need to expand facilities to accommodate more homeless individuals and to pursue permanent supportive housing, transitional housing, mental health services, and substance abuse services for this population.

Additionally, the Territory faces the need for disaster shelters where individuals and families can weather future storms and live as they transition back into permanent housing in the aftermath of a natural disaster. Though the U.S. Virgin Islands faces the risk of hurricanes and other storms seasonally, the supply of shelters is radically insufficient. A majority of the limited sheltering options consist of educational facilities. Utilization of schools for this purpose seriously impairs the ability of the Territory to resume educational programs for students in the primary and secondary system, impeding the overall rate of recovery after an event. In addition, certain amenities, such as multiple showers, a medical clinic, etc., needed by individuals sheltering from a disaster are not present in those facilities.

The Territory has developed two programs to address these urgent sheltering needs as a result of Hurricanes Irma and Maria: 1) Supportive Housing for Vulnerable Populations, and 2) Emergency Shelter Development.

3.0 USE OF FUNDS

3.1 Supportive Housing for Vulnerable Populations

The Supportive Housing for Vulnerable Populations will provide funding for the rehabilitation or replacement of residential units for the Territory's most vulnerable populations, prioritizing the needs of the elderly and homeless. The program also allows funds to be allocated for the creation of new temporary and supportive housing, and for the expansion or development of support services.

The rehabilitation and reconstruction of the existing housing stock to support vulnerable populations is a significant need. Further, the development of additional housing stock is needed

to serve the growing needs of the existing population, as well as the growing number of individuals who have become vulnerable as a result of the storms.

To address this need, the program will provide funding for the following:

- Rehabilitation and reconstruction expenses. The Territory will implement this program to cover eligible costs for the rehabilitation or replacement of damage to real property; replacement of disaster-impacted residential appliances; and environmental health hazard mitigation costs related to the repair of disaster-impacted property. For residences identified as substantially damaged, support will be granted for reconstruction;
- Funding for rehabilitation and replacement, will be delivered in the form of forgivable construction loans. These loans will be forgivable over a five-year period (forgiven 20% per year over a 5-year period.);
- Support of the expansion or new development of units for the vulnerable, via loans. Eligible uses include financing or the acquisition of land, buildings, or new construction; and
- Enable providers to support the most vulnerable through provision of services. This support will be provided in the form of grants for projects that increase and improve the support service network for these individuals.

This program will consist of two (2) components to address these objectives.

3.1.1 Elderly Care Facilities

3.1.1.1 Project Description

To address the need of shortage of supportive units for the elderly, funding under this component will initially be utilized for the reconstruction of Herbert Grigg Home for the Aged in St. Croix and Queen Louise for the Aged in St. Thomas. Both facilities are owned and operated by the Territory. Funding will also be available for supportive services, needed to fully address the needs of the elderly. Dependent upon availability of funding, the Territory will evaluate other facilities in need of rehabilitation or reconstruction serving vulnerable population groups.

3.1.1.2 Program Administration

Administering Entity: VIHFA, the Virgin Islands Dept of Human Services, and other qualified entities as needed contingent upon available funding.

Estimated Start and End Dates: Quarter 2, 2019 through Quarter 2, 2022

Program Allocation: \$55,000,000

National Objective: Low- to Moderate-Income Housing and Urgent Need

Eligible Activities: Acquisition of Real Property [HCDA Section 105(a)(1)]; Clearance, Rehabilitation, Reconstruction, and Construction of Buildings (including Housing)[HCDA Section 105(a)(4)]; Public Services [HCDA Section 105(a)(8)]; Housing Services [HCDA Section 105(a)(20)]; Public Facilities and Improvements [HCDA Section 105(a)(2)].

Geographic Area Served: Herbert Grigg Home for the Aged in St. Croix and Queen Louise for the Aged in St. Thomas housing for the elderly will be reconstructed, with other facilities throughout the Territory possible contingent upon available funding.

Prioritization Criteria: Funding will be allocated to ensure that the most vulnerable are served expediently and effectively. Due to limits in the funding available, the Territory will prioritize the rehabilitation, reconstruction, and new development of housing for the elderly, youth at-risk of homelessness and other vulnerable populations, especially properties managed by the Department of Human Services. Initial priority is the funding for the rehabilitation/reconstruction of the Herbert Grigg Home for the Aged in St. Croix and Queen Louise for the Aged in St. Thomas. The Territory reserves the right to include additional vulnerable populations.

3.1.2 Emergency Housing

3.1.2.1 Project Description

Modeled on existing programs under the Territory's entitlement CDBG and Emergency Solutions Grant programs, the project will fund rehabilitation and reconstruction, development of new housing and enhancement of the support service network for vulnerable populations. A competitive application-based process, utilizing the selection criteria from the existing VIFHA programs, will identify the specific projects which will receive funding. The program will serve to address the temporary emergency housing needs of the homeless, those at risk of being homeless, elderly, disabled, victims of domestic abuse, those with substance abuse issues, as well as other vulnerable segments of the population.

3.1.2.2 Program Administration

Administering Entity: Virgin Island Housing Finance Agency

Estimated Start and End Dates: Quarter 2, 2019 through Quarter 2, 2022

Program Allocation: \$5,000,000

National Objective: Low- to Moderate-Income Housing and Urgent Need

Eligible Activities: Acquisition of Real Property [HCDA Section 105(a)(1)]; Clearance, Rehabilitation, Reconstruction, and Construction of Buildings (including Housing) [HCDA Section 105(a)(4)]; Public Services [HCDA Section 105(a)(8)]; Housing Services [HCDA Section 105(a)(20)]; Public Facilities and Improvements [HCDA Section 105(a)(2)].

Eligible Applicants: Nonprofit and for-profit providers of supportive services for the vulnerable populations including but not limited to, the elderly, disabled, mentally ill, homeless, those at risk of homelessness, as well as individuals with substance abuse issues and victims of domestic violence, who charge no more than 30% of household income as rent for units improved through this program. Public agencies that support housing for the vulnerable, including the Department of Human Services, are eligible.

Eligibility Criteria:

Applicants must demonstrate the existence of an unmet need (determined after accounting for all federal, Territorial, local, and/or private sources of disaster-related assistance available to the applicant, including, but not limited to FEMA, SBA, and flood insurance proceeds; and

Applicants must utilize program funds to serve vulnerable populations.

Geographic Area Served: Any nonprofit and for-profit providers addressing the defined target population, with anticipated service area throughout the Territory.

Prioritization Criteria: Funding will be allocated to the individual program components as needed to ensure that the most vulnerable are served expediently and effectively. Due to limits in the funding available, the Territory will prioritize the rehabilitation, reconstruction, and new development of emergency housing for the elderly, homeless, youth at-risk of homelessness and other vulnerable populations, especially properties managed by the Department of Human Services. The Territory reserves the right to include additional vulnerable populations.

3.2 Emergency Shelter Development

3.2.1 Project Description

When Hurricanes Irma and Maria hit the U. S. Virgin Islands in September of 2017 there were limited locations for individuals, families, and the most vulnerable to seek shelter from the storms. Unlike the contiguous United States, only a small fraction of the Territory's population is in a position to evacuate the islands in advance or in the aftermath of a natural disaster, further exacerbating the need for shelters and homes hardened to withstand potential disasters. During Hurricanes Irma and Maria school buildings served as make-shift emergency shelters, despite the frequent incompatibility with emergency shelter standards. Once the storm passed shelters were required to remain open in order to accommodate individuals and families whose homes were rendered uninhabitable. In some cases, the lack of alternative accommodations for shelters delayed the re-opening of schools by up to one month.

This program addresses the urgent need for adequate, permanent emergency shelters in the U. S. Virgin Islands. To this end, the program will support the hardening and upgrading of existing community, public or private infrastructure to build it up to sheltering standards as well as the creation of new emergency sheltering stock with multiple purposes outside of a disaster.

In addition to sheltering needs, Territorial agencies found it difficult to serve the needs of the low-to moderate-income residents due to the lack of an adequate centralized facility. The facilities as proposed will accommodate many community service programs and resource agencies, providing needed services to this segment of the population in the immediate aftermath of a disaster, and into the future. Designated office space and meeting rooms will be included in the design for this purpose.

Diversification of the Territory's economic base is vital for recovery from the recent disaster events. When not addressing sheltering needs, a facility of this type will also serve as an economic revitalization tool by providing a facility able to accommodate and support activities which promote economic growth and stability. Economic revitalization activities would include, but not limited to, job fairs, workforce training courses, trade and retail expositions, sports events, as well as concert and theatre productions. Additionally, and income derived from events held at the facility would offset maintenance and operation costs, assisting in meeting the financial requirement for maintaining adequate sheltering facilities.

Under current consideration for the location of a facility addressing these needs it the University of the Virgin Islands campus in St. Croix. The Board of Trustees has approved a Memorandum of Understanding with the VIHFA for the purpose of developing this concept.

3.2.2 Program Administration

Administering Entity: Virgin Island Housing Finance Agency, University of the Virgin Islands, Department of Human Services, and other qualified entities yet to be determined.

Estimated Start and End Dates: Quarter 2, 2019 through Quarter 2, 2022

Program Allocation: \$30,000,000

National Objective: Low- to Moderate-Income Housing; Low- to moderate-Income Area; Low- to Moderate-Income Limited Clientele; and Urgent Need

Eligible Activities: Acquisition of Real Property [HCDA Section 105(a)(1)]; Clearance, Rehabilitation, Reconstruction, and Construction of Buildings (including Housing) [HCDA Section 105(a)(4)]; Public Services [HCDA Section 105(a)(8)]; Housing Services [HCDA Section 105(a)(20)]; Public Facilities and Improvements [HCDA Section 105(a)(2)].

Eligible Applicants: VIHFA and University of the Virgin Islands are the applications identified for first phase of funding private developers, for-profit and nonprofit community organizations, Department of Human Services, and VIHA will be included as applicants for additional phases.

Eligibility Criteria:

Projects must increase the number of congregate shelter options for individuals and families who cannot or choose not to shelter in place during the storms; and

Shelters developed or hardened in this program will require compliance with emergency sheltering standards (including number of restroom facilities).

Geographic Area Served: Initial project under consideration will serve St. Croix, with other areas determined contingent upon available funding.

Prioritization Criteria: Project will be selected based on projected performance against a set of factors, including but not limited to: cost effectiveness, speed with which shelters can be developed, number of individuals served, location and accessibility, and proposed use(s) outside of hurricane season or other disaster event.

4.0 CDBG-DR PROGRAM REQUIREMENTS

The Territory will ensure that each project which receives funding under the Supportive Housing & Sheltering Program corresponds to a CDBG-DR eligible activity, meets a national objective, and demonstrates a direct connection to the disaster. Funds will be provided as payment to governmental agencies, eligible organizations, or other entities for eligible activities.

4.1 Overall Program Administration

VIHFA will oversee all activities and expenditures in connection with the CDBG-DR funds. In addition to VIHFA employees, additional personnel and contractors will be hired to aid in the administration of, and to carry out, the recovery programs. These partners will ensure that the programs meet all requirements, including but not limited to: the disaster threshold, eligibility, national objective, compliance, fair housing, labor standards, nondiscrimination, environmental regulations, Section 3, and procurement regulations.

VIHFA will create a monitoring plan in accordance with CDBG-DR requirements so that each activity funded will meet the disaster threshold and one of HUD's three national objectives, with emphasis on eligible activities achieving the primary national objective of benefiting low- and moderate-income persons.

All projects must comply with any applicable federal laws and regulations and effectively meet their stated goals. VIHFA will monitor funds using Monitoring and Compliance Manual. In accordance with HUD requirements, VIHFA will submit a Quarterly Performance Report (QPR) through DRGR no later than thirty days following the end of each calendar quarter. QPR's will be posted on a quarterly basis until all funds have been expended and all expenditures have been reported. U.S. Virgin Islands will utilize the HUD-provided contract reporting template for upload to the DRGR on a quarterly basis: <https://www.hudexchange.info/resource/3898/public-law-113-2-contract-reporting-template/>

4.2 Tie to the Disaster

All activities funded with CDBG-DR in the Supportive Housing & Sheltering Program must in some way respond to a direct or indirect impact of one of the following federally-declared disasters:

- Hurricane Irma ([DR-4335](#))
- Hurricane Maria ([DR-4340](#))

The above-named events had a devastating impact to the housing stock of the Territory, specifically limiting the housing opportunities to the most vulnerable populations. These needs will be addressed through the initiatives for rehabilitation and reconstruction of existing facilities serving this purpose, as well as new developments.

Evacuation of island residents is extremely challenging, as evidenced in the 2017 storms, specifically those of the most vulnerable segments of society. In response to the experience of these most recent disasters, emergency sheltering opportunities will be developed, which can provide the needed services during and post-event. A multi-purpose facility would not only address the need for shelter, but also support recovery from the disasters providing centralized facility for provision of needed community services, and an economic revitalization tool.

5.3 Eligible Activities

Table 1 below summarizes the CDBG-DR allocations in accordance with basic eligible activities per HCDA Section 105:

Table 1. Summary of Supportive Housing and Sheltering Program Eligible Activities

<i>Program</i>	<i>HCDA Eligible Activities⁹Section 105(a)</i>	<i>Total Allocation</i>
Supportive Housing for Vulnerable Populations	Acquisition of Real Property Clearance, Rehabilitation, Reconstruction and Construction of Buildings (including Housing) Public Services Housing Services Public Facilities and Improvements	\$60,000,000
Emergency Shelter Development	Acquisition of Real Property Code Enforcement Clearance, Rehabilitation, Reconstruction and Construction of Buildings (including Housing) Public Services Housing Services Public Facilities and Improvements	\$30,000,000

4.3.1 Ineligible Activities

The CDBG-DR program regulations identify certain activities as categorically ineligible. They also identify certain other activities that are ineligible unless they are carried out under the authority of §570.204.

The general rule in the CDBG-DR program is that any activity that is not authorized under the provisions of §§ 570.201-570.206 (or, where applicable, the statute) is ineligible to be assisted with CDBG-DR funds. However, the eligible activities are so broad that it is easy to forget that some things cannot be done under the program. The purpose of this section is to discuss specific activities that are ineligible and to provide guidance in determining the eligibility of other activities frequently associated with housing and community development.

Categorically Ineligible

The following activities may not be assisted with CDBG-DR funds under any circumstance:

General government expenses. Except as otherwise specifically authorized in Subpart C of Part 570 or under OMB Circular A-87, expenses required to carry out the regular responsibilities of the unit of general local government are not eligible for assistance under this part. Reference: §570.207(a)(2).

Political activities. CDBG funds may not be used to finance the use of facilities or equipment for political purposes or to engage in other partisan political activities, such as candidate forums, voter transportation, or

voter registration. However, a facility originally assisted with CDBG funds may be used on an incidental basis to hold political meetings, candidate forums, or voter registration campaigns, provided that all parties and organizations have access to the facility on an equal basis, and are assessed equal rent or use charges, if any. Reference: §570.207(a)(3)

Generally Ineligible

The following activities may not be assisted with CDBG funds unless authorized as Special Economic Development Activities under §570.203 or when carried out by a CBDO under the provisions of §570.204.

Furnishings and personal property. The purchase of equipment, fixtures, motor vehicles, furnishings, or other personal property not an integral structural fixture is generally ineligible. CDBG funds may be used, however, to purchase or to pay depreciation or use allowances (in accordance with OMB Circulars A-21, A-87, or A-122, as applicable) for such items when necessary for use by a recipient or its subrecipients in the administration of activities assisted with CDBG funds, or when eligible as firefighting equipment, or when such items constitute all or part of a public service pursuant to §570.201(e)2. Also, these items are eligible when carried out by a for-profit business as part of CDBG assistance under the authority of §570.203(b). Reference: §570.207(b)(1)

Operating and maintenance expenses. The general rule is that any expense associated with repairing, operating, or maintaining public facilities, improvements, and services are ineligible.

However, specific exceptions to this general rule are operating and maintenance expenses associated with public service activities [see §570.201(e)], interim assistance [see §570.201(f)], and office space for program staff employed in carrying out the CDBG program (see §570.206).

For example, the use of CDBG funds to pay the allowable costs of operating and maintaining a facility used in providing a public service (e.g., salaries, rent) would be eligible under §570.201(e), even if no other costs of providing the service there are assisted with such funds. Examples of operating and maintenance expenses that are generally ineligible include:

Maintenance and repair of publicly-owned streets, parks, playgrounds, water and sewer facilities, neighborhood facilities, senior centers, centers for persons with disabilities, parking, and other public facilities and improvements. Examples of maintenance and repair activities for which CDBG funds may not be used include the filling of pot holes in streets, repairing of cracks in sidewalks, the mowing of grass in city or county parks, and the replacement of street light bulbs.

Payment of salaries for staff, utility costs, and similar expenses necessary for the operation of public works and facilities. Reference: §570.207(b)(2)

4.4 National Objectives

Per HUD 24 CFR 570 Section 101(c), the primary objective of the program is the development of viable communities by the provision of decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income. The statute further states that this is to be achieved in the CDBG program by ensuring that each funded activity meets one of three named national objectives. Those three objectives are identified as: benefiting low- and moderate-income persons; preventing or eliminating slums or blight; and meeting urgent needs. Federal Register FR-6109-N-01 states that each grantee must ensure that at

least 70% of all CDBG-DR funds must be used for activities qualifying under the national objectives of Benefit to Low- and Moderate-Income Persons.

4.5 Duplication of Benefits

The Supportive Housing and Sheltering Program will include a duplication of benefits review as part of the scope and budget review and award calculation process. The requirements of the Robert T. Stafford Act (Stafford Act), as amended, prohibit any person, business concern, or other entity from receiving federal funds for any part of such loss for which they have already received financial assistance under any other program, private insurance, charitable assistance, or any other source. This duplicative funding is called Duplication of Benefit (DOB). Any government entity that provides disaster recovery assistance must both prevent and correct any DOB by the establishment and implementation of policies and procedures to identify and adjust for such duplicative assistance payments.

DOB may apply in the following circumstances: when assistance for the same purpose has been received; when assistance for the same purpose will be received; or when assistance for the same purpose is reasonably available from another source, such as insurance or legal settlements due to the property owner.

All implementing agencies/entities will be responsible for accurately reporting the availability or receipt of duplicative grants, loans, insurance payments, legal claims, gifts or other payments pertaining to the property being mitigated. Reporting should occur at any point that such information becomes available, including:

- During scoping process, pre-award and approval;
- During the grant period of performance;
- During closeout; and
- After grant closeout, if duplicative funds are received at a later date.

Implementing agencies/entities are responsible for reporting DOB information to VIHFA. VIHFA is ultimately responsible for ensuring that project participants comply with all Federal laws and regulations. Any agency receiving duplicate benefits is legally responsible for the repayment of those benefits.

4.5.1 Preventing Duplication

The implementing agencies work to complete a DOB checklist. Project DOB information must be maintained by the agency and reported to VIHFA. The agency reviews reported DOB and makes appropriate deductions.

4.5.2 Recapture

An applicant may be required to repay all, or a portion of the funds received. The reasons for recapture include but are not limited to the following:

- An implementing agency or subrecipient is determined to have provided false or misleading information to the Program;

- An implementing agency or subrecipient withdraws from the program prior to completion of the project;
- An implementing agency or subrecipient does not complete construction;
- An implementing agency or subrecipient fails to meet a national objective of the program;
- An implementing agency or subrecipient is found to have used program funds for an ineligible activity and/or;
- An implementing agency or subrecipient does not report the receipt of additional insurance, SBA, FEMA, non-profit assistance and/or any other duplication of benefits received after award.

The Program will develop a detailed recapture policy for the overall CDBG-DR program. The policy, once developed, will be referenced in an update to this manual.

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