



# **FISCAL YEAR 2024 BUDGET PRESENTATION**

## **VIRGIN ISLANDS HOUSING FINANCE AUTHORITY**

Committee on Budget,  
Appropriations, and Finance

July 19, 2023

### **Presented By:**

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Interim Executive Director &  
Chief Disaster Recovery Officer



A warm, Virgin Islands good afternoon, Senator Donna Frett-Gregory, Budget, Appropriations and Finance Committee Chair, members of the Committee, other Senators present, and the listening and viewing audience. I am Dayna Clendinen, and I serve as the Interim Executive Director and Chief Disaster Recovery Officer of the Virgin Islands Housing Finance Authority (VIHFA).

Today, I appear before you accompanied by Dr. Stephanie Berry, Chief Operating Officer; Ms. Valdez Shelford, Chief Financial Officer; Ms. Ann Hanley, Director of Programs; Mr. Rick Grant, Acting Director of Human Resources; Ms. Jamillie Perez, Director of Housing; Rupert Pelle, Chief Engineer; Mr. Donnie Dorsett, Economic Revitalization Senior Program Manager; Ms. Janine Hector, Director of Federal Programs; Ms. Freida Webster, Director of Homeownership; Ms. Nichole Johnson, Rental Properties Manager; and Ms. Mone't Francis-Gardner, ARPA Grant Administrator.

At your request, we are here to provide an overview of the Virgin Islands Housing Finance Authority's 2024 budget request to support our operations.

### **Budget Overview**

VIHFA's overall Fiscal Year 2024 proposed operating budget is \$27,485,509, which includes \$2 million from the General Fund along with supplemental revenues anticipated from stamp tax collections, land and home sales, commercial leases, mortgages, and various federal reimbursements.

For FY 2023, the Authority received \$5 million in stamp tax revenues, and projects another \$5 million in FY 2024. The law provides for VIHFA to use 12 percent of that amount for administrative costs, which amounts to approximately \$600,000. We also anticipate: approximately \$1.4 million in land and home sales; 18 commercial leases at \$112,048 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 \$23.1 million.

Our projected expenditures for Personnel Services are a little over \$15 million, with \$10,655,718 for salaries, and fringe benefits of about \$4.7 million, for an increase of \$1.2 million over the FY 2023 budget. The budget includes \$110,000 for supplies; \$847,981 for rent; and \$7,868,223 for professional services to include consultants, construction management, and website management for all programs. Also included are system upgrades of \$751,078; along with \$295,000 for utilities, and other services and charges of \$635,888.

Over the past 15 years, VIHFA’s annual appropriation from the General Fund is \$2 million, which is used solely for salaries and fringe benefits. Given the rising costs of health insurance premiums and employer retirement contributions from 20.5% to 23.5%, the \$2 million today sustains salaries and fringe benefits for 21 employees, which represents less than 50% of personnel costs and fringe benefits for all filled positions that are not federally reimbursed.

**Human Resources**

The Authority has a staff of 122 employees, 72 in the St. Thomas-St. John/Water Island District and 50 in the St. Croix District. The Authority currently has 31 vacancies – 25 positions at a cost of \$1.5 million are federally reimbursed, while 6 are subsidized by the General Fund at a cost of approximately \$523,058. VIHFA is a non-unionized agency, and all employees are classified as exempt and/or regular employees.

<b>VIHFA Employment Data</b>			
<b>TOTAL EMPLOYEES</b>			
122			
<b>STT/STJ District</b>		<b>STX District</b>	
72		50	
<b>CORE VIHFA</b>	<b>FEDERALLY REIMBURSED</b>	<b>CORE VIHFA</b>	<b>FEDERALLY REIMBURSED</b>
24	48	22	28

For this calendar year, the Authority executed 6 internal promotions, onboarded 14 new hires, and processed 8 separations (2 retirements and 6 resignations), which is significantly lower than the 23 separations (2 retirements and 21 resignations) that were processed during the same time last year. We attribute the increased retention to a more extensive onboarding process, more access to professional growth and development opportunities, along with encouraging and promoting a healthy work-life balance.

### **Federal Funding**

The **Community Development Block Grant** 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 2023-2024 is \$1.8 million. We have received 15 applications for the 2023 grant funds, of which nine projects have been selected and are pending Board 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 **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 2023-2024 is \$149,531 and we anticipate the application cycle to be conducted by September 2023. The program has two years to obligate the funds.

## Community Development Block Grant – CARES (CDBG-CV) – and Emergency Grant Solutions – CARES (ESG-CV)

Under the 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 \$2.8 million over three rounds of allocations.

In response to a public campaign soliciting proposals, nineteen (19) applications totalling \$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 27, 2023 total \$81,389.26. The deadline for the use of the CDBG-CV funds is September 2026.

<b>CARES Act Community Development Block Grant (CDBG-CV)</b>				
<b>LISTING OF PROJECTS</b>	<b>Grantee Project #</b>	<b>Island</b>	<b>PID</b>	<b>Grant Amount</b>
<b>B-20-SW-78-00001</b>				
The Harvev Community Health Pilot Program	CV-01	STX	1	\$ 254,184.83
VIRCD Classroom Retrofitting Project	CV-02	STT	2	\$ 40,000.00
STJ Rescue Oxygen & Portable Oxygen Concentrators Project	CV-03	STJ	3	\$ 142,445.00
FRC Youth Counseling - St. Thomas & St. John	CV-04	STT/STJ	4	\$ 50,000.00
Community Action Now! - NewRock VI Youthbuild Pilot Program	CV-05	STT	5	\$ 112,680.00
FRC Safe House Renovation Project	CV-06	STT	6	\$ 750,000.00
St. Thomas Boys and Girls Club COVID-19 Program	CV-07	STT	7	\$ 40,000.00
Project Promise COVID-19 Program	CV-08	STX	8	\$ 100,000.00
Mon Bijou COVID-19 Program	CV-09	STX	9	\$ 20,006.17
Community First Bathroom and Isolation Units Construction Project	CV-10	STX	10	\$ 750,000.00
CDBG-CV Program Administration				\$564,829.00
<b>GRAND TOTAL</b>				<b>\$2,824,145.00</b>

ESG-CV funds may be used to prevent, prepare for, and respond to the coronavirus (COVID-19) crisis, specifically for persons who are homeless or receiving homeless

assistance or to expand homeless assistance/homeless prevention activities to mitigate the impacts of COVID-19. Funding allocations for the ESG-CV program total \$1.65 million.

Six organizations - Catholic Charities STT/STJ, Meeting the Needs of Our Community, Department of Human Services, St. Croix Mission Outreach, Women’s Coalition of St. Croix, and Liberty Place - were funded for nine projects implementing various activities ranging from emergency shelter operations and essential services, homelessness prevention, rapid re-housing, street outreach, and program administration expenses.

It was truly a humbling experience to participate last week in the unveiling of a mobile hygiene unit with Catholic Charities, which is doing its part to provide critical services to the territory’s unsheltered. This custom unit includes two independent showers, a separate laundry room with three stackable washer-dryer units, tables and shelving, on-board water tanks, and a generator - an impressive assembly that represents an important investment in the care and well-being of our unsheltered population.

CARES ACT- Emergency		Solutions	Grant (ESG-CV)
Listing of Projects	Island	Grant Amount	
<b>E-20-SW78-0001</b>			
Catholic Charities Shelter/ Street Outreach, HMIS and Administrative Costs	STT/STJ	\$648,475.00	
MTOC Street Outreach, HMIS and Administrative Costs	STT/STJ	\$156,358.75	
Dept of Human Services Street Outreach	STX/STT/STJ	\$43,250.00	
STX Mission Outreach Street Outreach, Shelter, HMIS and Administrative Costs	STX	\$141,361.75	
Women’s Coalition of STX Shelter and Administrative Costs	STX	\$50,006.25	
Liberty Place Shelter, HMIS and Administrative Costs	STX	\$465,150.00	
VIHFA Rapid Rehousing	STX/STT/STJ	\$65,000.00	
ESG-CV Program Admin		\$88,487.15	
<b>GRAND TOTAL</b>		<b>\$1,658,088.90</b>	

All ESG-CV funds have been obligated, with over \$936,000 drawn to date. The deadline to expend all funds is September 2023. Organizations continue to carry out the funded activities, and additional expenditures will occur as they submit for reimbursement.

**Emergency Rental Assistance Program:** The territory initially received \$21.3 million during the first round of ERAP 1 allocations in March 2021 and paid out nearly \$4 million in direct and indirect assistance to more than 700 households' territory-wide. In round two, VIHFA received \$14,972,599.72 of the \$18,373,958.50 allocated to the territory, and as of June 27, 2023 has expended \$8,954,389.86 with 974 collective applications processed and paid. Funds expire on September 30, 2025.

### **Homeowner Assistance Fund Program (HAFP)**

A total \$8.5 million was allocated to the territory under the American Rescue Plan Act to provide funding for assistance that supports eligible homeowners who have experienced financial hardship due to the COVID-19 pandemic. HAF funds can be used to provide financial assistance for mortgage reinstatement, mortgage payments, mortgage principal reduction, homeowner displacement (foreclosure) prevention, homeowner delinquent property taxes, hazardous insurance, and other housing costs related to the period of forbearance and delinquency.

To qualify for up to \$25,000, applicants must currently own and occupy the property as their primary residence and have a household income that does not exceed 150% of the Area Median Income (AMI) based upon HUD's income data, which has a maximum of **\$144,550 on St. Thomas, \$196,250 on St. John, and \$124,960 on St. Croix.**

Homeowners must describe and attest to financial hardship after January 21, 2020, such as job loss, a reduction in household income, incurred significant costs for health care or experienced other financial hardship due, directly or indirectly, to COVID-19.

Eligible property types include single-family properties, condominium units, and one-to-

four-unit properties where one of the units is the applicant's primary home. Eligible mortgage types that may qualify for assistance include first and second mortgages.

Interested residents who believe they meet the eligibility criteria may apply online – simply visit [vihfa.gov](http://vihfa.gov), select the Programs tab, and scroll to the section for Homeowner Assistance Funds. Be sure to click on the [HAFP Online Application](#) at the bottom of the page and create a Zoom Grants account to begin submitting information. Residents may also call us at **(888) 597-7188** or email us at [hafp@vihfa.gov](mailto:hafp@vihfa.gov) for more information on eligibility and application assistance.

As of July 10, there are a total of 126 applications in the HAFP Application Portal: 61 applications have been submitted for processing, 41 applications were deemed incomplete, and 24 applications are inactive or have been withdrawn.

Of those 61 submitted, 31 applications are in eligibility review, 19 applications are pending data validation and certification conducted by the lender, 5 applications have been denied, and payments have been processed for 6 applications totaling \$58,872.66. Grant funds expire September 30, 2026.

### **CDBG-DR and Transition**

We have made significant strides this fiscal year. We have successfully launched our Neighborhood Revitalization program and are currently vetting nearly 80 applications. We have executed a contract for the Ross Mixed Use Facility, creating an opportunity for eight apartment-style homes – stay tuned for details on an upcoming groundbreaking. Thanks to this body, we are also one step closer to funding the rebuild of Sister Emma's Cottage on St. Croix.

We are now seeing the realization of our more than \$95 million investment in WAPA, as the Wartsila generators funded through VIHFA with disaster recovery funds recently fired up for the first time in preparation for coming fully online in August.

We have brought on a staff augmentation team for EnVIsion, which has played a critical role in re-evaluating homes needed for repair, creating architectural drawings, and



pushing them through the permitting process and into construction. Contractors, if you are listening, we have a number of solicitations out for the program – please visit our website at [vihfa.gov](http://vihfa.gov) to learn more. And, if you are on St. Croix, please stop by our Contractors Meet and Greet on July 27, from 4-6 p.m. at Gertrude’s Restaurant, where our team is excited to provide more information about the program and how you can be instrumental in helping to get families back into their homes. We will be holding similar events on St. Thomas and St. John – please stay tuned for those dates.

Beginning the first quarter of 2024, we anticipate the construction of homes in Queen Louise (16 townhomes) and Estate Fortuna (8 single-family dwellings in Phase 1) on St. Thomas, along with seven single-family dwellings in our Morning Glory subdivision, located in Mount Pleasant (West) on St. Croix. We continue to look for opportunities on the island of St. John.

As this Committee is aware, V.I. Public Finance Authority’s (VIPFA’s) Office of Disaster Recovery is proposed to be a subrecipient of VIHFA, overseeing the management of the Disaster Recovery Program. This arrangement is pending approval by HUD of our fourth substantial amendment, which was submitted on June 26, 2023. HUD has up to 45 days to respond.

This transition is aimed at achieving the goal of centralizing disaster recovery operations – mirroring what we have found to be common practice among other states and territories, including Guam and the Northern Mariana Islands. In this transition, the administration of CDBG-DR grant funds will remain with VIHFA, which includes but is not limited to, compliance, environmental, policy, and finance.

The territory received \$1.08 billion in CDBG-DR grant funds and as of June 30, 2023, the balance was \$797.35 million. Program related remaining funding is \$764,793,348 and \$32,560,554 for Planning and Administration. Of the remaining program funds, 80% is expected to be budgeted towards the transition. As of the end of June, this amount stood at \$611,834,678. All CDBG-DR related funds that will be budgeted for ODR are reimbursable funding and do not represent any advance funding.

If the proposed transfer is approved, a total of 39 positions - filled and vacant - will be transferred to ODR. The approximate salaries and fringe benefits associated with these positions is \$3.98 million. Grant funding expires in September 2026.

### **Mitigation Funding (MIT)**




The Virgin Islands Housing Finance Authority received its Mitigation Grant Agreement on April 25, 2023. Unlike Disaster Recovery, these funds are for mitigation 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.

Projects must be CDBG-eligible activities, address current and future risks in the most impacted and distressed areas as identified in the MIT Action Plan, and meet a national objective. This 12-year grant allocation is \$774,188,000, of which Infrastructure and Public Facilities will receive \$418.2 million, Housing \$192.7 million, Economic Resilience and Revitalization, \$76.7 million, while the remaining \$86.5 million is set aside for public services, planning and administration.

To ensure that our CDBG-MIT program is launched and administered effectively, the Authority, in late June, underwent a training with HUD geared toward best practices for rolling out the Mitigation grant. From this exercise, VIHFA is developing a strategic plan that outlines key milestones and activities for the roll-out, along with defined policies and procedures for timely response and payment ahead of an anticipated launch in August of 2023.

The administration of the Mitigation grant will be executed by a dedicated team of individuals. I would be remiss if I did not take this opportunity to encourage the public to visit our website at [vihfa.gov/careers](http://vihfa.gov/careers) if you are interested in joining us in administering this grant. We are currently advertising for a: Director of Mitigation, Deputy Director of Housing, Deputy Director of Infrastructure and Public Services and Deputy Director of Economic Resilience and Revitalization.

CDBG-MIT Allocations

Activity Category	Project/Program	Project Costs	VIHFA Project Delivery Costs	Total Allocations	% of Total	% LMI Projection
<b>Infrastructure &amp; Public Facilities</b> 	Community Resilience & Public Facilities	\$100,000,000	\$2,500,000	\$102,500,000		
	Resilient Critical & Natural Infrastructure	\$308,000,000	\$7,700,000	\$315,700,000		
	<b>Total Allocation</b>	<b>\$408,000,000</b>	<b>\$10,200,000</b>	<b>\$418,200,000</b>	<b>54%</b>	<b>70%</b>
<b>Economic Resilience &amp; Revitalization</b> 	Commercial Hardening & Financing	\$40,000,000	\$962,500	\$40,962,500		
	Small Business Mitigation	\$35,000,000	\$787,500	\$35,787,500		
	<b>Total Allocation</b>	<b>\$75,000,000</b>	<b>\$1,750,000</b>	<b>\$76,750,000</b>	<b>10%</b>	<b>70%</b>
<b>Housing</b> 	Multifamily Housing	\$100,000,000	\$2,500,000	\$102,500,000		
	VIHFA New Home Construction (Home Ownership)	\$60,000,000	\$1,500,000	\$61,500,000		
	Homeless Housing Initiative	\$23,000,000	\$575,000	\$23,575,000		
	Innovative Resilient Housing	\$5,000,000	\$125,000	\$5,125,000		
	<b>Total Allocation</b>	<b>\$188,000,000</b>	<b>\$4,700,000</b>	<b>\$192,700,000</b>	<b>25%</b>	<b>80%</b>
<b>Public Services</b>		\$15,000,000	\$400,000	\$15,400,000	2%	100%
<b>Planning</b>		\$29,750,000	\$2,678,600	\$32,428,600	4%	70%
<b>Administration</b>		\$38,709,400	\$0	\$38,709,400	5%	
<b>Totals</b>		<b>\$754,459,400</b>	<b>\$19,728,600</b>	<b>\$774,188,000</b>	<b>100%</b>	<b>≥70%</b>



We would also like to remind the community to attend our public hearing on changes to the MIT action plan, which will be held tonight at 5:30 p.m. at the University of the Virgin Islands Administration and Conference Center on St. Thomas. For those who are not able to attend in-person, we will also be livestreaming the event on the Virgin Islands Housing Finance Authority Facebook page.

**Electrical Grid**

With the Electrical Grid Grant, total program and activity delivery budget is \$67.653 million, of which \$53 million will be awarded to the V.I. Water and Power Authority for additional generators at its Estate Richmond power plant on St. Croix, and \$10 million committed to Community Electrical Innovation.

<b>E-GRID GRANT</b>		
<b>Program</b>	<b>Budget</b>	<b>Remaining Funds</b>
<b>Total Program Funds</b>	\$ 63,000,000	\$ 63,000,000
<b>Administration</b>	\$ 3,382,650	\$ 3,382,650
<b>Planning</b>	\$ 1,270,350	\$ 1,270,350
	<b>\$ 67,653,000</b>	<b>\$ 67,653,000</b>

Electrical Grid funds must be used to enhance or improve the electrical power systems of the US Virgin Islands. The grant also seeks to increase the resilience of the electrical power system to future disasters and to address the impacts of climate change.

The activity must comply with a CDBG national objective, address an unmet recovery need, give maximum feasible priority to activities that will benefit low to moderate income families. Funds expire in September 2029.

VIHFA will be advertising for a Director of Energy Solutions, who will be responsible for the administration of the Electrical Grid Grant and all energy-related projects within the Mitigation Grant.

Senators, this concludes my testimony, but before I close, I must thank the entire VIHFA team, which has worked tirelessly to improve operations by streamlining processes, overcoming challenges, and creating an environment of accountability where we all can

look forward with hope to what we can continue to achieve in the year ahead. My gratitude to all.

Senators, my staff and I are available to answer any questions you may have.