

**Congress of the United States**  
**Washington, DC 20515**

August 20, 2019

The Honorable Ben Carson  
Secretary  
U.S. Department of Housing  
and Urban Development  
451 Seventh Street, SW  
Washington, DC 20410

Dear Secretary Carson:

The Department of Housing and Urban Development (HUD) recently announced that it will publish a Federal Register notice that releases Community Development Block Grant-Disaster Recovery (CDBG-DR) mitigation funding to the U.S. Virgin Islands and Puerto Rico after it publishes a separate notice for other disaster-impacted areas. In the announcement, you state that “[r]ecovery efforts in jurisdictions prepared to do their part should not be held back due to alleged corruption, fiscal irregularities and financial mismanagement occurring in Puerto Rico and capacity issues in the U.S. Virgin Islands.”

As you are aware, when Congress passed the disaster aid package that became law in June, it required HUD to publish rules by September 4 for disbursing mitigation funds that were allocated in February 2018 for areas impacted by recent natural disasters, including the Virgin Islands, Puerto Rico and several states.<sup>1</sup> We are concerned that your coupling of the mitigation funding for the Virgin Islands to unrelated concerns in Puerto Rico unfairly ties the Virgin Islands to separate issues in Puerto Rico, and does a disservice to survivors in the Virgin Islands and local officials who have been working diligently with HUD and other federal agencies to ensure fiscal oversight and compliance. Ultimately, your decision may unfairly delay desperately needed funding for the Virgin Islands and contravene the intent of Congress to ensure long-delayed mitigation funding is finally disbursed to disaster-impacted communities.

Capacity issues are not unique to the Virgin Islands, and do not justify excluding its CDBG-DR funding from the HUD notice covering other disaster-impacted areas. The Government Accountability Office, in its March 2019 report on the CDBG-DR program, notes that HUD’s Office of Inspector General raised concerns in 2018 about capacity issues in Texas and Florida, two other major 2017 CDBG-DR grantees.<sup>2</sup> Yet, there was no delay or additional stipulations of the CDBG-DR funding allocated for any grantees to address unmet needs; and for the Virgin Islands this was nearly the same amount that was allocated for mitigation activities.

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<sup>1</sup> Section 1102, ‘Additional Supplemental Appropriations for Disaster Relief Act, 2019’, Public Law 116-20

<sup>2</sup> Government Accountability Office, *Disaster Recovery: Better Monitoring of Block Grant Funds Is Needed* (March 2019). Available at <https://www.gao.gov/assets/700/697827.pdf>.

In addition, under the Further Additional Supplemental Appropriations for Disaster Relief Requirements Act, 2018, the same law that appropriated the CDBG-DR funding at issue,<sup>3</sup> HUD was provided with additional dedicated resources to provide technical assistance and help grantees improve their capacity. Our understanding is that HUD has been engaged with local officials in building that capacity in the Virgin Islands. Nothing new has arisen that would cause that engagement to be deemed insufficient, or that would call for mitigation funding to be released separately from other grantees.

Furthermore, the conflating of any capacity issues in the Virgin Islands to unrelated challenges in Puerto Rico is absolutely inappropriate. The Virgin Islands Office of Disaster Recovery and the Virgin Islands Housing Finance Agency have done a tremendous job to improve financial controls and procurement processes, monitor subrecipients, assist with increased staffing, and provide other assistance needed to safeguard all federal disaster recovery funds. Those local agencies have been working with HUD, along with other federal agencies like the Department of Interior, for the Virgin Islands to ensure the proper use of funds that Congress has provided. The fiscal situation of the Virgin Islands has been steadily improving. Any additional administrative requirements related to capacity issues should be tailored to address such issues, and any Federal Register notice should take that into account.

The Virgin Islands has been and is prepared to do its part in helping its residents recover from devastating hurricanes. It has a years' long, solid track record of compliance and oversight with the CDBG program and disaster recovery programs. HUD should reconsider as soon as possible its decision to exclude the Virgin Island's CDBG-DR mitigation funding from being released at the same time as other grantees' to prevent the delay of critical resources to help families rebuild their lives and ensure HUD is complying with the law.

Sincerely,

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<sup>3</sup> Subdivision I, Division B, Public Law 115-123.

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