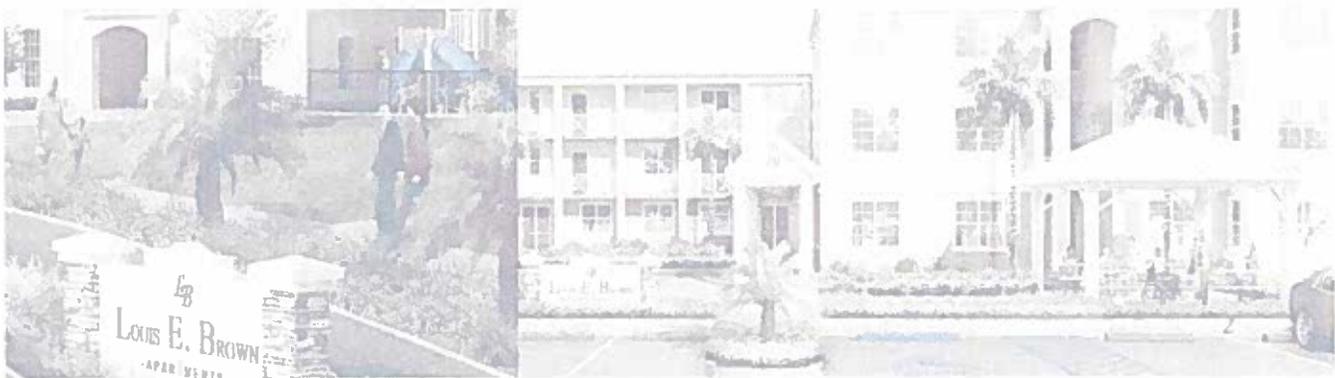


Virgin Islands Housing Authority
Independent Agency
BUDGET PRESENTATION
Fiscal Year 2016



31st Legislature of the Virgin Islands
Committee on Finance
Budget Hearing
July 25, 2016



Robert Graham, CPM
Executive Director

Good Morning Honorable Senator Clifford F. Graham, Chairman of the Committee on Finance, Vice Chair, Kurt Vialet; Senators Sammuel Sanes; Myron D. Jackson, Marvin Blyden; Terrence "Positive" Nelson and Tregenza A. Roach. Good morning to all other distinguished Senators present today, legislative staff, citizens of the Virgin Islands and my dedicated staff and the listening public.

My name is Robert Graham, Executive Director of the Virgin Islands Housing Authority. In the Well with me today are Ms. Nedra Thomas, Accounting Manager, Ms. Lydia Pelle, Chief Operating Officer, Ms. Akala Anthony, Director of the Housing Choice Voucher Program, and Ms. Carolyn Duncan, District Manager – St. Thomas.

In presenting testimony regarding the Housing Authority's Fiscal Year 2016 Budget, I will provide an overview of the Agency's three primary budgets, a synopsis of the accomplishments to date, and a summary of activities proposed for the next twelve months. In addition, the testimony to be provided is organized to respond to information requested in the Chairman's correspondence dated February 26th and May 6th, 2016 (Exhibits 1.A and 1.B).

- 1. Using the format in Statements 1 and 2 (attached), provide the detail of actual expenses by funds and prime accounts for Fiscal Year which ended September 30, 2015; the year to date spending for the current Fiscal Year ending September 30, 2016; and the projected estimated spending for Fiscal Year 2017.**

In response to this request, it should be noted that the Housing Authority's fiscal year differs from that of the Government of the Virgin Islands. Though the Department of Housing and Urban Development's (HUD's) fiscal year begins on October 1st, it funds VIHA for a fiscal year which aligns with the calendar year: January 1st through December 31st. Thus, today we present VIHA's *unaudited* actual expenses and revenues for our prior fiscal year (FY 2015) and budget for our current fiscal year (FY 2016). Please note that VIHA's budgets are due to HUD 90 days before the beginning of the fiscal (calendar) year.

Moreover, the financial information is presented in the format that is provided to HUD and auditors. As such, the information is not in the format traditionally used by the Territory. We appreciate Post Audit's understanding the Authority's use of the standard (HUD required) reporting format. However, we will provide explanations for easy analysis and we are available for any clarifications.

The Authority's budgets are typically approved by the Board of Commissioners during the annual budget process in September of each year for submission to HUD by October 1st for the subsequent calendar year. There are three (3) primary programs principally funded by HUD: 1) the Low Income Public Housing (LIPH) Operating Program; 2) the Capital Fund Program (CFP); and 3) the Housing Choice Voucher Program (HCVP).

The public housing inventory consists of 3,282 public housing units in twenty-seven (27) projects grouped into twelve (12) primary cost centers (**Exhibit 2**). VIHA's Low-Income Public Housing communities consist of property groupings called Asset Management Projects (AMPs). The inventory is grouped into (5) AMPs on the island of St. Thomas and (7) AMPs on the island of St. Croix. Ten (10) AMPs are directly operated by the Authority and the other two, Louis E. Brown Villas I and Louis E. Brown Villas II are privately managed.

I. Low-Income Public Housing (LIPH) FY 2015 Actual Revenues & Expenditures

FY 2015 Actual Revenues: The total actual revenues for the ten (10) Asset Management Projects (AMPs) were \$26.8 million with HUD subsidies providing \$21.8 million or 82% of the total amount. The rent contribution was \$3.8 million or 14% of the total revenues. The other two revenue components include other income and capital fund contributions which contribute \$1.1 million or 4%.

It is important to note that VIHA's primary mission is to provide housing assistance for the very low-income and extremely low-income families. As such, the Territory's

economic downturn has dramatically affected some of our residents' ability to pay rent. The trend in rental income continues to decrease. Four years ago, the rental income was approximately \$6 million; in fiscal year 2014 the rental income collected was \$4 million dollars. In FY 2015, the downward trend continues with the rental income received at \$3.8 million.

Although HUD provides additional subsidy to offset the reduction in rental income, Operating Subsidy from HUD is not fully funded and therefore subject to proration. The FY 2017 Funding Bill is expected to fund only 89% of a (Public Housing Authority's) anticipated formula eligibility.

Table 1. Low-Income Public Housing (LIPH) FY 2015 Actual vs Budget Comparison and FY 2016 Budget

LOW INCOME PUBLIC HOUSING (LIPH)					
	Actual Revenues and Expenditures	FY 2015 Budget			FY 2016 Budget
	January 1, 2015 - December 31, 2015 Unaudited	January 1, 2015 - December 31, 2015	Variance	Percent Increase/ (Decrease)	January 1, 2016 - December 31, 2016
Revenues					
Dwelling Rental	\$3,797,957	\$4,007,125	(\$209,168)	(5.2%)	\$3,847,763
Operating Subsidies	\$21,836,650	\$21,029,493	\$807,157	3.8%	\$22,166,374
Other Income	\$666,889	\$206,689	\$460,200	222.7%	\$210,807
CFP - Operating Revenue	\$450,000	\$450,000	\$0	0.0%	\$450,000
Total Revenues	\$26,751,496	\$25,693,307	\$1,058,189	4.1%	\$26,674,944
Expenditures					
Administrative Expenses	\$6,193,435	\$6,758,584	\$565,149	8.4%	\$7,420,843
Resident Services	\$481,370	\$912,222	\$430,852	47.2%	\$996,402
Utilities	\$5,951,054	\$8,114,701	\$2,163,647	26.7%	\$7,041,015
Maintenance	\$6,802,674	\$7,004,921	\$202,247	2.9%	\$7,773,062
Insurance	\$1,058,885	\$1,058,820	(\$65)	(0.0%)	\$1,104,789
General (excludes Interest Expense)	\$744,089	\$279,557	(\$464,532)	(166.2%)	\$542,050
Total Operating Expenses	\$21,231,507	\$24,128,805	\$2,897,298	12.0%	\$24,878,160
EPC Loan - Interest Expense	\$177,202	\$171,537	(\$5,665)	(3.3%)	\$139,646
	\$21,408,709	\$24,300,342	\$2,891,633	11.9%	\$25,017,806
Cashflow from Operations	\$5,342,787	\$1,392,965	\$3,949,822	283.6%	\$1,657,138
Capital Expenditures & Principal Payments:					
EPC - Principal Payment (Required)	\$656,502	\$624,612	\$31,890	5.1%	\$656,502
Cashflow after Capital & Principal	\$4,686,285	\$768,353	\$3,917,932	509.9%	\$1,000,636

FY 2015 Actual Expenses: Total expenses for the ten (10) AMPs were \$21.4 million.

There are seven (7) expenditure line items presented (Table 1). The four (4) major expense categories are administrative; \$6.1 million or 29%; utilities, \$5.9 million or 28%; maintenance, \$6.8 million or 32%; and insurance making up the last major

expense category with \$1.1 million or 5%. The other three (3) categories are resident services at \$481K or 2%, then General expenses and the Energy Performance Contract (EPC) Interest combining for a total cost of \$921K or 4%.

Please note that historically the largest driver of expenses has been the utility cost. However, in the last five (5) years, VIHA has made tremendous investments in its waterline infrastructure. As a result, annual water consumption has been reduced from over 321 million gallons to slightly over 200 million gallons. The corresponding cost has dropped from \$10.7 million to less than \$6 million.

Table 2. VIHA Annual Water Consumption: FY 2012 – FY 2016

Fiscal Year	Consumption	Amount
2012	321,585,336	\$10,700,121
2013	273,725,536	\$9,662,954
2014	236,043,290	\$7,587,295
2015	204,624,233	5,955,701
2016	240,844,776	\$6,895,194

For FY 2015, the actual utility expense was \$5.8 million which is a combination of water \$5.4M and electricity at \$0.4 million. Due to a combination of waterline infrastructure improvements, less consumption and electrical rate reduction, both utility expenses are trending downward. However, utility expense savings are **regulated by and shared with HUD**. Thus, HUD could reduce the subsidy in the current fiscal year. Any utility expense savings that are allowed by HUD are further invested in capital improvements for the aged inventory. For FY 2016, VIHA has to be vigilant in managing current underground leaks and monitoring its residents' usage to maintain the reductions in water consumption and cost.

VIHA PUBLIC HOUSING FUNDS FISCAL YEAR 2015 - ACTUAL (UNAUDITED)

Figure 1. Sources of Funding for AMPS

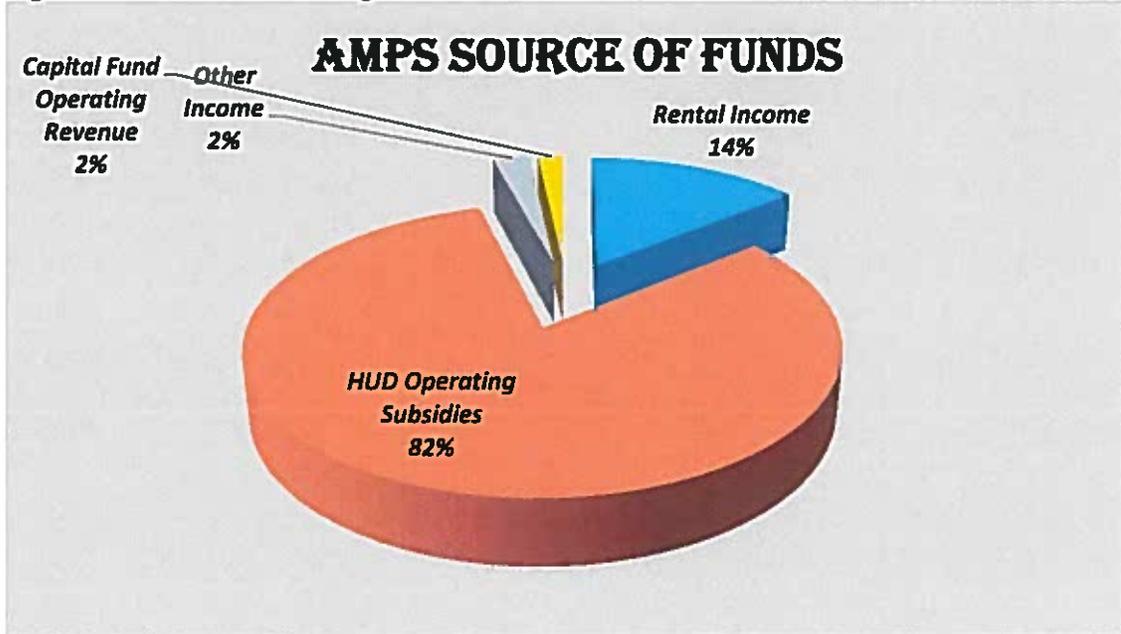
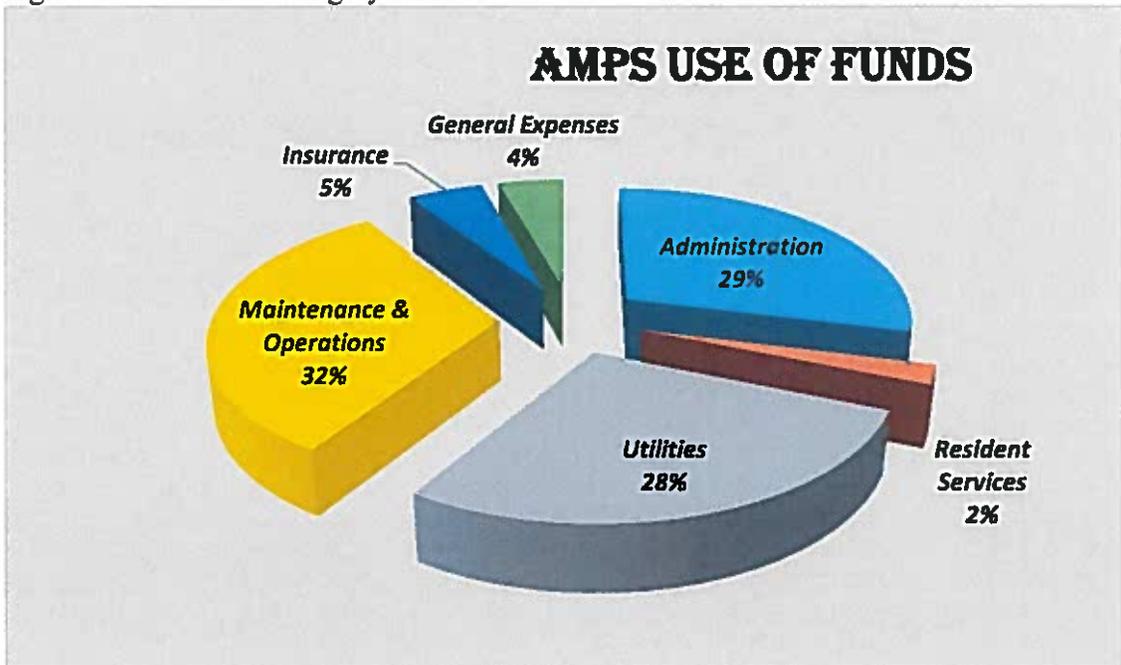


Figure 2. Uses of Funding by AMPS



Reserves: All Public Housing Authorities (PHAs) are required by HUD to maintain a minimum operating reserve level. This minimum reserve is equal to four (4) months of operating expenses. Thus, with \$21 million in expenses, VIHA is required to have a minimum reserve of \$5.3 million. These reserves are monitored by HUD through the annual audit submissions. At this time, VIHA has sufficient funds to meet HUD's reserve requirement for all its properties.

Low-Income Public Housing (LIPH) FY 2016 Budget Overview

2016 Budgeted Revenues:

In the current fiscal year 2016 budget for the AMPs, total projected revenues are \$26.6 million, with HUD subsidy accounting for the majority at \$22.1 million or 83%. The rental contribution is projected to continue at \$3.8 million or 14%. The other two components – other income and the Capital Fund Grant – account for a combined total of \$660K or 2%.

2016 Budgeted Expenses: The AMPs' total projected expenses for fiscal year 2016 are approximately \$25.6 million. The largest expense categories are: maintenance at \$7.8 million, or 31%; administrative expenses at \$7.4 million or 30%; and utilities at \$7.0 million or 28%. The insurance expense is fourth with \$1.1 million or 4%. The other expense lines are resident services, general and energy performance contract expenses with a combined total expense of \$1.7 million or 7%.

Projected cash flow from operations is approximately \$1.0 million. During this fiscal year, additional funds are expected to be allocated for preventive maintenance and security related improvements.

A detailed description of the Central Office 2015 fiscal year revenues and expenditures will be explained, followed by the fiscal year 2016 budget.

Central Office Cost Center (COCC) FY 2015 Revenues & Expenditures

The Central Office Cost Center (COCC) provides fiscal and operational oversight as well as services to the Asset Management Projects (AMPs). The COCC has five (5) component units: Executive Office, Accounting & Procurement, Information Technology, Human Resources, and Modernization/Development. In exchange for services to the component units, the COCC charges fees to the AMPs. Fees fall into five (5) basic categories: Asset Management; Capital Fund and IT, Housing Choice, and Development Fees, Grant Management and other fees. There are HUD restrictions on how the fees are calculated and when they can be charged.

FY 2015 Actual Revenues: The total actual fiscal year 2015 revenues for the Central Office Cost Center (COCC) was \$3.6 million. The asset management fees collected were the major revenue source; \$2.3 million or 63% of the total revenues. The other 37% of the revenues were derived from Capital Fund & IT fees, \$802K or 22%; Housing Choice Admin. Fees, \$363K or 10%; and Grant management, Development and Other income of approximately \$148K or 5% of the Central Office Cost Center Revenue.

Table 3.

CENTRAL OFFICE COST CENTER (COCC)					
	Actual Revenues and Expenditures	FY 2015 Budget			FY 2016 Budget
	January 1, 2015 - December 31, 2015 Unaudited	January 1, 2015 - December 31, 2015	Variance - Favorable/ (Unfavorable)	Percent Increase/(Decrease)	January 1, 2016 - December 31, 2016
Revenue Accounts					
Asset Management Fees	\$2,273,891	\$2,306,308	(\$32,417)	(1.4%)	\$2,281,469
Capital Fund & IT Fees	\$801,784	\$800,984	\$800	0.1%	\$853,249
Housing Choice Admin Fees	\$363,112	\$370,914	(\$7,802)	(2.1%)	\$385,252
Development Fees	\$29,332	\$40,023	(\$10,691)	(26.7%)	\$32,719
Grant Management Fees	\$22,447	\$21,666	\$781	3.6%	\$21,666
Other Fees	\$98,293	\$55,000	\$43,293	75.1%	\$57,959
Total Revenue Accounts	\$3,586,859	\$3,594,895	(\$8,036)	(0.2%)	\$3,633,324
Expense Accounts					
Administrative Expenses	\$2,701,957	\$2,858,249	\$156,292	2.7%	\$2,995,914
Utilities Expenses	\$255,592	\$315,045	\$59,453	28.0%	\$262,017
Maintenance Expenses	\$355,773	\$183,501	(\$172,272)	(93.9%)	\$155,770
Insurance Expenses	\$64,363	\$65,119	\$756	1.2%	\$53,573
General Expenses	\$158,714	\$82,816	(\$75,898)	(91.6%)	\$111,751
Total Expense Accounts	\$3,616,409	\$3,544,740	(\$71,669)	(2.0%)	\$3,581,025
Net Cash Flow	(\$29,550)	\$50,155	(\$79,705)	(158.9%)	\$52,299

FY 2015 Actual Expenses: The total actual fiscal year 2015 expenses for the Central Office Cost Center (COCC) was very close to the actual revenues at \$3.6 million.

COCC expenses for the year were administrative: \$2.8 million or 77%; utilities, \$256K or 7%; maintenance expenses of \$356K or 10%; insurance, \$64K or 2%; and general expenses at \$159K, or 4%.

A year-end deficit of \$29K was due to VIHA's obligation to account for non-cash expenses such as Other Post Employment Benefits (OPEB) and compensated absences. OPEB are benefits, other than pension, to be paid upon retirement of active employees and primarily include health and medical benefits. The compensated absences are employees' time off with pay for vacation and sick leave. VIHA is obligated to account for these expenses, but they are only paid when used.

II. Capital Fund Program Funds

For the last four (4) years VIHA has received \$25.2 million in Capital Fund Grants Program (CFP) and has obligated \$18 million or 71% of these funds. As of May 2016, VIHA expended \$15 million or 59% of the authorized HUD CFP. Included in this total is a one-time \$4.2 million emergency grant from HUD to demolish the vacant buildings at the Ralph deChabert community. The project is complete as of June 30, 2016.

Table 4.

CAPITAL FUND GRANT PROGRAM									
CAPITAL FUND YEAR	APPROVED FUNDS	AMOUNT OBLIGATED		AMOUNT UNOBLIGATED	DEADLINE TO: OBLIGATE EXPEND		AMOUNT EXPENDED		AMOUNT UNEXPENDED
2013	\$4,489,509	\$4,489,509	100%	\$0	9/8/15	9/8/17	\$4,192,942	92%	\$296,567
2014	\$5,004,444	\$5,004,444	100%	\$0	5/12/16	5/12/18	\$3,800,317	75%	\$1,204,127
2015	\$5,625,512	\$4,225,013	75%	\$1,400,499	4/12/17	4/12/19	\$2,680,214	48%	\$2,945,298
2016	\$5,861,050	\$0	0%	\$5,861,050	4/12/18	4/12/20	\$0	0%	\$5,861,050
E-2014	\$4,279,414	\$4,279,414	100%	\$0	5/12/15	5/12/16	\$4,279,414	100%	\$0
TOTALS	\$25,259,929	\$17,998,380		\$7,261,549			\$14,952,887		\$10,307,042
		71%		29%			59%		41%

VIHA receives, on average, approximately \$5.5 million in Capital Funds Programs (CFP) grants. The CFP funds are used for the redevelopment, financing, and modernization of its public housing developments and for management improvements. The average age of VIHA's public housing inventory is 40-50 years old. Thus, the aged inventory has a physical needs assessment of over \$140 million over the next ten years. The summary below shows the allocation of the Capital Fund Grant for FY 2015 and FY 2016 between the St. Thomas and the St. Croix districts.

Of the \$5.6 million received from HUD in FY 2015, \$3.7 million was set aside for capital improvements and \$1.9 was used for administration and operations. Of the \$3.7 million for capital projects, \$2.7 million was allocated for the St. Croix District and \$1 million allocated for the St. Thomas-St. John District.

Of the \$5.8 million received from HUD in FY 2016, \$3.9 million is set aside for capital improvements and \$1.9 will be used for administration and operations. Of the \$3.9 million for capital projects, \$2.3 million is allocated for the St. Croix district and \$1.6 million allocated for the St. Thomas-St. John district.

Table 5.

CAPITAL FUND GRANT PROGRAM				
	2015		2016	
Operations	Amount	%	Amount	%
Management Operations	\$479,642	8.53%	\$250,000	4.27%
Asset Management Fees	\$562,551	10.00%	\$586,105	10.00%
Hurricane Marilyn-Repayment Agreement	\$434,999	7.73%	\$434,981	7.42%
Support Staff	\$473,966	8.43%	\$668,148	11.40%
	\$1,951,159	34.68%	\$1,939,234	33.09%
Capital Improvements				
Vacant Unit Rehab	\$2,324,753	41.33%	\$1,524,805	26.02%
Water Infrastructure	\$0	0.00%	\$191,014	3.26%
Capital Improvements	\$1,349,600	23.99%	\$2,205,998	37.64%
Sub-total	\$3,674,353	65.32%	\$3,921,816	66.91%
Total CFP Grant	\$5,625,512	100.00%	\$5,861,050	100.00%
Capital Improvements District Distribution	2015		2016	
	STT	STX	STT	STX
Vacant Unit Rehab	\$655,535	\$1,669,218	\$580,000	\$944,805
Water Infrastructure	\$0	\$0	\$0	\$191,014
Capital Improvements	\$367,540	\$982,060	\$1,030,499	\$1,175,499
Sub-total	\$1,023,075	\$2,651,278	\$1,610,499	\$2,311,317

III. Housing Choice Voucher Program (HCVP)

The Housing Choice Voucher Program assists low-income families in obtaining affordable housing in the private market. A family that is issued a housing voucher is responsible for finding a suitable housing unit of their choice that meets the requirements of the program. The landlord and the tenant must follow HUD's rules and regulations to participate in and remain on the program.

A housing subsidy or the Housing Assistance Payment (HAP) is paid to the landlord directly by the Housing Authority on behalf of the participating family. The family pays 30% of their adjusted gross income directly to the landlord. The approved HAP budget authorizes 1,733 HUD vouchers (formerly known as Section 8 Certificates). The program currently has 1,554 participating families.

Table 6.

FY 2016 HAP COST & UTILIZATION SPREADSHEET							
	Annual Budget Authority					\$14,115,752	
	UMA	UML	Leasing %	Total Subsidy & Other Income	HAP Costs	Budget Authority Utilization	PUC
January	1733	1547	89.27%	\$1,083,836	\$1,088,902	100.47%	\$703.88
February	1733	1554	89.67%	\$525,927	\$1,217,295	231.46%	\$783.33
March	1733	1547	89.27%	\$1,092,406	\$1,148,074	105.10%	\$742.13
April	1733	1546	89.21%	\$1,123,177	\$1,121,958	99.89%	\$725.72
May	1733	1554	89.67%	\$1,258,227	\$1,085,800	86.30%	\$698.71
June	1733						
July	1733						
August	1733						
September	1733						
October	1733						
November	1733						
December	1733						
Total				\$5,083,572	\$5,662,029		

Annually, the program spends approximately \$14 million to provide quality, private homes for our families. During FY 2016, VIHA expects to pay, on average, \$700 per month or \$8,400 annually to landlords for one household. Thus, at the end of the fiscal

year, VIHA expects to assist approximately 1,650 families. Accordingly, we would utilize approximately 99% of our Annual Budget Authority (ABA).

2. A detailed listing of any charges listed in the "All Other" category in Statements 1 and 2. Dollar value of detailed listing must agree with values of "All Other" on Statements 1 and 2.

As stated above, the requested format is not relevant to VIHA's financial accounting.

3. A current listing of all personnel employed by the Authority. Included should be each employee's name, position, salary, division and/or activity center, classified or unclassified, retirement system status, all vacant positions and those for which NOPAs are pending. If a position is partially federally funded, it should indicate the applicable percentage.

The Virgin Islands Housing Authority (VIHA) currently has 185 full time employee positions, including twelve (12) that are vacant. Of this total count, 73 are classified as exempt and 112 are non-exempt or unionized employees. VIHA is not a participant in the Department of Personnel's Notice of Personnel Action (NOPA) system.

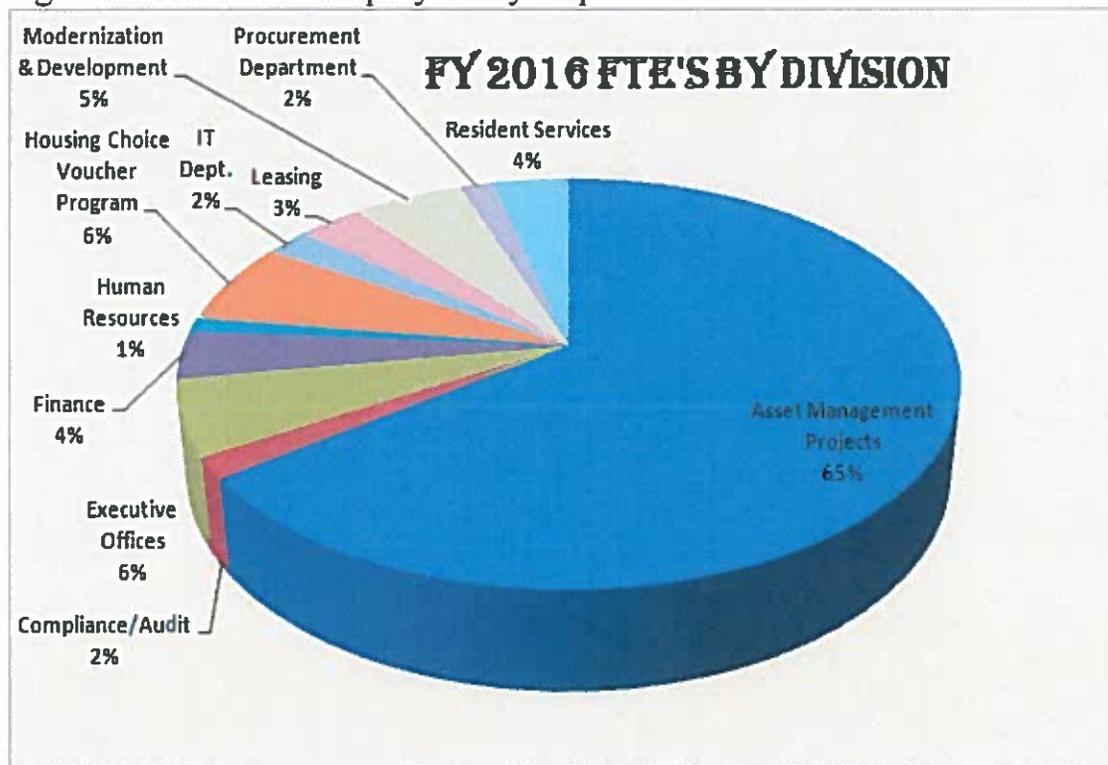
Table 7. VIHA Personnel FY 2015 & FY 2016

PERSONNEL SUMMARY		
Division	FY 2016 Actual FTE	FY 2015 Actual FTE
Asset Management Projects	120	117
Compliance/Audit	3	3
Executive Offices	11	13
Finance	6	6
Human Resources	2	2
Housing Choice Voucher Program	12	12
IT Dept.	4	4
Leasing	7	6
Modernization & Development	10	10
Procurement Department	3	3
Resident Services	7	7
Total	185	183

VIHA's staffing has been consistent for the last several years. However, there are key positions that we are currently in the process of filling. Figure 3, below, shows the

percentage of full time employees by department. VIHA's Organization Chart is attached (**Exhibit 3**).

Figure 3. Full-Time Employees by Department



4. A listing of all VI Government grants and contributions received and disbursed through the Authority. If disbursed, the list should include the amount of the disbursement, the name of the recipient and whether the recipient has submitted the required financial reports for previous grant funds. This requirement applies to any funding you may administer from the miscellaneous section of the budget.

VIHA received \$900,000 from the local government to fund the rehabilitation of long term vacant units on St. Croix. To date \$143,876 has been spent on vacant units and the balance of \$756,124 will be spent on repairing long term vacant units at the Walter I.M. Hodge community. VIHA expects to expend all of the remaining funds by the end of the fourth quarter of 2016. The funds will have been used to return sixty-two (62) vacant units to occupancy readiness status.

- 5. A listing of all federal funds received by the Authority. This list should include the name of the grantor agency, type of grant, amount, and, if allocations were made to sub-grantees please provide the name of the sub-grantees and amounts allocated.**

As stated above, the Housing Authority receives the majority of its funding from HUD through the Authority's three major programs, Low-Income Public Housing, Housing Choice Voucher Program and the Capital Fund Program. Combined, these programs provide approximately \$40 million annually in federal funds from HUD.

In addition, there are two grant programs that were obtained through competitive funding applications. VIHA was successful in obtaining the *YouthBuild Grant* which is administered by the United States Department of Labor - Employment and Training Administration. This grant of \$1.1 million was received in fiscal year 2014 and the grant performance period ends in December 2017. This program facilitates on-the-job training and educational opportunities for seventy (70) at risk youth between the ages of 16 to 24, residing in our communities.

Enrolled participants are able to earn a high school diploma, and certifications from the Home Builder's Institute Pre-Apprenticeship Certified Training (HBI-PACT) and/or the National Center for Construction Education and Research (NCCER).

The second (2) competitive grant received was the *Family Self-Sufficiency (FSS) Grant* in the amount of \$69,000. The FSS Program promotes the development of local strategies to coordinate public and private resources that help housing choice voucher program participants and public housing residents to obtain employment that will enable participating families to achieve economic independence. Most importantly, it assists residents in becoming economically self sufficient.

6. A listing of all vehicles assigned to the Authority.

VIHA currently operates a fleet of fifty-nine (59) vehicles between the two districts. The fleet of vehicles consists of cars, vans, golf carts, backhoes and trucks--all are purchased with federal funds.

7. A detailed listing of all bank accounts held by the Authority to include the beginning balance in each account on October 1, 2015 and a listing of all deposits and expenditures from such account between October 1, 2015 to date.

The Virgin Islands Housing Authority has several bank accounts. To prevent or minimize fraudulent activity, a formal reconciliation is performed monthly for each bank account by the assigned accountants who do not have deposit or check writing responsibilities. All funds deposited into these accounts primarily are received from the U.S. Housing and Urban Development and/or from tenants' monthly rental payment. Each account is in compliance with HUD's depository agreement.

8. A listing of all professional services contracts for Fiscal Year 2016 and those proposed for Fiscal Year 2017 to include those executed between October 1, 2015 to date. This list should include vendor, type of service, annual payment and terms of contract. Include payments made from October 1, 2015 to present.

The Authority has professional services contracts; however, none are paid using local funds. Thus, we need clarification of the basis for this request. VIHA is required to perform competitive procurement for professional services in accordance with HUD's procurement regulations and our Procurement Policy.

9. A listing of all outstanding vendor payments owed by the Authority by Fiscal Year to include vendor, outstanding balance, and arranged payment plan, if any.

VIHA has three vendor accounts that are in dispute and we are working with the respective agencies to resolve and bring the accounts current (Exhibit 4).

10. All information in the Authority's role as lessor and/or lessee:

- a. *A listing of all real property being rented or leased by the Authority (Government of the VI is the Lessee). Be sure to include the physical address, name of landlord, square footage, annual rent, lease terms (including options), and the termination date.*

Currently the Virgin Islands Housing Authority does not lease any real property from the Government of the Virgin Islands or any other entity.

- b. *In all cases where the Authority is the lessor, please provide a complete listing of the identical information in 10a above with regard to all leases as well as a complete listing of all delinquencies, amounts and the status of any eviction proceeding, if applicable.*

Historically, the Authority has provided space at several of its community centers or apartment units for the Head-Start Program. VIHA collects minimal rent, from \$1 to \$650 monthly. The Authority is glad to partner with the various agencies in providing these locations which helps in developing a comprehensive child development program that benefits the pre-school children in our communities. The list of leased properties is attached (**Exhibit 5**).

11. A detailed report on the performance of the Authority and accomplishments during Fiscal Year 2016 to date.

Performance and Accomplishments

In fiscal year 2015 and continuing into 2016 the Authority has had several major accomplishments which have an enormously positive impact on the public housing communities and on our islands.

Major Highlights:

- The Sugar Estate ribbon cutting and Resolution to rename the facility Celestino A. White Senior Citizens Home during May 2016
- The completion of the \$4.2 million demolition project at the Ralph De Chabert vacant community
- Award of the Closed Circuit Televisions for safety and surveillance at five (5) public housing communities
- Entered into a Predevelopment Agreement to begin the Louis E. Brown Villas - Phase III, a new development on the island of St. Croix creating 90 quality and affordable rental units

- VIHA's implementation of an Self-directed Energy Performance Contract (EPC) to provide energy saving upgrades at our communities
- Developed a comprehensive asset repositioning plan for public housing

12. A list of your Fiscal Year 2017 goals and how you plan to accomplish them, including a list of the resources needed to do so.

Consistent with HUD's expectations for the Authority, VIHA continues to build on its FY 2015 - 2020 Strategic Framework (**Exhibit 6**). The goals delineated below are designed to further VIHA's mission to increase the production of affordable housing, improve the current inventory and encourage self-sufficiency for its residents.

The Housing Authority has five (5) summary goals:

- Goal 1.** Enhance Governance & Agency Effectiveness with Quality Control & Management Reporting.
- Goal 2.** Accelerate Comprehensive Redevelopment Plan by expediting priority projects and maximizing funding.
- Goal 3.** Implement Comprehensive Energy Sustainability Plan benchmarked to comparable large PHAs.
- Goal 4.** Implement Asset Management best practices to achieve High-Performer PHA designations.
- Goal 5.** Increase resident leadership and effective advocacy through resident councils and enhanced volunteerism.

The Housing Authority plans to accomplish these goals by effectively managing our public housing assets and leveraging funds received from HUD to revitalize the affordable housing inventory.

I would like to end my testimony by thanking you, Finance Chair Graham and the other members of the Finance Committee for the opportunity afforded to the Housing Authority to provide testimony on our budgets and operations. Additional thanks to my hard-working staff at VIHA. We are grateful for the continued support and look forward to answering questions related to the testimony.

Thank you.

EXHIBIT 1

Senator C. Graham Budget Hearing
Letters

31st Legislature Finance Committee



Legislature of the Virgin Islands

CAPITOL BUILDING, P.O. BOX 1690
CHARLOTTE AMALIE
ST. THOMAS, U.S. VIRGIN ISLANDS 00804
Office: (340) 693-3513 • Fax (340) 693-3631

Clifford F. Graham

SENATOR

Committee on Finance
CHAIRMAN

February 26, 2016

Mr. Robert Graham
Executive Director
Virgin Islands Housing Authority
#402 Annas Retreat
PO Box 7668
St. Thomas, VI 00801

Dear Mr. Graham:

In preparation for budget hearings to discuss the Authority's Fiscal Year 2017 budgetary priorities, I am requesting that you submit to the Post Audit Division of the Legislature the following information by May 6, 2016.

1. Using the format in Statements 1 and 2 (attached), provide the detail of actual expenses by funds and prime accounts for Fiscal Year which ended September 30, 2015; the year to date spending for the current Fiscal Year ending September 30, 2016; and the projected estimated spending for Fiscal Year 2017.
2. A detailed listing of any charges listed in the "All Other" category in Statements 1 and 2. Dollar value of detailed listing must agree with values of "All Other" on Statements 1 and 2.
3. A current listing of all personnel employed by the Authority. Included should be each employee's name, position, salary, division and/or activity center, classified or unclassified, retirement system status, all vacant positions and those for which NOPAs are pending. If a position is partially federally funded, it should indicate the applicable percentage.
4. A listing of all VI Government grants and contributions received and disbursed through the Authority. If disbursed, the list should include the amount of the disbursement, the name of the recipient and whether the recipient has submitted the required financial reports for previous grant funds. This requirement applies to any funding you may administer from the miscellaneous section of the budget.
5. A listing of all federal funds received by the Authority. This list should include the name of the grantor agency, type of grant, amount, and, if allocations were made to sub-grantees please provide the name of the sub-grantees and amounts allocated.
6. A listing of all vehicles assigned to the Authority to include the year, make and model of the vehicle (complete description), gas usage and maintenance cost for Fiscal Year 2015. Please list the employee, activity, district and division to which the vehicle is assigned, and if the vehicle was purchased or leased with federal or local funds and the condition of the vehicle if known. (Vehicle Form enclosed.)

VICE-CHAIRMANCommittee on Housing, Public Works
& Waste Management**MEMBER**Committee on Economic Development,
Agriculture & Planning**MEMBER**Committee on Energy and
Environmental Protection

Mr. Robert Graham
VI Housing Authority
Page 2 of 2

7. A detailed listing of all bank accounts held by the Authority to include the beginning balance in each account on October 1, 2015 and a listing of all deposits and expenditures from such account between October 1, 2015 to date.
8. A listing of all professional services contracts for Fiscal Year 2016 and those proposed for Fiscal Year 2017 to include those executed between October 1, 2015 to date. This list should include vendor, type of service, annual payment and terms of contract. Include payments made from October 1, 2015 to present.
9. A listing of all outstanding vendor payments owed by the Authority by Fiscal Year to include vendor, outstanding balance, and arranged payment plan, if any.
10. All information in the Authority's role as lessor and/or lessee:
 - a. *A listing of all real property being rented or leased by the Authority (Government of the VI is the Lessee). Be sure to include the physical address, name of landlord, square footage, annual rent, lease terms (including options), and the termination date.*
 - b. *In all cases where the Authority is the lessor, please provide a complete listing of the identical information in 10a above with regard to all leases as well as a complete listing of all delinquencies, amounts and the status of any eviction proceeding, if applicable.*
11. A detailed report on the performance of the Authority and accomplishments during Fiscal Year 2016 to date.
12. A list of your Fiscal Year 2017 goals and how you plan to accomplish them including a list of the resources needed to do so.

It is beneficial if priorities submitted include measurable outcomes so that we may determine the success of implemented initiatives.

Additionally, the attached Addendum 1 (Budget Schedule Form) should be submitted by April 8, 2016. Please make your three selections of possible dates. If these dates cannot be accommodated you will be notified prior to scheduling. **There will be no rescheduling once the schedule is finalized.**

The above information is essential in order for the Post Audit Division to perform a complete analysis for the Committee on Finance. Please furnish the information to the Post Audit Division either via email to jjnopierre@legvi.org and asebastian@legvi.org or by hand delivery.

I anticipate your usual cooperation.

Sincerely,



Clifford F. Graham, Senator
Chairman, Committee on Finance
31st Legislature of the Virgin Islands

Enclosures: Statement 1, Statement 2, Addendum I and Vehicle Listing



Legislature of the Virgin Islands

CAPITOL BUILDING, P.O. BOX 1690
CHARLOTTE AMALIE
ST. THOMAS, U.S. VIRGIN ISLANDS 00804
Office (340) 693-3513 • Fax (340) 693-3631

Clifford F. Graham
SENATOR

CHAIRMAN
Committee on Finance
VICE-CHAIRMAN
Committee on Housing, Public
Works & Waste Management
MEMBER
Committee on Economic Development,
Agriculture & Planning
MEMBER
Committee on Energy and
Environmental Protection

May 9, 2016

Mr. Robert Graham, CPM
Executive Director
Virgin Islands Housing Authority
402 Annas Retreat
P.O. Box 7668
St. Thomas, VI 00801

Dear Mr. Graham:

The Committee on Finance has scheduled a budget hearing for the Virgin Islands Housing Authority on Monday, July 25, 2016 at 1:00 p.m. in the Earle B. Ottley Legislative Hall on the island of St. Thomas.

Please be prepared to provide the Committee, as well as other members of the Legislature, with no more than a 30 minute budget presentation for the operations of the Virgin Islands Housing Authority.

It is requested that you provide all necessary documentation and have essential staff at the hearing so that questions may be answered relative to the Fiscal Year 2017 Budget. Additionally, please forward to my office 15 copies of your written testimony and an electronic copy to lmelchior@legvi.org and mcastor@legvi.org one week prior to the scheduled hearing.

Should you have any questions or need additional information, please do not hesitate to contact Ms. Lisa Melchior, Chief of Staff or Ms. Marisel Castor, Finance Committee Coordinator at 693-3504.

Thank you for your assistance in this effort.

Sincerely,


Clifford F. Graham, Senator
Chairman, Committee on Finance
31st Legislature of the Virgin Islands

EXHIBIT 2

VIHA PUBLIC HOUSING INVENTORY

EXHIBIT 2

Virgin Islands Housing Authority Public Housing Inventory

1 No.	2 St. Thomas Development Name	3 AMP	4 DOFA Date	5 Total ACC Units	6 PNA Costs (Years 1-5)	7 REAC Scores		8 Occupied Units	9 Total No. of Vacant Units	10 Occupancy Percentage
						2014	2015			
1	Oswald Harris Court	11	1963	300	\$26,275,177	80	80c	289	11	96%
2	Estate Tutu	12	1974	305	27,309,843	60	86b	303	2	99%
3	Estate Bovoni	13	1973	366	18,730,737	59	83	329	37	90%
4	Paul M. Pearson Garden	14	1954	120	10,606,391	67	77	120	0	100%
5	H. H. Bergs Homes	14	1957	50	4,571,496	67	77	44	6	88%
6	H. H. Bergs (Addition)	14	1969	24	1,600,513	67	77	22	2	92%
7	Lucinda Millin Home	14	1970	85	8,130,442	67	77	78	7	92%
8	Michael J. Kirwan Terrace	15	1970	126	9,238,966	73	66	123	3	98%
9	The Knolls at Contant	15	1998	96	5,639,900	73	66	83	13	86%
ALL VIABLE STT				1,472	\$112,103,465			1391	81	95%

1 No.	2 St. Croix Development Name	3 AMP	4 DOFA Date	5 Total ACC Units	6 PNA Costs (Years 1-5)	7 REAC Scores		8 Occupied Units	9 Total No. of Vacant Units	10 Occupancy Percentage
						2014	2015			
1	D. Hamilton Jackson Terrace	21	1954	110	\$12,593,325	64	-	101	9	92%
2	Alphonso Gerard Complex	21	1957	26	2,928,720	64	-	26	0	100%
3	John F. Kennedy Terrace	22	1966	200	23,261,787	55	89	165	35	83%
4	Joseph E. James	22	1984	34	2,862,058	55	89	34	0	100%
5	Aureo Diaz Heights	23	1970	100	13,363,221	80	80	85	15	85%
6	Mount Pleasant	23	1973	44	3,300,661	80	80	43	1	98%
7	Candido Guadalupe Terrace	23	1974	90	8,906,199	80	80	83	7	92%
8	Marley Homes	24	1957	34	3,527,034	68	64	27	7	79%
9	Marley Addition	24	1968	60	6,852,999	68	64	57	3	95%
10	Wilford Pedro Homes	25	1971	98	9,269,921	70	81	94	4	96%
11	LEB I	26	2011	77	0	93	90	76	1	99%
12	LEB II	27	2012	10	0	87	87	10	0	100%
All Viable Dev STX				883	\$86,865,925			801	82	91%
13	Ludvig Harrigan Court	24	1960	70	\$9,230,565	68	64	19	51	27%
14	Walter IM Hodge Pavillion	24	1971	250	26,175,186	68	64	123	127	49%
All Marginal Viable STX				320	\$35,405,751			142	178	
ALL VIABLE & Margin STX				1,203	\$122,271,676			943	260	78%
15	Ralph deChabert Place	21	1964	264	\$50,024,479	-	-	-	264	
16	Mon Bijou	9999		2		-	-	-	2	
17	Nicasio Nico Apartments	22	1974	60	8,276,527	-	-	-	60	
18	William's Delight Villas	25	1973	281	40,647,199	70	81	130	151	46%
ALL Non-Viable Developments				607	\$98,948,205			130	477	21%
ALL UNITS STX				1,810	221,219,881			1073	737	
OVERALL TOTAL				3,282	\$234,375,141			2,464	818	87.8%

Report as of July 13, 2016

EXHIBIT 3

VIHA ORGANIZATIONAL CHART FISCAL YEAR 2016

EXHIBIT 4

OUTSTANDING VENDOR PAYMENTS

Outstanding Vendor Payments

Vendor	Balance Due	Status/ Update
Federal Emergency Management Agency	\$869,988	On July 2, 2012, VIHA entered into an agreement to repay the Government of the Virgin Islands (GVI) \$3,154,982 for expenditures related to Hurricane Marilyn. VIHA is current in its annual repayment. The remaining balance due is \$869,988. The next payment of \$434,994 is due in July 2016. The last and final payment will be made in July 2017.
Water and Power Authority	Undetermined	In FY 2012 WAPA billed the Authority for consumption of water that far exceeded the monthly normal usage. Both WAPA and VIHA are in discussion as to what the true or approximate cost should be. VIHA has since paid WAPA based on the average consumption at the community and is waiting on WAPA to respond as to whether the payment satisfies the liability.
Government of the Virgin Islands (GVI) (Department of Labor -Unemployemnt Insurance Division)	Undetermined	As of the time this report was written, VIHA was waiting for a meeting to discuss the outstanding balances with DOL. In FY 2014 VIHA's staff met with employees from DOL to discuss the delinquent balances. There were balances dating back to FY 1981. At the time of this report, VIHA has contacted DOL to continue the discussion to remedy this outstanding issue.

EXHIBIT 5

HUMAN SERVICES HEADSTART PROGRAMS LEASE SPREADSHEET

EXHIBIT 5

**VIRGIN ISLANDS HOUSING AUTHORITY
LEASES with VI Local Government
HEADSTART PROGRAMS**

	Description	Physical Address	Name of Landlord	Square Footage	Annual rent	Lease terms	Termination date
1	HeadStart	No.2-3A Estate Bovoni Bovoni Projects Bldg. No. A Apt. 25 & 26 St. Thomas, Virgin Islands	Virgin Islands Housing Authority	1,010	\$2,400	The Lessee shall pay the lessor annual rent of \$2,400 at the rate of \$200 per month on the first day of each month in advance.	9/30/2016 Pending Signature
2	HeadStart	The Willie George Community Center Parcel No. 173-339, Estate Anna's Retreat No.1 New Quarter St. Thomas, Virgin Islands	Virgin Islands Housing Authority	4,105	\$7,800	The Lessee shall pay the lessor annual rent of \$7,800 at the rate of \$650 per month on the first day of each month in advance.	4/30/2018 Pending Signature
3	HeadStart	Plot No. 230, Two Brothers/Smithfeild, Marley Project, Fredricksted, St. Croix, VI	Virgin Islands Housing Authority	1,500	\$2,400	The Lessee shall pay the lessor annual rent of \$2,400 at the rate of \$200 per month on the first day of each month in advance.	New Lease pending
4	V.I. Police Cadet Program	Plot No. 158, Williams Delight Community Center, Frederiksted, St. Croix, Virgin Islands 00840	Virgin Islands Housing Authority	960	\$0	No rent Charged	New Lease pending
5	HeadStart	Paul M. Pearson Garden, Second Floor Parcel #1 Estate Thomas, #1 New Quarter, St. Thomas, Virgin Islands 00802	Virgin Islands Housing Authority	722	\$0	No rent Charged	New Lease pending
6	V.I. Police Substation	No. 215 Estate Annas Retreat, Remainder, No. 1 New Quarter, St. Thomas, Virgin Islands 00802	Virgin Islands Housing Authority	3,648	\$1	The Lessee shall pay the lessor annual rent of \$1.	8/31/2016