

U.S. VIRGIN ISLANDS 2024 Annual Plan

FOR
THE COMMUNITY DEVELOPMENT BLOCK GRANT, THE HOME PROGRAM,
THE EMERGENCY SOLUTIONS GRANT, AND THE HOUSING TRUST FUND

Executive Summary

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

1. Introduction

The Annual Plan describes the goals and objectives to be pursued and the projects to be funded under the Community Development Block Grant (CDBG), Emergency Solutions Grant (ESG), the Home Investments Partnership Program (HOME), and the National Housing Trust Fund (HTF) during the 2024 program year to implement strategies to address identified needs.

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 current Consolidated Plan.

Four priority needs were established; each have been assessed 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 past several program years have been challenging for the Territory. As the Territory struggled to return to full normalcy after the massive devastation and the resulting prolonged disruption of normal activities in the aftermath of the 2017 hurricanes, the arrival of the COVID-19 pandemic in early 2020 led to extended shutdowns of schools, construction sites, etc. Due to the Territory's relative geographic isolation, the effects of world-wide supply chain issues were exacerbated causing an unprecedented increase in prices – particular construction prices. These disruptions had various impacts on virtually all the HUD programs covered by the Consolidated Plan. The biggest impact was low expenditure rates during the 2020 and 2021 program years due to closure of various public service programs (many of the CDBG-funded programs are after-school programs for which only a few were able to pivot to operate in the virtual environment); several construction projects experienced long delays and eventually required additional funds to meet the sharp increase in material prices. In addition, the lack of contractor availability also contributed to delays in the start-up of several planned projects.

There were some accomplishments over the first two program years. Several CDBG subrecipients were able to pivot and provide virtual programming during the COVID-19 pandemic; a few others resumed in person programming during the 2022-23 academic year. Beginning in Program Year 2022 and continuing during the 2023 program years, normalcy returned and various public service programs (after-school programs) delivered services for school-aged youth. One community facility continued under construction.

During the previous program year, a noteworthy accomplishment was the completion of the construction of the Women's Coalition East Street Crisis Center & Transitional Housing facility on St Croix. Funded over several years, the project represents an investment of \$1.4M in CDBG funds to construct a state-of-the-art facility equipped with program offices, a community meeting space, and three (3) units of transitional housing for victims of domestic/dating/sexual violence, stalking, and human trafficking. Subrecipient Women's Coalition of St. Croix (WCSC) is the primary DV provider agency serving the island of St. Croix. The rising number of DV cases as well as documented increase in human trafficking activities informs the need for additional facilities dedicated to the serving this population; thus, funds have been reserved in this Action Plan to support Women's Coalition of St. Croix (WCSC)'s expansion of the facility by adding an additional transitional housing unit.

In the area of homeless services, various homeless providers continued to operate programming during the period. In response to the pandemic, several providers utilized monies awarded under the ESG CARES Act funding (ESG-CV) to reimburse eligible expenses incurred to prevent, prepare for, and respond to the coronavirus pandemic among shelter residents and unsheltered persons. The ESG-CV grant expenditure deadline was September 30, 2023. One of the projects sponsored by Catholic

Charities highlighted the need for a permanent homeless shelter facility on the island of St. John. Thus, this Action Plan includes a second tranche of funding for the Our Lady of Mount Carmel Homeless Facility Construction project. Combined with the first tranche of \$591,874.80 funded in the 2023 Action Plan, the funding will enable the project to solicit for a contractor for the first phase of construction by the first quarter of 2025.

Unfortunately, the Community First shelter on St. Croix operated by Liberty Place, Inc. at the site of the former Villa Morales Restaurant and Guest House, remains closed after suffering a fire in early January 2023. This occurrence forced the temporary closure of the facility decreasing much-needed emergency shelter beds on St. Croix. The Community First beds had been filling a void created when the Bethlehem House shelter was forced to close after 2017's Hurricane Maria so this represents a setback for emergency housing. The lack of major emergency shelter resources also informs the need for resources devoted to this area. In this Action Plan, resources are being dedicated to the development of state-of-the-art shelter facilities on all three islands.

4. Summary of Citizen Participation Process and consultation process

Summary from citizen participation section of plan.

Beginning on May 7 of this year, a series of public hearings was conducted. In addition to presenting all the Community Development Block Grant proposals received, the hearing also provided an opportunity to receive public input from citizens and other stakeholders relative to the needs of the Territory with regards to housing, homelessness, and community development. A second round of hearings was held on July 8 and 11.

Information received at the hearing is taken into consideration when determining the needs of the community and how proposed projects will address those needs. This is a key component of the evaluation of the proposals and will make recommendations relative to the projects that should be selected for funding.

Legal ads announcing the availability of the Annual Plan for public review and comment appeared in the local newspaper of general circulation beginning on August 5, 2024. The Annual Plan has been posted on the VIHFA's official website (www.vihfa.gov). Once the official comment period closes on September 5, the Plan will remain posted on the website.

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.

The public comment period is ongoing. Any comments received in response to the public comment period will be summarized and addressed in the updated Action Plan.

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

Not applicable; comment period still underway. Any comments received in response to the public comment period will be summarized and addressed in the updated Action Plan.

7. Summary

PR-05 Lead & Responsible Agencies - 91.300(b)

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

The following are the agencies/entities 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

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

The applicable contact information for inquiries regarding the Consolidated Plan is as follows:

Virgin Islands Housing Finance Authority
Attention: Janine Hector, Federal Programs Director
100 Lagoon Complex, Suite #4
Frederiksted, VI 00840-3912

The alternate contact is Ms. Chivonne Moorhead at the same address.

AP-10 Consultation - 91.110, 91.300(b); 91.315(l)

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.

During the previous period, the VIHFA conducted extensive consultations as part of its preparation of the HOME-ARP Allocation Plan. The list of agencies consulted included agencies serving: the homeless; victims of domestic violence, dating, & sexual violence and stalking; victims of human trafficking; veterans; persons with disabilities; persons needing supportive services in order to maintain housing stability. A public hearing was also conducted on March 22, 2023, to obtain public input on the draft HOME-ARP Allocation Plan. These consultations also informed the understanding of the community's needs relative to housing, homelessness, and community development. The HOME -ARP Allocation Plan was approved in July 2023; however, the planned initiatives have not yet been implemented. No substantive changes to the landscape have occurred; as a result, the needs identified remain acute.

Provide a concise summary of the state's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies

VIHFA actively participates in planning efforts in the Territory through the Inter-agency Council on Homelessness. Establishing coordination between housing providers including public housing, other affordable housing, housing agencies for persons who are homeless and at-risk and agencies providing mental health and other services for other vulnerable populations is a key focus of the IACH. 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.

The VIHFA, in its role as the CoC Collaborative Applicant, continues to participate in meetings of the Continuum of Care (CoC) regularly. Member organizations include agencies within the local government and non-government sectors with which consultation is required.

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 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.

Over the past several years, the VIHFA has been leading the CoC's efforts to strengthen the organization and bring it into full compliance with HUD requirements as strengthening the CoC is key to increasing the jurisdiction's overall score in the annual CoC grant competition - which will ultimately increase the funding available for projects to address the needs of homeless persons. Within the 2023 Action Plan Year, significant strides have been made in the representation of the CoC. The Division of Mental Health, Bureau of Corrections, and UVI Center for Excellence in Leadership & Learning (UVI CELL) have all become active participants in the CoC and are now represented on the CoC Board.

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 initially delayed by the disruption of normal operations after Hurricanes Irma and Maria in September 2017. The arrival of the pandemic further stalled the CoC's efforts to finalize the design and begin the implementation of the CES; however, starting in summer 2021, the VIHFA, as the CoC Collaborative Applicant, played a key role in spearheading the CoC's effort to launch the Emergency Housing Vouchers (EHV) program. The case conferencing approach undertaken in conjunction with EHV allows member agencies to refer clients utilizing a framework that has been developed to identify and prioritize cases. This will provide a framework that will inform the final design of the CES; thus, the process has all the basic elements of the Coordinated Entry System which the CoC has formulated. During the period, the CoC secured an appropriation of funding from the local government for the very first time. Funds

will be used to hire a dedicated CoC staffperson (CoC Homeless Service Coordinator). One of the key responsibilities will be to develop Coordinated Entry System (CES) policies and procedures and to enhance coordination between the Interagency Council, CoC, and ESG.

Describe consultation with the Continuum(s) of Care that serves the State 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 . VIHFA and the CoC, working closely with HUD-assigned technical assistance provider, Technical Assistance Collaborative (TAC), had identified gaps in the homeless crisis response system and had begun 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 had also highlighted improved reporting capability and tracking via HMIS as a critical need for monitoring and improving system performance. One aspect of reporting that has been addressed recently is the use of a comparable database by a local DV service provider agency that is an ESG subrecipient.

Unfortunately, the second phase of the technical assistance engagement that would have entailed focused 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 never materialized. One of the tasks assigned to the Homeless Services Coordinator once onboarded will be to review draft written standards that were developed earlier and to revise those as may be necessary before re-submitting to HUD for review. VIHFA is awaiting feedback on the draft document so the written standards are still pending finalization. The establishment of formal performance standards will enable the CoC to more fully participate in the evaluation of the outcomes of ESG-assisted projects and activities against established performance measures.

2. Agencies, groups, organizations and others who participated in the process and consultations

Table 2 – Agencies, groups, organizations who participated

1	Agency/Group/Organization	Virgin Islands Department of Human Services
	Agency/Group/Organization Type	Services-Children Services-Elderly Persons Services-Persons with Disabilities Services-homeless Services - Victims Other government - Local
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Homeless Needs - Chronically homeless Homelessness Strategy Non-Homeless Special Needs
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	At least two persons representing the local Department of Human Services were consulted during the process of developing the plan and reviewing projects applying for funding. The local DHS serves many populations including families with children, foster care youth, elderly, persons with special needs, and homeless. DHS also administered a small voucher program supporting 4 clients with permanent supportive housing. DHS also operates residential facilities for the elderly. Lastly, DHS administers grants awarded to non-profits under the miscellaneous section of the Territorial budget. One of the persons consulted on an ongoing basis is the DHS Director of Nonprofits and Support Services.
2	Agency/Group/Organization	Virgin Islands Continuum of Care
	Agency/Group/Organization Type	Planning organization Continuum of Care
	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homelessness Strategy

	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	In-person meeting. Anticipated outcome of the consultation included recognition of the limits of capacity of the non-profit providers and the need for supportive services.
4	Agency/Group/Organization	Virgin Islands Housing Authority
	Agency/Group/Organization Type	PHA
	What section of the Plan was addressed by Consultation?	Public Housing Needs
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	VIHFA and VIHA maintain an ongoing collaboration with regular meetings in which the needs of public housing are discussed.

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	Virgin Islands Housing Finance Authority	One of the four (4) major goals established in the Strategic Plan include "reduce and prevent homelessness". This overlaps with the vision and mission of the CoC Governance Charter which states "the vision and mission of the Continuum [VICoC] is to reduce and ultimately end homelessness in the U.S. Virgin Islands. One of the stated goals of the CoC is for member organizations to access maximum resources (including federal resources) to carry out programs.

Table 3 - Other local / regional / federal planning efforts

Narrative

AP-12 Participation - 91.115, 91.300(c)

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

Beginning on May 7 of this year, a series of public hearings was conducted. In addition to presenting all the Community Development Block Grant proposals received, the hearing also provided an opportunity to receive public input from citizens and other stakeholders relative to the needs of the Territory with regards to housing, homelessness, and community development. The first round hearings were held in person – one hearing on each of the three islands. A second round of hearings virtually via the Zoom platform on July 8 and 11, respectively. This provided an opportunity for participation by persons who might not typically attend an in-person hearing.

Information received at the hearing is taken into consideration when determining the needs of the community and how proposed projects will address those needs. This is a key component of the evaluation of the proposals and informs final recommendations relative to the projects that should be selected for funding.

The Annual Action Plan is being made available for public comment from August 5 - September 5, 2024. The notice appeared in the print newspaper of general circulation (VI Daily News) and also the VI Source electronic newspaper. The comment period is also advertised on VIHFA's social media pages. The Annual Plan document is posted on VIHFA's official website.

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	1st public hearing attendance: 38 (22-STX; 9 STT; 7 STJ). 2nd public hearing attendance: 28 (11 - STX; 17 STT/STJ).		None.	

Table 4 – Citizen Participation Outreach

Expected Resources

AP-15 Expected Resources – 91.320(c)(1,2)

Introduction

Resources from federal CDBG, ESG, HOME, HTF grants and CARES Act funding expected during the remaining years of the Consolidated Plan are based on allocations during the first two years, with a reasonable expectation of program and other income shown. However, allocations have been fluctuating over the past several years and, if that continues to be the case, both expected funding amounts and outcomes will be modified accordingly.

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	1,804,687	0	7,178,491	8,983,178	0	Final year of the Action Plan.

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	796,475	250,000	6,357,944	7,404,419	0	
ESG	public - federal	Conversion and rehab for transitional housing Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Services Transitional housing	149,531	0	645,257	794,788	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	47,180	0	1,083,182	1,130,362	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, and in-kind services. Although there is no formal match requirement for the ESG program, many of the ESG subrecipients are nonprofit 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.

If appropriate, describe publicly 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 \$25,000. 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

As the Territory struggled with recovery from the long-lasting impacts of the 2017 hurricanes exacerbated by the pandemic, one of the areas that suffered was new housing construction. Traditionally, VIHFA has been the largest single producer of affordable housing units. Many of the homes developed by VIHFA were sold to first-time homebuyers; the sales were made possible through the use of HOME funds for mortgage buydown subsidies and closing cost assistance. VIHFA also used HOME funds to support first-time homebuyer purchasing homes on the open market. Since the 2017 storms and the pandemic, the cost of both new construction and existing units now exceed the HOME maximum sales price limits for the Territory. This has impacted the obligation of HOME funds – resulting in a significant balance of uncommitted funds. VIHFA has also utilized HOME funds to Traditionally, VIHFA has been the largest single producer of affordable housing units. As a result, there is significant uncommitted funds in both the HOME and HTF programs.

With respect to CDBG, all funds have been tentatively committed to specific projects that have already been vetted; however, staff continues to work with the prospective subrecipients to complete the diligence (including environmental reviews) necessary for the execution of formal subrecipient agreements. It is anticipated that, once the subrecipient agreements are executed, significant progress will be made in reducing the unexpended balances.

Annual Goals and Objectives

AP-20 Annual Goals and Objectives – 91.320(c)(3)&(e)

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	2020	2024	Affordable Housing Public Housing		Affordable Housing Choice	HOME: \$930,000 HTF: \$47,180	Rental units constructed: 3 Household Housing Unit Direct Financial Assistance to Homebuyers: 8 Households Assisted
2	Reduce and prevent homelessness	2020	2024	Homeless		Homelessness Services and Facilities	CDBG: \$1,230,487 ESG: \$794,788	Tenant-based rental assistance / Rapid Rehousing: 6 Households Assisted Homeless Person Overnight Shelter: 20 Persons Assisted Overnight/Emergency Shelter/Transitional Housing Beds added: 14 Beds Homelessness Prevention: 20 Persons Assisted
3	Provide services and community support	2020	2024	Homeless Non-Homeless Special Needs		Public and community services	CDBG: \$213,263	Public service activities other than Low/Moderate Income Housing Benefit: 300 Persons Assisted
4	Support community and economic development	2020	2024	Non-Housing Community Development		Infrastructure, facilities, economic development	CDBG: \$0	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 150 Persons Assisted

Table 6 – Goals Summary

Goal Descriptions

1	Goal Name	Increase and preserve affordable housing units
	Goal Description	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.
2	Goal Name	Reduce and prevent homelessness
	Goal Description	Utilize ESG and CDBG funds to expand programs, services and facilities that serve homeless persons and those at-risk.
3	Goal Name	Provide services and community support
	Goal Description	Utilize CDBG funds for projects which deliver services and create facilities primarily benefitting low/mod income residents of the Territory.
4	Goal Name	Support community and economic development
	Goal Description	

AP-25 Allocation Priorities – 91.320(d)

Introduction:

Funding Allocation Priorities

Program	Goals		
CDBG			
HOME			
HOPWA			
ESG			

Table 7 – Funding Allocation Priorities

Reason for Allocation Priorities

How will the proposed distribution of funds will address the priority needs and specific objectives described in the Consolidated Plan?

AP-30 Methods of Distribution – 91.320(d)&(k)

Introduction:

Distribution Methods

State Program Name:	Funding Sources:	Describe the state program addressed by the Method of Distribution.	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)	Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)	Describe how resources will be allocated among funding categories.	Describe threshold factors and grant size limits.	What are the outcome measures expected as a result of the method of distribution?
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Table 8 - Distribution Methods by State Program

Discussion:

AP-35 Projects – (Optional)

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.

#	Project Name
1	CCVI Soup Kitchen - STT
2	CCVI Soup Kitchen - STJ
3	VIRCD After-school and Summer Enrichment Program
4	Wesley Methodist Church After-school Program
5	The Village Case Management Program
6	Caribbean Center for Boys & Girls Program – C’sted
7	Caribbean Center for Boys & Girls Program – F’sted
8	CCVI Soup Kitchen - STX
9	Our Lady of Mount Carmel Homeless Facility Construction
10	CCVI Bethlehem House – St. Thomas
11	Women's Coalition Transitional Housing Expansion Project
12	CCVI Light of Christ (Bethlehem House)
13	CDBG Program Administration 2024
14	HOME Homeownership Assistance Funds 2024
15	HOME Program Administration 2024
16	Emergency Solutions Grant Project Fund 2024
17	2024 Housing Trust Fund Rental Unit Production

Table 9 – 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

1	Project Name	CCVI Soup Kitchen – St. Thomas
	Target Area	
	Goals Supported	Provide services and community support
	Needs Addressed	Public and community services
	Funding	CDBG: \$25,000
	Description	CDBG funds will be utilized by the Catholic Charities of the Virgin Islands, Inc. to increase soup kitchen services. The soup kitchen, which operates from Monday to Friday, currently provides meals to approximately 75-100 underserved and less fortunate individuals daily on St. Thomas. There has been a significant increase in the demand for this service over the past three years. The funding will allow Catholic Charities to continue to meet the needs of the underserved in the community.
	Target Date	
	Estimate the number and type of families that will benefit from the proposed activities	Approximately 85 LMI will benefit daily from the proposed activities.
	Location Description	The project will be undertaken in the district of St. Thomas
	Planned Activities	Provision of meals to underserved and less fortunate individuals
2	Project Name	CCVI Soup Kitchen – St. John
	Target Area	
	Goals Supported	Provide services and community support

	Needs Addressed	Public and community services
	Funding	CDBG: \$25,000
	Description	CDBG funds will be utilized by the Catholic Charities of the Virgin Islands, Inc. to increase soup kitchen services. The soup kitchen, which operates from Monday to Friday, currently provides meals to approximately 50-75 underserved and less fortunate individuals daily on St. John. There has been a significant increase in the demand for this service over the past three years. The funding will allow Catholic Charities to continue to meet the needs of the underserved in the community.
	Target Date	
	Estimate the number and type of families that will benefit from the proposed activities	Approximately 65 LMI will benefit daily from the proposed activities.
	Location Description	The project will be undertaken in the district of St. John
	Planned Activities	Provision of meals to underserved and less fortunate individuals
3	Project Name	VIRCD After-school and Summer Enrichment Program
	Target Area	
	Goals Supported	Provide services and community support
	Needs Addressed	Public and community services
	Funding	CDBG: \$35,000
	Description	CDBG funds will be utilized by Virgin Islands Resource Center for the Disabled, Inc. to operate an after-school and summer enrichment program providing art therapy, assistive/adaptive computer technology, homework tutorial assistance, mentorship, and cultural affirmation activities for 25-30 at-risk, and disabled youth between ages 5-17.
	Target Date	

	Estimate the number and type of families that will benefit from the proposed activities	The program will serve approximately thirty (30) LMI youth on St. Thomas.
	Location Description	The program will operate on St. Thomas.
	Planned Activities	An after-school and summer enrichment program providing art therapy, assistive/adaptive computer technology, homework tutorial assistance, mentorship, and cultural affirmation activities for 25-30 at-risk, and disabled youth between ages 5-17.
4	Project Name	Wesley Methodist Church After-school Program
	Target Area	
	Goals Supported	Provide services and community support
	Needs Addressed	Public and community services
	Funding	CDBG: \$35,000
	Description	CDBG funds will be utilized by the Methodist Church St. Thomas/St. John Circuit, Inc. to operate an after-school program that will provide homework and tutorial assistance to 30-40 youth between ages 5-18.
	Target Date	
	Estimate the number and type of families that will benefit from the proposed activities	Approximately 35 LMI students will benefit from the proposed activities.
	Location Description	The project activities will be undertaken at Estate Anna's Retreat in St. Thomas, VI.
	Planned Activities	The planned activity is an after-school program that will provide homework and tutorial assistance to 30-40 youth between ages 5-18.
5	Project Name	The Village Case Management Expansion Program

	Target Area	
	Goals Supported	Provide services and community support
	Needs Addressed	Public and community services
	Funding	CDBG: \$18,263
	Description	CDBG funds will be utilized by VI Partners in Recovery to hire a Part-time Case Manager to serve more clients and improve the quality of services at the Sion Hill program. The Village provides residential and outpatient substance use/or mental health treatment for adults with limited income or/no income and who are homeless or at-risk of homelessness.
	Target Date	
	Estimate the number and type of families that will benefit from the proposed activities	Approximately 103 LMI persons will benefit from the proposed activities.
	Location Description	The project activities will be undertaken at the Sion Hill treatment facility on St. Croix
	Planned Activities	The planned activity entails the provision of case management services to approximately 100 adult substance abuse clients.
6	Project Name	Caribbean Center for Boys & Girls After-School Program – Christiansted
	Target Area	
	Goals Supported	Provide services and community support
	Needs Addressed	Public and community services
	Funding	CDBG: \$25,000

	Description	CDBG funds will be utilized by Caribbean Centers for Boys & Girls of the Virgin Islands, Inc. to operate an after-school program at the Ruby Rouss Community Center located at Water Gut, Christiansted, St. Croix, Monday to Friday, from 2:00 PM to 6:00 PM. The program will serve 30 - 50 low to moderate income youth, ages 6 - 18 and will provide a safe and nurturing environment whereby students will grow academically and socially.
	Target Date	
	Estimate the number and type of families that will benefit from the proposed activities	The program will benefit approximately 40 students from LMI families.
	Location Description	The program will be carried out at the Ruby Rouss (Water Gut) Center located in Christiansted, St. Croix.
	Planned Activities	The planned activity is an after-school program that will provide homework assistance, financial management, computer skills and nutrition and physical activities.
7	Project Name	Caribbean Center for Boys & Girls After-School Program – Frederiksted
	Target Area	
	Goals Supported	Provide services and community support
	Needs Addressed	Public and community services
	Funding	CDBG: \$25,000
	Description	CDBG funds will be utilized by Caribbean Centers for Boys & Girls of the Virgin Islands, Inc. to operate an after-school program at the organization’s Frederiksted Clubhouse, Monday to Friday, from 2:00 PM to 6:00 PM. The program will serve 30 - 50 low to moderate income youth, ages 6 - 18 and will provide a safe and nurturing environment whereby students will grow academically and socially.
	Target Date	

	Estimate the number and type of families that will benefit from the proposed activities	The program will benefit approximately 40 students from LMI families.
	Location Description	The program will be carried out at the Frederiksted clubhouse located at #33A Two Brothers, in Frederiksted, St. Croix.
	Planned Activities	The planned activity is an after-school program that will provide homework assistance, financial management, computer skills and nutrition and physical activities.
7	Project Name	Our Lady of Mount Carmel Homeless Facility Construction
	Target Area	
	Goals Supported	Reduce and prevent homelessness
	Needs Addressed	Homelessness Services and Facilities
	Funding	CDBG: \$300,000
	Description	CDBG funds will be utilized by Catholic Charities of the Virgin Islands, Inc. to construct a homeless facility in Cruz Bay, St. John. The facility will provide temporary housing and other services to individuals acutely in need. the Catholic Charities of the Virgin Islands, Inc.
	Target Date	
	Estimate the number and type of families that will benefit from the proposed activities	The facility is expected to provide ten (10) emergency shelter beds for homeless persons on the island of St. John.
	Location Description	The facility will be constructed in Cruz Bay on the island of St. John.
Planned Activities	CDBG funds will be utilized by Our Lady of Mount Carmel Catholic Church, Inc. to construct a homeless facility in Cruz Bay, St. John.	

8	Project Name	CCVI Shelter (Bethlehem House) Reconstruction
	Target Area	
	Goals Supported	Reduce and prevent homelessness
	Needs Addressed	Homelessness Services and Facilities
	Funding	CDBG: \$301,874.80
	Description	CDBG funds will be utilized by Catholic Charities of the VI , Inc. to augment funds available for the renovation/reconstruction of the Bethlehem House Shelter at Parcel Nos. 24 & 25 Hospital Ground, St. Thomas. CDBG funds were previously awarded for the project; however, the estimated cost of construction exceeds the available funds.
	Target Date	
	Estimate the number and type of families that will benefit from the proposed activities	The facility is expected to provide approximately 27 emergency shelter beds for homeless persons on the island of St. Thomas.
	Location Description	The facility will be constructed in Charlotte Amalie on the island of St. Thomas.
	Planned Activities	CDBG funds will be utilized by Catholic Charities of the VI Inc. to renovate and expand a building that will be used as the new Bethlehem House Shelter on St. Thomas
9	Project Name	Women's Coalition Transitional Housing Expansion Project
	Target Area	
	Goals Supported	Support community and economic development
	Needs Addressed	Infrastructure, facilities, economic development
	Funding	\$308,611.80

	Description	CDBG funds will be utilized by Women's Coalition of St. Croix, Inc., to construct an additional 2-bedroom apartment as well as two office spaces at its newly-completed East Street Crisis Center facility. The apartment will be used in the organization's transitional housing program for persons fleeing domestic violence, sexual assault, stalking, or human trafficking.
	Target Date	
	Estimate the number and type of families that will benefit from the proposed activities	The new unit will provide transitional housing for households (individuals or families) fleeing domestic or sexual violence, stalking, or human trafficking. The number of families that will benefit will depend on the duration of the stay of each family in the unit.
	Location Description	Suppressed due to sensitive nature of the facility Christiansted, St. Croix
	Planned Activities	The activity entails continuation of the newly completed East Street facility. The proposed construction will add one 2-bedroom transitional housing unit (4 beds) as well as two programming spaces, and an extension of the building's community meeting space.
9	Project Name	CCVI Light of Christ (Bethlehem House) Shelter
	Target Area	
	Goals Supported	Reduce and prevent homelessness
	Needs Addressed	Homelessness Services and Facilities
	Funding	CDBG: \$320,000
	Description	Funds will be used by Catholic Charities of the Virgin Islands, Inc. for the continuation of renovations at the Light of the Christ facility in Frederiksted which will be the new location of the Bethlehem House Shelter on St. Croix.
	Target Date	

	Estimate the number and type of families that will benefit from the proposed activities	
	Location Description	New Street, Frederiksted, St. Croix
	Planned Activities	The project entails renovation of an existing, vacant building for use as a homeless shelter
10	Project Name	CDBG Program Administration 2024
	Target Area	
	Goals Supported	
	Needs Addressed	
	Funding	CDBG: \$360,937
	Description	Funds will be used to defray the costs of administering the CDBG Program.
	Target Date	
	Estimate the number and type of families that will benefit from the proposed activities	N/A; Program administration
	Location Description	N/A; program administration
	Planned Activities	
11	Project Name	HOME Homeownership Assistance Funds 2024
	Target Area	
	Goals Supported	Increase and preserve affordable housing units
	Needs Addressed	Affordable Housing Choice

	Funding	HOME: \$680,000
	Description	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.
	Target Date	
	Estimate the number and type of families that will benefit from the proposed activities	It is estimated that 8 first-time homebuyer families will benefit from the proposed activities.
	Location Description	
	Planned Activities	
12	Project Name	HOME Program Administration 2024
	Target Area	
	Goals Supported	
	Needs Addressed	
	Funding	HOME: \$116,475
	Description	Program administration entails activities related to the overall planning and execution of HOME-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. Pursuant to HOME regulations, up to 15% of the annual grant allocation may be used for program administration costs.
	Target Date	

	Estimate the number and type of families that will benefit from the proposed activities	N/A; program administration.
	Location Description	
	Planned Activities	N/A; program administration.
13	Project Name	Emergency Solutions Grant Project Fund 2024
	Target Area	
	Goals Supported	Reduce and prevent homelessness
	Needs Addressed	Homelessness Services and Facilities
	Funding	ESG: \$149,531
	Description	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.
	Target Date	
	Estimate the number and type of families that will benefit from the proposed activities	It is estimated that six (6) households (which could be single individuals or families) will benefit from rapid re-housing activities; up to 20 persons may benefit from homelessness prevention activities. An additional number of families may utilize overnight shelters assisted with HESG funding.
	Location Description	

	Planned Activities	<p>Planned activities include 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.</p> <p>The proposed dollar amount allocated to each of the various ESG-eligible activities is as follows:</p> <p>Shelter operations - \$58,481.00</p> <p>Street outreach - \$20,000.00</p> <p>Homeless prevention - \$23,850.00</p> <p>Rapid re-housing - \$36,000.00</p> <p>Program administration - \$11,200.00</p>
14	Project Name	2024 Housing Trust Fund Rental Unit Production
	Target Area	
	Goals Supported	Increase and preserve affordable housing units
	Needs Addressed	Affordable Housing Choice
	Funding	HTF: \$47,180
	Description	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 = at or below 30% of Area Median Income).
	Target Date	
	Estimate the number and type of families that will benefit from the proposed activities	It is estimated that up to 3 households will benefit for the proposed activities.
	Location Description	

	Planned Activities	Housing Trust Fund (HTF) monies will be utilized to help reduce barriers to affordable housing - notably for extremely low-income households (ELI = at or below 30% of Area Median Income). Pursuant to the Territory's HTF Allocation Plan, funds will be used in conjunction with LIHTC to incentivize developers to set-aside units for ELI households.
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AP-40 Section 108 Loan Guarantee – 91.320(k)(1)(ii)

Will the state help non-entitlement units of general local government to apply for Section 108 loan funds?

Not Applicable. There are no units of general local government as defined by HUD in the Territory.

Available Grant Amounts

Acceptance process of applications

AP-45 Community Revitalization Strategies – 91.320(k)(1)(ii)

Will the state allow units of general local government to carry out community revitalization strategies?

Not applicable. There are no units of general local government in the Territory.

State’s Process and Criteria for approving local government revitalization strategies

AP-50 Geographic Distribution – 91.320(f)

Description of the geographic areas of the state (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 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, if the opportunity should 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 10 - 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 2020-2024 Consolidated Plan and also the input received during the citizen participation process.

For CDBG, the distribution is 50/50 between St. Croix and St. Thomas/St. John as required by local law. For HOME, the assistance is on a first-come, first-served basis for eligible applicants; thus there is no geographic allocation priority. For ESG and also HTF, funds are awarded based on a competitive application process. Proposals are ranked using criteria outlined an evaluation tool that has been developed for each respective program.

Discussion

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 the construction of a homeless shelter on the island of St. John. Sponsored by a local Catholic parish, the project will be the first on St. John. Prior to the pandemic, homeless persons on St. John gathered in an encampment on public property. With the onset of the pandemic, a temporary shelter was established in a private home contributed by a donor; however, there is a need for a permanent facility. The preliminary architectural plans for the

facility have already been completed through the generosity of a private benefactor. CDBG funds will provide the primary source of the construction financing.

In this Action Plan, funds are also being awarded for the operation of a soup kitchen program on all three islands. The service has been provided by Catholic Charities of the VI (CCVI) for many years supported by local funds and donations; however, this the first year that CDBG funds have been requested by the subrecipient. The need for CDBG funds has been justified by the increases in the cost of provisions (groceries) and increasing demand for the services. The inclusion of St. John is in direct response to the notable increase in homelessness (particularly among transients) on that island.

Affordable Housing

AP-55 Affordable Housing – 24 CFR 91.320(g)

Introduction:

The need for affordable housing continues to be acute across the Territory. Historically, the Territory has been a high-cost area as a result of its relative geographic isolation. High material costs, limited labor supply, and limited buildable land (particularly on St. Thomas and St. John), and astronomical insurance costs combine to make for extremely high costs of new construction rental housing. On the home ownership side, the high cost of existing housing means that, in many cases, new construction is more cost effective. Even so, large subsidies are still required in order to ensure that the housing is reasonably affordable for families.

Further, the Territory struggled to return to full normalcy after the massive devastation of the 2017 hurricanes and the resulting shortage of housing units. Disaster recovery programs have been slow to gain traction and the influx of disaster recovery workers and visitors to the Territory have contributed to some property owners to remove their properties from the rental market - opting instead to place their properties in the Airbnb network. The lack of rental housing units is so acute that persons issued Housing Choice Vouchers have found it difficult to identify landlords willing to rent to them.

One Year Goals for the Number of Households to be Supported	
Homeless	26
Non-Homeless	11
Special-Needs	0
Total	37

Table 11 - One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households Supported Through	
Rental Assistance	26
The Production of New Units	11
Rehab of Existing Units	0
Acquisition of Existing Units	0
Total	37

Table 12 - One Year Goals for Affordable Housing by Support Type

Discussion:

AP-60 Public Housing - 24 CFR 91.320(j)

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. It had been anticipated that within the 2023 Action Plan year, there would have been the financial closing for the first project that will use multifamily bonds. This did not occur as the PHA also grapples with the impact that rising construction costs on the project budgets. The PHA continues to pursue the portfolio repositioning plan spanning the next decade which has been developed to replace the aging inventory. Programs administered by the VIHFA (LIHTC as well as CDBG-DR) will be key components of the financing of the planned projects.

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 – which is slated for home ownership conversion. Some progress has been made in the Williams Delight conversion initiative within the 2023 program year to include preliminary conversations between the PHA and VIHFA about the possible use of HOME funds for the rehabilitation of some of the units that are slated for conversion. Residents continue to 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. 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 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.

VIHA is also moving ahead with its home ownership conversion initiative at the Williams Delight Villas community on St. Croix. VIHFA has been tapped to provide home buyer education and also closing cost assistance as needed for residents.

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, VIHA worked closely with HUD to resolve a number of deficiencies that were noted. Since the return to local control, VIHA is currently being managed locally and continues to operate satisfactorily post-receivership. VIHA emerged from the receivership stronger and more focused on meeting the needs of the Territory's public housing residents. Since emerging from receivership, VIHA's management team has forged relationships with numerous financial advisors and subject matter experts who have been able to augment the team and ensure that the agency remains on track.

Discussion:

AP-65 Homeless and Other Special Needs Activities – 91.320(h)

Introduction

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

The U.S. Virgin Islands is still recovering from significant damages to many public and community facilities sustained as a result of Hurricanes Irma and Maria. The storms had a widespread and lasting negative impact on numerous facilities to include the main homeless shelter on St. Croix, a transitional housing facility on St. Thomas, and two facilities for victims of domestic violence on St. Thomas. Having these facilities off-line further exacerbated a shortage of residential facilities for special needs persons which pre-dated the storms. As such, residential units for particularly vulnerable populations – persons who are homeless, persons with disabilities, those suffering with mental illness, and the elderly – has been identified as a priority need.

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, 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 continues to be conducted by various non-profits that carry out street outreach. This effort will soon be bolstered by the local Department of Health which recently announced plans to launch a mobile van in each district that will be staffed with mental health professionals. 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.

Addressing the emergency shelter and transitional housing needs of homeless persons

Damages caused by Hurricanes Irma and Maria in September 2017, 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 was placed in service in September 2019.

VIHFA's Emergency Housing Program provides 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. 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.

Two major homeless shelter facility projects - one in each district- will be getting underway within the upcoming Action Plan year. On St. Thomas, Catholic Charities of the Virgin Islands (CCVI) will be constructing a new 27-bed congregate facility to replace the Bethlehem House shelter utilizing CDBG funds. To date, the architectural plans have been finalized in preparation for permitting. This Action Plan includes funding in the amount of \$301,874 toward the project. Solicitation for a first phase of construction services is being conducted presently. On St. Croix, CCVI has been awarded CDBG funds (including funds in the 2022 Action Plan) for a project known as the Light of Christ Bethlehem House Shelter. This project entails the conversion/rehabilitation of an existing complex into a congregate shelter with dormitory-style accommodations. CCVI will provide some of its own resources toward the project. After a formal assessment of the campus, architectural plans have been finalized and submitted for permitting. This Action Plan includes funding in the amount of \$320,000 toward the project. Once completed, the facility will serve as a homeless shelter accommodating single males, single females, and 2-3 small families.

In an effort to continue to meet the needs of DV clients in the St. Croix district for transitional housing, Women's Coalition of St. Croix applied for funding to expand the East Street Crisis Center & Transitional Housing facility through the construction of one additional unit of transitional housing. The original project was constructed with an investment of \$1.4M of CDBG grant funds in earlier grant cycles. This Action Plan includes funding in the amount of \$308,611 toward the expansion project.

Unfortunately, there was a setback for emergency shelter on St. Croix as Liberty Place's Community First shelter suffered a fire in January of this year which caused significant damage to the common area. The facility is located at the former Villa Morales guest house property, which was acquired by the VIHFA using CDBG funds. Additional CDBG funds had been awarded for rehabilitation of the facility; however, the fire situation has delayed the commencement of the rehabilitation project. In addition to emergency sheltering, Liberty Place staff provides medication management, linkages to care, and care navigation for clients in order to help them achieve stability. Liberty Place has continued to provide case management services from an alternate location since the closure of the Villa Morales facility.

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 prevent or rapid rehousing assistance, ESG funds may be used to pay rental application fees, security deposits, and first month's rent at move-in to assist with initial costs. Funds will also be used to provide rental assistance for up to 24 months to assist clients in attaining and maintaining stability.

Under the Territory's ESG homelessness prevention/rapid rehousing assistance program, funds may be used to pay for housing search/placement and case management services to support transition to permanent housing. In the current program year funds will be used for 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 transitions to permanent housing was the Emergency Housing Vouchers program in conjunction with the public housing authority. The Territory was awarded twenty (20) EHV vouchers which vouchers were available Territory-wide. The recipients of the vouchers remain housed. The Territory also has twelve 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.

Last year, the Territory received notification of the approval of its HOME American Rescue Plan (HOME-ARP) Allocation Plan. HOME -ARP funds must be used to primarily benefit individuals or families who are homeless, at-risk of homelessness, victims of domestic violence, sexual assault, stalking, or human trafficking; veteran households meeting any of the above criteria. The Territory has been allocated the sum of \$3,325,878 under this program. The Territory will utilize its HOME-ARP funds for eligible activities around tenant-based rental assistance and the provision of supportive services. The VIHFA has hired an ARP Coordinator to lead the development of policies and procedures for the HOME-ARP Program. Currently, an application is being developed which will be used to solicit proposals from potential subrecipients. Subrecipients will be allowed to carry out tenant-based rental assistance services, case management services, or both. It is anticipated that the HOME-ARP program will start the delivery of services at the beginning of the 2024-25 Program Year.

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 made worse by the disastrous hurricanes. 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; 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.

It is anticipated that the implementation of the Coordinated Entry System, while not directly 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 – 91.320(i)

Introduction:

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, presented a new barrier to affordable rental housing. The high demand for market rate housing as well as demand for short-term rentals and the resulting increase in rents continues to discourage some landlords from participating in the Housing Choice Voucher program.

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

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 cumbersome to work with. 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.

Discussion:

AP-85 Other Actions – 91.320(j)

Introduction:

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 address obstacles to meeting underserved needs

The significant economic impacts of the pandemic – particularly on the tourism and hospitality sector – presented a new challenge for many families to maintain housing affordability. The imposition of an eviction moratorium by the local government saved many households from losing their rental housing during this time. The Emergency Rental Assistance Program, which is funded under the CARES Act and also the American Rescue Plan, has been implemented in the Territory beginning in April 2021. As of this writing, the program continues to provide assistance to applicants. The ability to receive rental payments on behalf of the tenants has provided an incentive for landlords to exercise forbearance and maintain tenants in place.

The Territory's Allocation Plan for the HOME American Rescue Plan (HOME-ARP) funds was recently approved. Informed by the extensive consultation conducted, the proposed activities to be undertaken will be tenant-based rental assistance as well as supportive housing services necessary to help vulnerable clients retain their housing. The Territory has been allocated the sum of \$3,325,878 under HOME ARP.

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 annually to present information on programs and promote awareness of the various affordable housing opportunities. VIHFA conducted its Housing Expo at the end of June. VIHFA also continues to provide homebuyer education classes to equip prospective homebuyers with information about the steps to purchase a home.

The Territory's use of funds allocated under the Housing Trust Fund (HTF) notably benefits 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.

The Territory has an approved action plan for the HOME American Rescue Plan (HOME-ARP) funds. Although no specific projects have been identified at this time to be funded under HOME-ARP, the selected under the Action Plan do not include the production or preservation of affordable housing.

Actions planned to foster and maintain affordable housing

The significant economic impacts of the pandemic – particularly on the tourism and hospitality sector – presented a new challenge for many families to maintain housing affordability. The Emergency Rental Assistance Program has been implemented in the Territory beginning in April 2021. As of this writing, the program continues to provide assistance to applicants. The ability to receive rental payments on behalf of the tenants has provided an incentive for landlords to exercise forbearance and maintain tenants in place.

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.

VIHFA conducted an on-line Housing Expo at the end of June. VIHFA also continued to provide homebuyer education classes to equip prospective homebuyers with information about the steps to

purchase a home. Self-paced homebuyer classes are also available on-line via eHOME America. This has increased the number of persons that have access to 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.

The Territory's use of funds allocated under the Housing Trust Fund (HTF) notably benefits 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.

The Home Owners Assistance Fund (HAF) Program, which is funded under the American Rescue Plan, has been implemented in the Territory beginning in May 2023. As of this writing, the program has provided assistance to 110 households. This represents eligible homeowners who had become delinquent on mortgage loan payments or other payments directly related to housing and were at-risk of losing their housing. Their situations have now been stabilized.

Actions planned to reduce lead-based paint hazards

A key action to reducing 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 and Construction Division staff, who are tasked with developing the scope of work for any HOME rehabilitation 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 has undertaken 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 and development of draft language for a new LBP section to be included in VIHFA's ESG written standards. Recently, the ESG received a new resource from HUD – an educational book entitled “Happy, Healthy, Lead Free Me”. Copies of the book will be provided to subrecipients

administering Homeless Prevention/Rapid Re-housing programs for distribution to assisted families with small children in their households. 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 provided 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.

Using resources provided by HUD The CDBG Program is currently working to develop a revamped lead-based paint policy for CDBG-funded rehabilitation activities. The intention is for the policies to be general lead-based paint policies and procedures that include the HOME, ESG, and HTF Programs as well.

Actions planned to reduce the number of poverty-level families

One of the goals of the Consolidated Plan is to support community and economic development. One of the projects that is proposed to be undertaken during the Action Plan year with CDBG-CV funds seeks to help up to 45 high-school dropouts who left school during the pandemic due to impacts of stress or other barriers to obtain their high school diploma. The program will provide added case management support and career-readiness training to include digital literacy certification to ensure the ability to work in an on-line environment. Program participants will also be encouraged to enroll in college-level courses upon achievement of their high-school diploma. Ultimately, the participants will have been equipped with skills that can be parlayed into 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 homeowners 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 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. Within the past year, the Territory's CoC implemented a robust case-conferencing process in support of the Emergency Housing Voucher program. This case-conferencing process has all the basic elements of the Coordinated Entry System which the CoC has formulated. The case-conferencing has already served to facilitate the efficient management of the Territory's scarce homeless resources.

Finally, the adoption of formal standards for ESG and CoC-funded projects 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 Donoe Redevelopment on St. Thomas and the Walter I.M. Hodge Pavilion in St. Croix.

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

Discussion:

Program Specific Requirements

AP-90 Program Specific Requirements – 91.320(k)(1,2,3)

Introduction:

Community Development Block Grant Program (CDBG) Reference 24 CFR 91.320(k)(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
Total Program Income:	0

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 91.320(k)(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.

5. If applicable to a planned HOME TBRA activity, a description of the preference for persons with special needs or disabilities. (See 24 CFR 92.209(c)(2)(i) and CFR 91.220(l)(2)(vii)).

6. If applicable to a planned HOME TBRA activity, a description of how the preference for a specific category of individuals with disabilities (e.g. persons with HIV/AIDS or chronic mental illness) will narrow the gap in benefits and the preference is needed to narrow the gap in benefits and services received by such persons. (See 24 CFR 92.209(c)(2)(ii) and 91.220(l)(2)(vii)).
7. If applicable, a description of any preference or limitation for rental housing projects. (See 24 CFR 92.253(d)(3) and CFR 91.220(l)(2)(vii)). Note: Preferences cannot be administered in a manner that limits the opportunities of persons on any basis prohibited by the laws listed under 24 CFR 5.105(a).

**Emergency Solutions Grant (ESG)
Reference 91.320(k)(3)**

1. Include written standards for providing ESG assistance (may include as attachment)
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 completion of its Coordinated Entry protocol and implementation of the CE system was delayed by the disruption of normal operations after Hurricanes Irma and Maria 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. Some technical assistance was provided by HUD contractor, Abt Associates, 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. The arrival of the pandemic stalled the CoC's efforts to finalize the design and begin the implementation of the CES; however, during the 2021 Action Plan Year, the VIHFA in its role as the CoC Collaborative Applicant, played a key role in spearheading the CoC's effort to launch the Emergency Housing Vouchers (EHV) program. Under the EHV program, up to 20 homeless or at-risk households will receive vouchers and assistance with housing search and placement, utility deposit assistance, and basic furnishings as needed, to achieve housing stability. The case conferencing approach allows member agencies to refer clients for consideration for the EHV Program. It is intended that the case conferencing process that has been developed to identify and prioritize cases will provide a framework that will inform the final design of the CES; thus, the process has all the basic elements of the Coordinated Entry System which the CoC has formulated. The case-conferencing has already served to facilitate the efficient management of the Territory's scarce homeless resources. The jurisdiction is in the process of amending several prior year CoC grants to dedicate funds to enable the hiring of personnel to assist with the implementation of the CES.

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.

In the event of a public health emergency, such as an outbreak of the coronavirus, the Territory may suspend its competitive award process and instead utilize funds to administer programs itself or directly allocate ESG funds to existing and new sub-recipients that have the capacity to undertake additional projects in response to the public health crisis.

A committee which includes a representative of the local Continuum of Care (CoC) on Homelessness will evaluate and rate the ESG applications utilizing a rating tool that was developed for the purpose. Awards will be made based on the scoring achieved by the applicant.

Although proposals for GY 23 have not been solicited as of this date, the Territory anticipates funding the various ESG activity types including rehabilitation or conversion of buildings for use as emergency shelters for the homeless; payment of certain related shelter operating expenses; payment for expenses related to the provision of essential services for persons housed in shelters; street outreach services for unsheltered, chronically homeless persons; homelessness prevention services (housing search, deposit assistance, rental assistance, case management) for persons who are at imminent risk of homelessness; and, rapid re-housing services (housing search, deposit assistance, rental assistance, case management) for persons who are literally homeless.

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 previously 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. Implementation has struggled as it has proven difficult to identify consumers to participate.

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; and, at least 85 % of the households that exited to permanent housing should not become homeless again within a year.

Housing Trust Fund (HTF)

Annual Action Plan
2024

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Reference 24 CFR 91.320(k)(5)

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

Applications submitted by eligible recipients

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; HTF funds will be awarded based on applications submitted by eligible recipients and vetted by program staff.

3. If distributing HTF funds by selecting applications submitted by eligible recipients,

a. 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".

Please refer to attached HTF Plan.

b. 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".

Please refer to attached HTF Plan.

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".

Please refer to attached HTF Plan.

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 will receive a score for five (5) points. A proposed project within these areas 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.

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 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 points will be awarded in this category. To receive points 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".

As one of the evaluation criteria that will be used to determine which project will be selected for HTF

funding, five (5) units will be awarded to projects which propose to remain affordable for at least five years beyond the required 30-year affordability 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 projects 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 ensure that priority for funding is based on the merits of the application in meeting the priority housing needs established in the Consolidated Plan. To receive points in this category, the proposed project's 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 projects 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 nonfederal 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

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

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

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 (TDCs), 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.

As described in its HTF Plan, the grantee has chosen to adopt the HOME Program's maximum per-unit subsidy amounts and the limits for housing assisted with HTF funds. See HTF Allocation Plan 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; Capital Needs Assessments (if applicable); and broadband infrastructure (if applicable).

See HTF Allocation Plan 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 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”.

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 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.

Discussion:

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



PROGRAM YEAR 2024

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 2024 is \$382,361,726.94; thus, for Program Year 2024 (= October 1, 2024 through September 30, 2025), 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 2024 HTF allocation for the Territory of the U.S. Virgin Islands is \$47,180.

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 2024, 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 2022, the U.S. Department of Housing and Urban Development (“HUD”) approved the Territory’s Consolidated Plan for program years 2020-2024. 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 2020-2024 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) table 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 2024 (= October 1, 2024 through September 30, 2025), 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 2024 HTF allocation to the Territory is \$47,180. The Territory will allocate the full amount of its 2024 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 2020-2024 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 2024 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	\$75,620.00	\$181,488.00
1	\$86,687.00	\$208,048.80
2	\$105,414.00	\$259,993.60
3	\$136,372.00	\$327,292.80
4+	\$149,693.00	\$359,263.20

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 HTF 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 HTF funding.

Distribution of Funds

Given the very small HTF allocation to the Territory, it is unlikely that the HTF funding will allow for the development of a dedicated HTF 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 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. The VIHFA will award its HTF funds to the highest-scoring HTF 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 HTF 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 HTF 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 April 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 November 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. Family Unit Distributions 10 points

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. Property management shall follow the Recordkeeping Requirements found in HUD's ESG Homeless Definition guidance when certifying the homeless status of tenants. Any of the listed documentation will be accepted.

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 of 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, VIHFA (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 involving rehabilitation which does not include replacement or renovation of at least one major structural element.

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 and performance.

VIHFA is committed to increasing the capacity of locally-based companies; thus, the scoring in this category will award maximum points to development teams based on LIHTC experience, performance, satisfaction of LIHTC training/certification requirements, and inclusion of a local developer (individual or firm whose principal office is in the Virgin Islands) that is duly licensed, in good standing, and has at least five years' experience in the development of affordable housing in the Territory.

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.

VIHFA is committed to increasing the capacity of locally-based companies whose principal office is in the Virgin Islands; thus, the scoring in this category will award maximum points to management agents based on LIHTC experience, performance, satisfaction of LIHTC training/certification requirements, and partnership with a local management firm that is duly licensed, in good standing, experienced in management of multifamily rental properties and whose principal office is in the Virgin Islands.

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) or neighborhood infill sites 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 remain 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 2020-2024 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 support 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 2020-2024 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 ELI 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 1st, 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 Program Year 2026.
- 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.