

VIRGIN ISLANDS HOUSING FINANCE AUTHORITY

Good Morning Senator Clifford Graham, Finance Committee Chair, Members of the Finance Committee, other Senators present, the listening and viewing audience, I am Adrienne L. Williams, Executive Director of the Virgin Islands Housing Finance Authority. Today I appear before you accompanied by Mr. Darin Richardson, Chief Operating Officer, Mr. Daryl Griffith, Chief Financial Officer and Mr. John Green, Director of Planning & Construction to provide you with an overview of the status and accomplishments of the Virgin Islands Housing Finance Authority with regard to its mandate and to present the Agency's 2017 budget request.

As delineated in its Vision Statement, the Virgin Islands Housing Finance Authority endeavors to be the “premier self- reliant housing and community development agency fostering sustainable communities in the Territory”. This vision was crafted with the realization that there is no shortage of housing challenges but there is undoubtedly a shortage of funding available with which to address these problems. With this in mind, the VIHFA has developed a strategy that will allow resources and efforts to be focused towards key areas of affordable housing. These priority areas were also derived through data from our recent Housing Demand Study. These areas include:

- ✓ The creation of homeownership opportunities for low –to –moderate income families,
- ✓ Housing for the homeless and persons with Special Needs,

- ✓ Affordable Independent Living Rentals for Seniors,
- ✓ Affordable rentals for Moderate Income families/Workforce housing.

At the heart of the Authority's mandate is the creation of affordable homeownership opportunities. The VIHFA has several projects underway on St. Croix as well as on St. Thomas.

ST. CROIX

The Meadows at Bonne Esperance

Now in its second phase, the Meadows at Bonne Esperance subdivision is moving along with the completion of the roadway infrastructure making an additional 35 home sites of approximately ¼ acre each available for sale. The Authority has contracted with Raul Ayala Construction to build a total of ten homes for clients through the Authority's Small Contractor Line of Credit Program.

The Authority's pilot program, "Buy-A-Lot, Build-A-Home" has been a huge success with a significant number of the contracted clients choosing this option to construct their new home. A total of 30 lots in the first phase has been sold and built out. Current sales prices for homes in Phase I and II of the Bonne Esperance are approximately \$172,550 for a 2 Bedroom, 1 and a ½ bath and \$195,000 for a 3 Bedroom, 2 Bath home.

Cotton Valley

The Estate Cotton Valley community represents the eastern most land for sale that the Authority currently has offered to first time home buyers. The Authority is pleased to announce that of the 16 half acre lots for sale in the Cotton Valley community, fourteen were sold since sales began on August 1, 2014. The sales price for these ½ acre lots range between \$14,959.00 and \$20,091.00. There are currently 2 lots available.

Estate Mount Pleasant

This year the VIHFA unveiled “Morning Glory Ridge” at Estate Mount Pleasant, (West) on St. Croix. This new development has yielded 40 lots for sale. The VIHFA has contracted with North Shore Partners and Leumas Engineering to construct 10 homes each in this subdivision. The Buy-A-Lot, Build-A- Home Program will also be available in this subdivision.

ST. THOMAS

Whispering Hills

Whispering Hills is the Authority’s flagship subdivision on St. Thomas. This development is slated for 100 homes on 40 acres. The Authority held an unveiling ceremony approximately one year ago from which to date has resulted in 2 homes being completed and sold and approximately 14 clients who have either purchased a home site or are in the process of purchasing or have selected the Buy-A-Lot, Build-A-Home Program.

The Authority has just completed Phase II infrastructure design and has received bids on the construction of the phase. A total of 1,965 feet of roadway for the second phase will produce approximately 20 – 24 home sites. Rumina Construction and Big Lee Tile and Repair are constructing homes under the Small Contractor Line of Credit program within this community. VIHFA is also offering seven home plans from which clients may choose to construct their own home. The VIHFA is currently soliciting contractors to build homes in this Subdivision through the Buy-A Lot, Build A-Home program.

Estate Nazareth

VIHFA is continuing to develop home sites in Estate Nazareth on the eastern end of St. Thomas. The Authority expects to close on nine home sites by the end of FY 2016. Additionally, seven more home sites are slated to be recorded and advertised for sale to potential homeowners by the second quarter of FY 2017. The Authority is currently developing a subdivision plan that will accommodate the development of up to 20 lots for FY 2018.

Estate Fortuna

The Authority has completed its Environmental Assessment and Archeological Study on a parcel of property in Estate Fortuna, on the Western end of St. Thomas. The Authority plans to develop the infrastructure to offer between 30 and 40 lots for sale to first time homeowners in Fiscal Years 2017 and 2018. These lots will be part of a new subdivision located across from the Blue Water Bible College with an estimated land sale price between \$50,000 and \$65,000 per lot. Final prices will be based on the appraised value.

Former Warren E. Browne site

The Estate Taarneberg site, known as the old Warren E. Brown site, comprises of 9.966 acres of hillside property located in the Polyberg area on St. Thomas. The Authority has included this site in its most recent 2016-2019 Three-Year Plan to be developed as Workforce Housing.

Over the next three years, the VIHFA endeavors to provide over 114 affordable home ownership opportunities across the Territory.

AFFORDABLE RENTALS

The Authority is also responsible for the provision of affordable rental housing in the Territory. The Low Income Housing Tax Credit (LIHTC) Program is the primary funding sources for the development of affordable rental units.

LOW INCOME HOUSING TAX CREDIT

The VIHFA is the administering agency for the Low Income Housing Tax Credit Program. The 2016 allocation is \$2,690,000.00. Each jurisdiction is required to develop a **Qualified Allocation Plan (QAP)** which sets forth selection criteria to be used to determine housing priorities which are appropriate to local conditions and which also gives certain preferences when allocating housing credit dollar amounts among selected projects. In an effort to focus resources to key areas, the VIHFA revamped its QAP in 2015 to establish the selection criteria and define the process for allocation of LIHTCs in the U.S. Virgin Islands.

In allocating housing credit dollar amounts among selected projects which meet the basic selection criteria, preference shall be given to certain projects pursuant to Section 42 of IRS code:

1. Projects serving the lowest income tenants;
2. Projects serving qualified tenants for the longest periods of time
3. Projects agreeing to waive the option to convert to market rent after 15 years
4. Projects located in “targeted areas” which are also part of the downtown revitalization efforts these areas include the designated Enterprise Zones in each respective island district, Contant (St. Thomas), Contentment (St. Croix) and additional areas as may be designated by the VIHFA.

The Authority is in the process of evaluating a 2016 application submitted for a proposed third phase of the Louis E. Brown development on St. Croix.

Previous developments awarded LIHTCs in the past three years are Sugar Estate Senior Housing and Magens Junction on St. Thomas, as well as Sugar Mill Villas and Anna’s Hope Apartments on St. Croix.

Sugar Estate, also known as St. Thomas Senior Housing received a total project allocation of \$3,525,000.00 for the development and construction of 80 senior units Sugar Estate is a joint venture with the Virgin Islands Housing Authority (VIHA) and Michaels Development. The final project development cost is estimated to be \$34 million. The project has achieved substantial completion with a Grand Opening held in May of this year.

Magen’s Junction is a 48-unit project consisting of 24, one bedroom and 24, two bedroom units to be located on the site of the defunct St. Thomas Dairies processing plant which will be demolished to make way for the development. The project will consist of two (2)

6-story residential elevator buildings connected by a community building. Five (5) units (=10% of the units) will be set-aside for independent-living persons with disabilities. Lutheran Social Services of the V.I., which is co-partnering with Jackson Development via a Joint Venture Agreement, will provide client referrals for the handicap units and supportive housing services for the disabled residents. The total development cost is estimated to be \$25,622,381. The developer recently closed on the financing and thus construction will get underway shortly. The developer received \$2,426,000 in LIHTC.

The Anna's Hope development received \$2,192,868.00 in LIHTC. The development will consist of 19 newly constructed duplexes. Ten of the duplex buildings will contain three bedroom homes and nine will contain two bedroom homes, providing a total of 38 affordable rental units. The total project cost is budgeted at \$21 million. Construction of the development is well underway and is on target for completion later this year.

There is a growing need for affordable rental housing for working individuals including those who are overqualified for subsidized housing but yet can't afford the average market-rate home. Some seniors and other persons on fixed incomes are another segment of the population that continue to carry a significant rent burden because of the high cost of rental housing, particularly in the St. Thomas /St. John district. The VIHFA has identified projects on St. Thomas aimed at providing some relief in this regard.

Ross Taarneberg

VIHFA's Ross Taarneberg property is also part of the 2016-2019 Three- Year Affordable Housing Plan. The Authority intends to develop a mixed-use site that incorporates moderate income rentals with small commercial retail spaces. The existing building has undergone asbestos abatement and is in the permitting stages prior to demolition. This mixed use concept will afford the Authority the ability to provide much needed affordable rentals and contribute to the revitalization of this area.

Queen Louise Apartments

The VIHFA is poised to demolish the Queen Louise Apartments and create opportunities for home ownership for residents of St. Thomas. This site is located on Fireburn Hill. The property is slated for asbestos abatement and demolition immediately thereafter. The project has been approved for a grant from the CDBG Program that would aid in the demolition of the dilapidated structure.

Emergency Housing

The Authority is tasked with providing emergency housing in the Territory. The VIHFA currently has five (5) occupied Emergency Housing Communities throughout the Virgin Islands. On St. Thomas they include, Staabiland Apartments with 3 Units and Charolette Apartments with 30 Units. On St. Croix, there are 16 units in Estate Campo Rico, 16 units in Estate Anna's Hope and 12 units in Estate Profit for a total of 77 units Territory- wide.

The Emergency Housing Program has seen its greatest successes on St. Croix where there are available units. On St. Croix, domestic violence victims and fire victims have been assisted immediately upon referral and have since been transferred to permanent housing. St. Thomas conversely, remains in desperate need of additional emergency housing units. Renovations are ongoing and scheduled for units at the Charolette Apartments. However, the VIHFA is feverishly trying to identify funding and possible property to serve as an additional transitional housing site. Sites currently vetted include the former Mitchell Motel and other downtown sites.

With meager rents and aging and decaying infrastructure, the Emergency Housing Program is in need of substantial funding in order to meet the Territory's needs. The VIHFA unfortunately is unable to assist all persons that seek emergency housing. Applicants must be able to demonstrate how they will be able to pay their rents and utilities. Many people that seek assistance do not have income and therefore cannot afford to pay the rent and the utilities for the unit. This brings us to the problem of homelessness in the Territory.

HOMELESSNESS

The annual homeless population count reports show that 448 individuals were considered homeless. Of these persons outside of shelters, 34 percent were chronic substance abusers; 24 percent mentally ill; 10 percent were Veterans and 6 percent were victims of domestic

violence. These statistics are significant in demonstrating the need for housing, programs and projects to address the issues of this population.

Emergency Solutions Grant -ESG

The VIHFA administers the Emergency Solutions Grant Program with an allocation this year of \$151,552.00. The program provides funding to engage homeless individuals, improve the number and quality and operation of emergency shelters and rapidly re-house homeless individuals and families. Currently, VIHFA sub- grants funds to non-profit organizations in both Districts to provide services to the target population in all of the mentioned allowable activities.

It is an understatement that the funding is woefully inadequate to meet the current needs of the homeless population. The VIHFA continues to work with the Interagency Council on Homelessness to find strategies to combat the problem of homelessness in the Territory. The VIHFA is working in conjunction with the Frederiksted Health Center, Catholic Charities of the VI and the St. Croix Foundation on a new initiative to assist the homeless. A private donor has pledged financial support to assist homeless individuals on St. Croix. The initiative began with a free clinic held monthly since January at the Frederiksted Health Center. The clinics are held on the third Saturday of each month. Clients receive hygiene, behavioral assessment, medical visit screenings and also see a case manager.

The benefactor has developed a Request for Proposals (RFP) for an Assertive Community Treatment (ACT) provider to manage permanent supportive housing with services for up

to forty (40) clients. The VIHFA, has committed to provide at least ten (10) units to the effort.

Community Development is also a significant portion of the Authority's focus.

CDBG Program

The Community Development Block Grant (CDBG) is a HUD formula-allocation grant, which has as its primary objective the development of viable urban areas. Selected projects must meet at least one national objective for the prevention or elimination of slums and blight; address an urgent need; or be a primary benefit to persons of low and moderate income.

This application cycle, the CDBG staff reviewed 52 proposals submitted for funding consideration from the 2016 grant allocation. A total of eighteen (18) projects are being recommended for funding – nine (9) in the St. Thomas/St. John district and nine (9) in the St. Croix district.

During the 2015-2016 Program Year, the CDBG Program completed the Catholic Charities of the Virgin Islands, Inc. Soup Kitchen and Outreach Center on St. Thomas. Catholic Charities relocated their soup kitchen meal provision services from a small vernacular cottage in Hospital Ground to a newly refurbished 2 story masonry structure located at #42 Kronprindsens Gade. At the present location, the soup kitchen provides over 50 meals to the homeless on a daily basis.

CDBG funds were also used to provide a new concrete parking lot on Fisher Street for the Women's Coalition facility of St. Croix. Funds were also used by the Women's Coalition to finally demolish the fire damaged ruins that once housed their main office and counseling center on East Street. An architect has been hired to design a plan to re-develop the once fire damaged site. The development would include counseling/office spaces, a community meeting room and 5 transitional beds for victims of domestic violence.

The CDBG Program currently has five (5) construction projects at various stages of completion across the Territory including the Bordeaux Farmers' Market Phase III on St. Thomas, Family Resource Center Transitional Housing Facility, Hearts in Service Transitional Housing, and on the island of St. Croix, Catholic Charities' Transitional Housing Facility/ Outreach Center and the Mon Bijou Community Center.

During this fiscal year, the CDBG Program allocated funds to the St. Thomas Swim Association, Inc. and the St. Croix Swim Association, Inc. to provide swim instruction scholarships to eligible youth in the Territory. The provisions of these grants afforded 70 youths in the Territory with the valued opportunity and resources to learn swimming and water safety skills. Also of notable mention is the Women With Focus After-school Program whose main mission is to provide nutritional education instruction and healthy living skills to youth in the time when obesity is high on St. Croix. The program teaches the youth how to make better health choices that would benefit their lives. The CDBG

Program is committed to improving the quality of life for low to moderate income individuals and making better communities in the Territory.

The Authority has outlined specific projects in its Three Year Strategic Plan aimed at providing opportunities for families in the priority areas. The Authority is also pleased to have achieved some major accomplishments as it relates to the plan and Fiscal Year Goals.

The VIHFA is particularly proud to have:

- ✓ Assisted in the creation of **36** new homeowners for FY 2015, which is a record amount for the Authority in a one year period.
- ✓ Provided **331** families with Home Buyer Education and Financial Fitness Workshops in FY 2015.
- ✓ Secured the 2016 HUD Counseling Grant in the amount of \$ 21,971.00 to defray the cost of the Home Buyer Education and Counseling Programs.
- ✓ Implemented the Small Contractor Line of Credit Program and issued two lines of credit in the amount of \$500,000 each and approved two additional contractors for funding through this program.
- ✓ Completed the first two homes through the execution of the first line of credit through a partnership with the VI Economic Development Authority for a small contractor in Bonne Esperance.
- ✓ Financed 15 CDBG construction projects totaling \$6,903,078.74, and 16 public services projects totaling \$420,681.40 for a grand total of \$7,323,760.14.
- ✓ Completed the Fiscal Year 2015 Audits with no financial statement findings.

FUNDING NEEDS

The Government of the Virgin Islands has recommended an appropriation of \$2,000,000 to the Authority for Fiscal Year 2017 to supplement projected revenues of \$1,420,629 from land and home sales, leases and mortgages and \$1,726,138 from other miscellaneous sources. The VIHFA has assessed the housing demand and understands the housing priorities for the Territory and is prepared to work within the confines of this level of funding.

The VIHFA, however, implores this body to consider in its funding priorities the need to replenish several local programs to include the Veteran and Homestead Loan Program as monthly loan repayments will not yield a return quickly enough to ensure that there will be sufficient funds to continue making new loans.

The Homestead Loan program assists first time homebuyers to acquire homeownership. Funding for this program is to be disbursed from appropriations made by the VI Legislature from bonds, surety and gifts. The program can issue loans up to a maximum of \$220,000 for new construction or purchase and up to \$40,000 for home improvement loans. The Homestead Loan Program has a current balance of \$622,947.29 and will be exhausted by the end of FY 2017 if no new appropriation is given. The Homestead Program needs an appropriation of at least \$1,000,000.00.

The Veterans Loan Program provides homeownership assistance for first time homebuyers who are Veterans. The program can issue loans up to a maximum of \$220,000 for new

construction or purchase and up to \$40,000 for home improvement loans. The Veteran Loan Program has a current balance of \$850,189.77 and needs an appropriation of at least \$1,000,000.00. A \$1,000,000.00 appropriation will allow the Authority to serve approximately 10 individuals with an average loan amount of \$100,000.00.

I am pleased to have led such a dynamic team of that has been pioneering and audacious enough to have:

- ✓ Created the Buy- a- Lot Build- A- Home Program
- ✓ Launched the Small Contractor's' Lending Program to build experience and capacity amongst small contractors;
- ✓ Developed and Implemented a Pre- Apprenticeship Construction Program
- ✓ Developed a Territorial Emergency Housing Plan in the Aftermath of a Natural Disaster;
- ✓ Created a system for the provision of Emergency Housing in the Territory;

- ✓ Developed and hosted the Housing Expo that has emerged as an anticipated annual event;
- ✓ Accessed Membership to the Federal Home Loan Bank of New York;
- ✓ Developed a Three –Year Strategic Plan that will serve as a roadmap for the Agency for future development; and

continues to be dedicated to the purpose of providing decent, safe and sanitary housing to all Virgin Islanders.

This completes the Authority's Fiscal Year 2017 Budget presentation. I would like to use this opportunity to publicly express my appreciation to the Virgin Islands Housing Finance Authority Board and Staff for their commitment and dedication to the mission of this Agency. Specifically, I want to express my appreciation to the Awesome Members of the Executive and Administrative Team, "The Federalis" in the Federal Programs Division who is also the Division of the Year, my "Money People" in the Collections and Servicing & Accounting Division, the Homeownership Division- the "Hub" of the Operation and the esteemed gentlemen and lady of the Planning & Construction Division, because Planning is where it all begins. It is a sincere pleasure to work with such a dedicated Team and dynamic Family.

I would also like to thank the members of this body for their continued support of our initiatives and specifically thank Senator Marvin Blyden Chair of the Committee on Housing Public Works and Waste Management for your willingness and commitment to address some of the tough challenges and "Unlocking the Doors to Affordable Housing". The members of the Authority's staff and I will remain available to entertain any questions you may have.

Thank you.