



**Written Testimony
Committee On Budget,
Appropriations, and Finance**

Presented by:

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Greetings, Senator Novelle E. Francis Jr., Budget, Appropriations and Finance Committee Chair, members of the Committee, other Senators present, and the listening and viewing audience. I am Eugene Jones, Jr., the Executive Director with the Virgin Islands Housing Finance Authority (VIHFA).

At your request, I am here to provide an overview of VIHFA's 2025 budget request to support our operations.

Budget Overview

VIHFA's proposed operating budget for Fiscal Year 2026 is \$28,925,234.

This includes \$2 million from the General Fund and additional revenues from Stamp Tax collections, Home Sales, Commercial leases, Mortgages, and Federal reimbursements.

The Authority was projected to receive \$5 million in Stamp Tax revenues for FY 2024, along with another \$6 million in FY 2025. By way of background, VIHFA uses 12 percent of Stamp Tax revenues for Administrative Costs, which we have carefully budgeted to approximately \$720,000. We also anticipate approximately \$2.7 million in Home Sales; 18 Commercial leases at \$150,000 per annum; Mortgages of \$350,000 per annum; and various Federal reimbursements from CDBG, CDBG-DR, MIT, Electrical Grid, CDBG-CV, ESG, ESG-CV, and HOME of a little over \$21. million.

Our projected expenditures for Personnel Services for FY 2026 are a little over \$13.1 million, with \$8,854,094 for Salaries and \$4.2 million for Fringe Benefits. This represents an increase of \$691,000 over the FY 2025 budget due to filling a number of positions that were previously vacant. The budget also includes \$103,000 for Supplies, \$1.2 million for Rent, and \$9,630,000 for Professional Services, including Consultants, Construction Management, and Website Management for all programs. We have also budgeted for system upgrades of \$875,000, utilities of \$500,000, and other services and charges of \$471,000.

Over the past 15 years, VIHFA's annual appropriation from the General Fund has been \$2 million, used solely for salaries and fringe benefits. However, given the rising costs of health insurance premiums and employer retirement contributions, the \$2 million today sustains salaries and fringe benefits for approximately 20 employees, leaving HFA to identify other revenue streams to defray the personnel expenses (salary + fringe) for an additional 33 filled positions that are not federally reimbursed. When staff work on activities which are grant funded, they are required to specifically allocate their time so that HFA can charge back the cost either to program administration or direct project expense, as applicable.

Of the 103 employees, 50 are federally funded providing reimbursements of approximately \$8 million. This highlights the HFA operating budget for fiscal year 2026.

Human Resources

The Authority has a total of **103** employees, **60** in the St. Thomas-St. John/Water Island

District and **43** on St. Croix.

For fiscal year 2025, VIHFA has welcome **13** new hires, executed **6** internal promotions, and processed **10** separations. An additional **2** new hires are pending in August. Presently, there are 4 vacancies across the Authority, with an estimated budget impact of \$235,000.

As the VIHFA is a non-unionized agency, all employees are classified as exempt or regular.

VIHFA Employment Data			
TOTAL EMPLOYEES			
103			
<u>STT/STJ District</u>		<u>STX District</u>	
60		43	
CORE VIHFA	FEDERALLY REIMBURSED	CORE VIHFA	FEDERALLY REIMBURSED
33	27	20	23

Federal Funding:

The Authority administers various federal grants as follows:

The Community Development Block Grant (CDBG) is a HUD formula-allocation grant, based largely on population, poverty levels, and housing market data. The primary objective of the CDBG grant is to help facilitate the development of viable urban communities by providing decent housing, suitable living environments, and expanded economic opportunities.

The territory's CDBG allocation for fiscal year 2025 is \$1.8 million. We have received 33 applications for 2025 grant funds. The CDBG staff have vetted the applications, and the recommended projects will be submitted to the VIHFA Board for approval. The amount that will be awarded to projects will be \$1,443,749.60, which will be divided equally among the two districts (\$721,874.80 per district).

The Home Investments Partnership Program (HOME) is an annual HUD formula-allocation grant which serves to expand the supply of decent, affordable housing for very-low- and low-income families. Jurisdictions use HOME funds to support housing programs that meet local needs and priorities. Funds may help renters, new homebuyers or existing homeowners.

VIHFA utilizes HOME to provide direct financial assistance (1% loans, grants, or both) to first-time homebuyers. This has been based on the determination of need because the cost of a modest home exceeds the affordability of working-class households. HOME funds help bridge the gap

between the purchase price of the unit and what the household can afford. Since 1995, HOME has assisted 530+ families achieve homeownership in the USVI. Funds are used directly for homebuyer assistance; HOME funds are not sub-granted to organizations.

Use of HOME funds is governed by various key requirements prescribed by HUD to include household income limits, maximum Home Ownership value limits, maximum per unit subsidy, and mandated resale guidelines/recapture provisions to ensure that the units assisted with HOME funds continue to provide housing for the assisted household (or another low-income household through resale) for at least twenty (20) years.

The territory's HOME allocation for fiscal year 2025 is \$796,475.00.

The Emergency Solutions Grant (ESG) is also a HUD formula-allocation grant, which is used primarily for the rehabilitation or conversion of buildings for use as homeless shelters, street outreach services for the unsheltered and transient communities, homelessness prevention and rapid re-housing services, and the administration of the Homeless Management Information System. The territory's ESG allocation for fiscal 2025 is \$149,531. The program has two years to obligate the funds.

Community Development Block Grant – CARES (CDBG-CV)

Under the federal CARES Act, jurisdictions were awarded supplemental Community Development Block Grant (CDBG) funds specifically to prevent, prepare, and respond to the coronavirus pandemic. The Territory was awarded a total of \$2.8 million.

As a result of two rounds of solicitations for proposals, 19 applications totaling \$4.24 million were received and 10 were approved for funding for a total \$2.8 million, including Project Promise and Community First on St. Croix, Family Resource Center and Community Action Now on St. Thomas, along with St. John Rescue. CDBG-CV drawdowns as of June 14, 2025, total \$561,135.85. The deadline for the use of the CDBG-CV funds is September 2026.

Emergency Rental Assistance Program (ERAP)

The territory has received \$23.3 million in funding through ERA 1 and ERA 2 grants, which offer vital support to eligible residents facing financial hardship during and after the COVID-19 pandemic. Qualifying households may receive up to 18 months of assistance to help cover rent, utilities, and other housing-related expenses. In 2023, VIHFA launched the Housing Stability Program, funded through ERA 2 and administered in partnership with Legal Services of the Virgin Islands. This initiative provides critical legal services to help residents maintain or secure stable housing. To date, VIHFA has committed \$1.8 million to the program, with \$1.4 million already expended. Additionally, VIHFA collaborated with the Department of Human Services to expand the Low-Income Household Water and Energy Assistance Program (LIHWAP), committing \$1.9 million to support eligible residents with

water and energy-related costs.

As of June 25, 2025, the Virgin Islands Housing Finance Authority (VIHFA) has committed \$19.2 million and expended over \$17 million. The program's reach has been substantial, with more than 2,000 applications processed and over \$12 million disbursed in rental and utility assistance to date. It is important to note that the application deadline for this program is August 31, 2025, as program funds expire on September 30, 2025.

Homeowner Assistance Fund Program (HAFP)

The Virgin Islands has been awarded \$8.5 million through the Homeowner Assistance Fund (HAF), a federally funded initiative established under the American Rescue Plan Act. The program is designed to provide critical post-pandemic financial relief to eligible homeowners, helping to cover a wide range of housing-related costs. These include mortgage payments, mortgage principal reduction, HOA/ condominium fees, property taxes, homeowners' insurance, foreclosure prevention, and utility assistance. Additionally, the Virgin Islands Housing Finance Authority (VIHFA), through its Homeownership Division, offers housing counseling services to support homeowners in financial distress.

Eligible homeowners may receive up to \$65,000 in financial assistance. To qualify, applicants must demonstrate a financial hardship experienced after January 21, 2020, such as loss of employment, reduced income, or significant healthcare expenses related to COVID-19. Additional eligibility requirements include demonstration of ownership and occupancy of the home as a primary residence, household income must not exceed 150% of the Area Median Income (AMI) as determined by HUD, and the property must be located within the U.S. Virgin Islands.

As of June 25, 2025, VIHFA has processed more than 200 applications and has expended over \$4.7 million, including over \$3.8 million in financial assistance to qualifying homeowners. Program funds will remain available until September 30, 2026.

CDBG-DR, Mitigation and Electrical Grid

VIHFA remains the grantee of the CDBG-DR, Mitigation, and Electrical Grid Funds. As you are aware, the Office of Disaster Recovery (ODR) has been providing programmatic management of DR-related projects since November 20, 2023.

As of June 25, 2025, the balance of CDBG-DR grant funds was \$749.6 million, with \$20.3 million budgeted for planning and administration. Over the last year, ODR has spent approximately 74 million dollars in direct project costs, inclusive of payroll, architectural and engineering services, rental payments, and construction costs. This Grant expires on September 30, 2029.

Mitigation Funding (MIT)

The Mitigation Grant, unlike Disaster Recovery, is for activities that increase resilience to disasters

and eliminate the long-term risk of loss of life, injury, damage to and loss of property, and suffering and hardship by lessening the impact of future disasters. This 12-year grant allocation, which expires in 2035, amounts to approximately \$774 million. Based on a recent substantial amendment, awaiting HUD's approval, the budget will be allocated as follows: Housing at \$253.8 million, Infrastructure and Public Facilities at \$422 million, and Economic Resilience and Revitalization at \$38.8 million. The remaining \$59.4 million is set aside for public services, planning, and administration.

Mitigation's successful launch took place in January 2024. Since that time, within the Housing Program, we awarded \$47.8 million to Jackson Development Company to acquire, rehab, and provide Homeownership opportunities for the residents of Lovelund 2, Calabash Boom, and Bellevue Village on St. John. Under the Economic Resilience and Revitalization Program, we have approved 19 project applications, which account for \$14.7 million in project costs for the Commercial Hardening, Financing, and Small Business Mitigation Programs. We approved and made payment of \$145 million for the propane infrastructure acquisition and approved and allocated \$124.4 million for Phase II of the Veterans Drive Mitigation Project.

Electrical Grid

With the Electrical Grid Grant, the total budget is \$67.6 million. With the substantial amendment submission to HUD, we anticipate \$35.7 million to be awarded to the V.I. Water and Power Authority for multiple projects, including battery and transformer replacements. \$10 million awarded to the Virgin Islands Energy Office for the Community Electrical Innovations Program, which aims to support essential businesses by enhancing their electrical power systems. We would be remiss if we did not take this opportunity to advise businesses, particularly those serving low to moderate-income clientele, to apply today at the VI Energy Office and take advantage of this program. Applications can be found online at www.energy.vi.gov.

In closing, I want to express my sincere gratitude to this esteemed committee for the opportunity to present the VIHFA budget. I also want to thank the entire VIHFA staff for their immense hard work and dedication that make our vital mission possible for the communities that we serve.

With that, I am happy to answer any questions you may have.