



VIHFA
VIRGIN ISLANDS
Housing Finance Authority

TESTIMONY

Committee on Housing, Transportation & Communications

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Presented By: Dr. Stephanie Berry

Chief Operating Officer

Virgin Islands Housing Finance Authority



Good morning, Senator Marvin Blyden, Chair of the Committee on Housing, Transportation and Telecommunications, members of the committee, other Senators present, and the listening and viewing audience. I am Dr. Stephanie Berry, Chief Operating Officer of the Virgin Islands Housing Finance Authority (VIHFA) here before you on behalf of Interim Executive Director Dayna Clendinen. Accompanying me today are my Director of Homeownership Freida Webster, Manager of Rental Properties Nichole Johnson, and Assistant Director of Planning and Construction Marvin Vaughan. We are pleased to provide updates on issues related to home financing that impact the Virgin Islands Housing Finance Authority, the status of affordable housing initiatives - including implementation of the 2023-24 Affordable Housing Plan - and the status of the First-Time Homebuyer Program as enhanced by Act No. 8465.

Affordable Housing | Implementation of the 2022-2024 Affordable Housing Plan

The Virgin Islands Housing Finance Authority's (VIHFA) role in the financing, development, and construction of affordable housing in the Territory has faced many challenges since the development of its 2022-2024 Affordable Housing Plan ("the Plan"), many of which amount to balancing supply and demand. As this body is aware, in the past, contractors competed for projects. Given the number of projects currently underway and in the pipeline to commence within the next six months throughout the territory, many agencies are now competing for contractors and developers. However, although we are in the process of reassessing the Plan, our housing priorities delineated in the Plan have not changed. Our focus remains:

1. **Affordable homeownership opportunities** - VIHFA sponsors several programs that provide direct and indirect assistance for those families seeking a homeownership alternative. The mission of the Homeownership Division is to provide affordable homeownership to low-and moderate-income families; to educate potential homebuyers on ways to achieve homeownership; to provide loss mitigation counseling to homeowners so that they maintain homeownership; and to create sustainable communities. This undertaking is accomplished

through prequalifying, financing, educating, and counseling potential buyers and current homeowners. As it pertains to the mortgage programs offered, VIHFA provides secondary lending to eligible first-time homebuyers for single-family residences and primary lending for land purchase not to exceed one-half acre plot.

Virgin Islands Housing Finance Authority's Home Financing Programs

- The current maximum loan limit established by HUD for our HOME program (\$261,000 for St Croix; \$527,000 for St. John; \$333,000 for St. Thomas) is **less** than the current cost to construct or purchase a home in the territory. Similarly, secondary financing for our non-HOME eligible clients remains a challenge given the current construction, renovation, and purchase costs. We are currently reviewing how we can increase the loan limits for non-HOME funded transactions, which we anticipate will assist this pool of clients. Additionally, given these current costs (and not wanting to undertake the responsibilities associated with obtaining a contractor), many of our clientele have specified sole interest in turnkey homes.
- Act 8465 "The Virgin Islands First-Time Homebuyers Program Act" (as amended on August 16, 2021) allowed for the appropriation of \$4 million from the Internal Revenue Matching Fund to the Homestead and Home Loan Fund to assist eligible prospective homebuyers. Secondary financing up to \$250,000 can be obtained through VIHFA for a single-family home, once applicants are qualified and referred through a local lender. We want to reiterate to the public that these funds can also be used for down payment assistance. As presented, Act 8465 allows for **loans** that will create a revolving fund for future use. However,

there are programs that offer financing for single to multifamily units with a **grant** component, which is more appealing than our current loan programs.

- Cistern and Slab program - we offer for your consideration the reinstatement of the Cistern and Slab program (with an annual appropriation) to provide financing to eligible residents of the territory who own a one half acre plot of land. The program can be structured as a 75:25 allocation with 75% as a grant and 25% as a loan. The amount of funding would be up to \$75,000 for cistern and slab, and if the property cannot connect to the public sewer system, then up to \$100,000 to assist with construction of septic. Once the client obtains financing for the construction of the home, if the lender chooses to pay off the loan portion, the grant will remain for the remainder of the 25-year period and HFA will subordinate to a second position. This program would only be available to first time homebuyers with no interest in other real estate and cannot result in a duplication of HFA program benefits i.e., if client purchased a lot through VIHFA's Buy-A-Lot, Build-A-Home program, the client is not eligible for additional assistance through the Cistern and Slab program.

New Construction (including those listed in the 2022-2024 Plan):

- Estate Bonne Esperance, St. Croix – we are currently reviewing a proposal for construction of up to 100 single-family homes and infrastructure on the remainder of VIHFA's property located in Bonne Esperance (South Side). This project will be completed in phases and is projected to commence in the second quarter of 2024.
- Cotton Valley, St. Croix – given the demand for turnkey homes, our plan to subdivide and develop roads that provide an

additional 20, one half acre, lots for sale to clients is deferred to the first quarter in 2025.

- Estate Jealousy, St. Croix - we are currently reviewing a proposal for construction of up to 20 single-family homes and infrastructure.
- Estate Mount Pleasant (West), St. Croix
 1. HFA will develop six additional homes in this subdivision and solicitation is projected to commence in the first quarter of 2024.
 2. With the approval of disaster recovery funds – seven turnkey homes are slated to be constructed and solicitation is projected to commence no later than the second quarter of 2024.
- Estate Solitude, St. Croix –we are currently reviewing a proposal for construction of infrastructure and up to 6 single-family homes.
- Estate Fortuna, St. Thomas - With the approval of disaster recovery funds, this project (referred to as Wild Pineapple), which consists of 20 turnkey homes is slated for solicitation to construct the first phase no later than the first quarter of 2024.
- Estate Nazareth, St. Thomas – our plans to subdivide this property and provide thirty (30) lots and forty (40) homes for sale is deferred until the first quarter of 2025.
- Queen Louise Apartments, St. Thomas - With the approval of disaster recovery funds, 16 townhomes are slated to be constructed. Solicitation is projected to commence no later than the first quarter of 2024.
- Estate Donoe, St. Thomas – the completion of two turnkey homes is projected for the second quarter 2024. The solicitation of bids for the construction of eight turnkey homes is ongoing with the anticipation of commencing construction no later than the third quarter of 2024.

- Estate Bethany, St. John - we are currently reviewing a proposal for construction of infrastructure and up to 6 single-family homes on the remainder of VIHFA's property located in Estate Bethany

2. **Affordable rental housing** - for working singles and families across the Territory. The continued increase in the cost of rental units throughout the Territory coupled with many long-term rentals being converted to short-term, has created a greater demand for long-term rentals.

- Ross Mixed Use facility (St. Thomas): The site for this project is located on the corner of Alton Adams Sr. Drive and Williams G. Lewis Lane. With the approval of disaster recovery funds, this three-storied building consists of commercial bays on the two lower floors and 8 residential units on the third floor. Construction is slated to commence no later than the first quarter of 2024.
- 20-A Strand and 5BB Smith St. mixed use facility (St. Croix) – we are currently performing site assessments to determine the viability of renovating our existing building to become a multi-use facility, which will include residential units.

3. **Emergency Housing** - VIHFA's Emergency Housing Program is a short-term housing program that is not considered or meant to be long-term. Emergency housing temporarily assists persons who are displaced from their current household due to a natural disaster, catastrophic incident, domestic violence, or financial hardship.

- Taarneberg emergency housing (St. Thomas) - With the approval of disaster recovery funds, this project will entail the construction of 11 emergency housing units and infrastructure.
- Staabiland Apartments (St. Thomas) – repairs to this three-unit building impacted by the 2017 storms are underway and is projected to be completed by the first quarter of 2024.

- Charolette Apartments (St. Thomas) – this property has six buildings. Repairs to two buildings (12 units) impacted by the 2017 storms are projected to commence no later than the first quarter of 2024. We are currently assessing this site to determine the cost-benefit of renovations versus demolition and new construction.
- Profit Hills emergency housing (St. Croix) – this property has three buildings (12 units). Solicitation for repairs to one building impacted by the 2017 storms will commence no later than last quarter of 2023.
- Anna’s Hope emergency housing (St. Croix) – no later than the first quarter of 2024, solicitation for repairs to this 16-unit building impacted by the 2017 storms will commence.
- Campo Rico emergency housing (St. Croix) - this property has two buildings (16 units). Repairs to one building impacted by the 2017 storms are underway and is projected to be completed by the second quarter of 2024.
- The Kronegade Inn (St. Croix) – With the approval of disaster recovery funds, solicitation for the renovations to this 18-unit building will commence no later than the first quarter of 2024.

In the past year, we launched a new homeownership survey, which looked at the needs of our population through the lens of not only what they can afford but also what is practical for our community. The time of sprawling homes is gone, and, as you heard earlier, we are looking at the possibilities for more multi-family residences, condos, townhomes, and mixed-use buildings.

Subsequently, the Authority has been soliciting proposals from qualified consultants/firms to provide a comprehensive Housing Demand Study for the territory that will provide community leaders and stakeholders with a basis for formulating community-specific housing priorities and provide foundation data to assist in developing policy alternatives and intervention strategies.

In adhering to the vision and mission of the Authority, we must have an in-depth understanding of the conditions and needs of the local housing market and how these conditions and needs impact the creation and availability of affordable housing. The last documentation on local housing demand was prepared in 2015 and used existing data, including U.S. Census data. The Virgin Islands has experienced a vast shift in population in the eight years since the last study was conducted. As a result, the housing market and housing demands have changed. It is, therefore, essential for the VIHFA to obtain updated information to assist in formulating plans for the development of affordable housing for the residents of the U.S. Virgin Islands. In addition, the VIHFA would like to ensure that affordable housing projects are distributed fairly and equitably across different socioeconomic populations and the V.I. geographic regions. This will only come about due to a well-supported analysis, a concrete database, and accurate projections for the next five years.

Senators, this concludes my testimony, but before I end, I would like to especially thank our VIHFA team, who works tirelessly to continue the mission of the Authority. I would also like to thank the VIHFA's Board of Directors for its guidance, along with the members of this body for their continued support of our efforts – my staff and I remain available to answer any questions you may have.