

Marvin Blyden

From: Bryce, Kimme - RD, VI <kimme.bryce@usda.gov>
Sent: Monday, October 16, 2023 12:34 PM
To: Rudolph E. Krigger, Jr.
Cc: SenatorBlyden
Subject: FW: [External Email]housing update invite-market-October 10, 2023

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Good Day to All:

As promised, please find my comments:

1. USDA through its 502 Direct Very Low/Low-Income program has only approved 1 loan, in conjunction with VI Slice. It is currently at the stage of loan closing.
2. The VI Slice was created for the moderate income and not USDA's low income program. We were fortunate, that the minimum income needed to participate in VI Slice leaves a small window of opportunity for some low income clients to participate. This occurs, if they are at the higher end of the income-limit range. See comparison below.

On St. Croix: Slice Minimum \$43,501 vs USDA Low Max \$54,300; USDA clients below \$43,501 would not be able to participate

On St. Thomas: Slice Minimum \$45,298 vs USDA Low Max \$61,850; USDA clients below \$45,298 would not be able to participate

On St. John Slice Minimum \$47,151 vs USDA Low Max \$83,900; USDA clients below \$47,151 would not be able to participate

The thought with the VI Slice Program was/is that the Very Low and Low-Income clients can be referred to the VI Housing Finance Authority, for assistance. However, those clients face certain challenges. The area loan limits for the VIHFA Home Program, which is the program that USDA and other lenders can refer very-low and low Income clients, for secondary assistance, have program loan limits that are significantly below USDA. Please see the below comparison of the program limits for the VIHFA program vs USDA's, both serving the same very-low and low income clients. VIHFA is actively working on trying to make program changes to hopefully match USDA's.

On St. Croix VIHFA Max \$261,000 vs USDA \$377,000. There is very limited housing on St. Croix for \$261,000 or below.

On St. Thomas VIHFA Max \$333,000 vs USDA \$465,500. While \$465,500 is difficult on STT, \$333,000 is even more so.

On St. John VIHFA Max \$527,000 vs USDA \$770,000. On St. John, it is just difficult to find affordable housing, in general.

3. VI slice has a \$5000 minimum downpayment requirement, which majority of USDA's very low and low-income applicants do not have these resources available. USDA's programs are no-down payment programs.
4. USDA also has a no mortgage reserves requirement. Our non-elderly very low/low-income clients, who have savings can keep up to \$15,000 in assets (including cash) and non-elderly up to \$20,000. This isn't transferred with a USDA's client's participation in the VI Slice Program. If they do have savings, they are allowed to keep only up to the equivalent of 3 mortgage payment. New homeowners have many expenses when moving into a

new home, along with the need to have a “financial cushion” for life emergencies, such as illnesses, vehicular repairs, home repairs, dependent care, etc, etc.

5. One of the biggest issues, remains the lack of affordable housing, that everyone is aware of. Our very low/low-income clients are challenged with securing contracts in a real estate market that does not have a lot affordable units and when they do try to secure a contract, they can be easily outbid. VIHFA is working on trying to get units built, but do have challenges doing so. Not everyone wants a 2000 sq foot home. The larger the home, the greater the taxes and insurance. The average home through our low-income program is about 1300 sq feet. Something needs to be done NOW!!!! I do not have the answer, but the days of going back to development “starter home” like Tutu, Monbijou, Strawberry, Sion Farm and CastleBurke, which were 1000 sq feet on average, may be needed.
6. USDA also cannot finance any properties with the intent to use part of that home for income production (like a duplex or house with apt), as is allowed by the VI Slice.
7. Another major issue is home insurance. The cost has to be affordable as well and the price of home insurance has about doubled. You should already be aware of the lack of insurance companies that remain, with the loss of First Bank Insurance. Of the remaining ones, which are not plentiful, some are limiting new customers or the cost is just too high and thus their payment no longer is affordable. Again, the larger the home, the higher the insurance.

I hope this helps to learn USDA’s thoughts on this matter.

Have a good day.

Kimme R. Bryce

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From: Bryce, Kimme - RD, VI
Sent: Friday, October 13, 2023 6:37 AM
To: 'Rudolph E. Krigger, Jr.' <rkrigger@legvi.org>
Cc: SenatorBlyden <senatorblyden@legvi.org>
Subject: RE: [External Email]housing update invite-market-October 10, 2023

Good Morning to All:

Unfortunately, I will be out of the territory and on personal leave during this time. My birthday is 10/25th.

I would be more than happy to send a few notes with my thoughts on the program.

That will come to you between today and Monday, by close of business.