

Virgin Islands Housing Authority
Independent Agency

HOUSING PRESENTATION
35th Legislature of the Virgin Islands
**Committee on Housing, Transportation, and
Telecommunications**



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Robert Graham, CPM
Executive Director

Good Morning, Honorable Senator Marvin A. Blyden, Chairman of the Committee on Housing, Transportation, and Telecommunications; Vice-Chair Marise C. James; and Senators Angel L. Bolques, Jr.; Samuel Carrion; Dwayne M. DeGraff; Ray Fonseca; and Carla J. Joseph. Good Morning to all other distinguished Senators here today, legislative staff, the citizens of the U. S. Virgin Islands, my dedicated team, and the listening public.

My name is Robert Graham, Executive Director of the Virgin Islands Housing Authority (VIHA). The following executive staff members are present with me today: Mrs. Lydia Pelle, Chief Operating Officer; Mr. Jimmy Farmer, Director of Asset Management; Mrs. Akala Anthony, Director of the Housing Choice Voucher Program; Interim Director of Resident Wellness and Empowerment, Ms. Emmanuella Perez-Cassius and Director of Administration, Mr. Robert Protho.

Today we will present testimony regarding affordable housing issues in the Territory, including VIHA's strategic plan to transition public housing, issues affecting our older public housing communities, and our action plan for resident wellness and empowerment.

[PUBLIC AND AFFORDABLE HOUSING OUTLOOK](#)

During this past year, HUD Secretary, Marcia L. Fudge, has worked to help low-income families, seniors, and communities by delivering on the Administration's commitments to improving the quality, safety, and accessibility of affordable housing through increased funding.

That funding commitment is realized with the Territory receiving \$547,176,884.00 under the American Rescue Plan Act of 2021 (ARPA). Also, VIHA projects HUD's formula allocated for its operating subsidy and capital funds will increase slightly this year. Accordingly, VIHA will share the final results of its annual funding in the Finance Committee's budget hearing later in the year.

The Biden Administration's vision is further reflected in the proposed "Build Back Better" legislative package. In that \$150 billion package, there are significant funds to address everything from bringing capital back to our disinvested communities, to increasing energy-efficiency in housing, to dealing with a family's self-sufficiency, to taking on the crisis of homelessness with compassion and resolve. Also, the Administration has a goal for HUD to provide funding to build 1.5 million new affordable homes, increase Housing Choice Vouchers by 500,000 and allow reprogramming of the Emergency Rental Assistance Program for affordable housing production. Moreover, we expect that the Biden Administration will support an increase in the Low-Income Housing Tax Credit Program to help build more affordable housing.

We will now share how the changes at HUD are reflected in the transformation of our public housing inventory in the Territory.

I. TRANSITIONING PUBLIC HOUSING IN THE TERRITORY

Before the dual hurricanes in 2017, the Housing Demand Study indicated that there was a 5,000-unit shortage of affordable housing. After the hurricanes, the current unmet need for affordable housing increased approximately 20% or 6,000 units. To validate the actual unmet affordable housing need in the territory, the Virgin Islands Housing Finance Authority (VIHFA) is commissioning an update to the Housing Demand Study that will determine the true demand for affordable housing.

Traditionally, the demand for affordable housing is predicated upon population trends. However, estimating population trends is dependent upon several factors including influx of individuals and relocation of families. Based upon the 2020 census, the population in the territory declined from 106,000 to only 87,000 individuals. Thus, it is critically important to have a realistic estimate of the population for the next ten years and beyond. Accurate population trends will affect long-term planning not only for housing, but also schools, healthcare, and all other services.

For affordable housing, it is important to know the demographic trends and the projections by age. There is a clear global trend as well as an aging of the population. This fact requires appropriate planning for services for seniors and affordable housing. To address this trend, VIHA will increase the percentage of housing for seniors in our redevelopment plan.

VIHA's Redevelopment Plan aligns with the Governor's vision for resiliency and commitment to invest in the long-term sustainability of the Territories affordable housing sector. To ensure our redevelopment strategy remains current on all relevant housing issues, we always invite input from this Housing Committee and relevant stakeholders.

VIHA's comprehensive redevelopment strategy addresses unmet housing needs in the Territory and meets all three components of the National Objective, which will: 1) benefit low and moderate-income persons; 2) aid in the prevention or elimination of slums or blight (obsolete public housing), and 3) meet a need of particular urgency, that is the prevention of further damage to hurricane-impacted old public housing.

Our Redevelopment Plan is easily understood as a five-phase implementation initiative based on funding. Accordingly, the five-phase plan is predicated on the priority of funding sources. To replace 3,000 units of old public housing, it will cost between \$1 billion to \$2 billion over the next ten years. However, we anticipate construction costs to modulate during the next decade.

To ensure that low to moderate income families are not left out of the territories' recovery efforts, VIHA is coordinating with the Governor's Office of Disaster Recovery (ODR) and the Virgin Islands Housing Finance Authority (VIHFA) to increase the supply of affordable housing by developing new funding sources for multifamily rental housing, acquiring land, demolishing obsolete public housing, and increasing homeownership opportunities. ODR is ensuring that the most critical recovery projects in the Territory have appropriate funding and are expedited.

Recently, ODR convened a Recovery Leaders' Summit to share ideas to expedite and improve restoration by enhancing communication between agencies, focusing on streamlining payment processes, utilizing renewable energy sources, and reducing the time between assessments and funding best practices related to implementing programs like VI Slice, First Time Homebuyers, Envision Tomorrow and replacing all old public housing. The Governor's Cabinet and independent agencies discussed lessons learned from working on restoration projects and solutions to future disaster mitigation and resilience. An essential theme throughout the two-day session was the need for agencies to communicate and share information regarding their master planning that impacted other agencies and their constituents.

Based on consultations with Governor Bryan, VIHA shared details on the first three phases of its Redevelopment Plan which includes eight priority housing developments. Over the next three years, the eight projects will provide 890 units of new construction and rehab communities. The total development cost is \$692 million; Tax Credit Equity, \$224M; FEMA, \$170M; CDBG-DR, \$243M; and Other Funds, \$54M. A brief description of the eight projects is as follows:

Walter I.M. Hodge Revitalization: the comprehensive rehabilitation includes twenty (20) residential buildings and one community building. The plan calls for four phases totaling 248 units. The first phase will provide eighty-two (82) new homes for families in seven buildings. Along with the families, we will be inviting this Housing Committee to a ribbon cutting for the first phase in September 2023 and final construction schedule for completion in July 2024.

Estate Donoe Redevelopment (Tutu Phase I): this new construction includes fourteen (14) residential buildings and one community building. The plan calls for 84 units. The project was subject to several delays during the pandemic including supply-chain issues, environmental remediation, and contractor disputes. Disputes with the contractor and bonding company will be resolved in the courts. In the meantime, environmental work will be completed during the first quarter this year. To complete the project, construction bids are due March 7th, and we expect work to resume second quarter of this year. At this point, we expect construction completion during the fourth quarter of 2024.

Tutu North Redevelopment (Tutu Phase II): with a preference for seniors, this new construction is a five-story building with sixty (60) units at the location of VIHA's old central office. This development is expected to have a financial closing in the fourth quarter of this year. Our estimated construction completion is December 2025.

Tutu North Redevelopment (Tutu Phase III): this new construction includes ninety-two (92) units in the original building footprints of buildings 13 through 21. The project is in the design stage which will be completed by the fourth quarter of this year with a financial closing in the second quarter of 2024. Our estimated construction completion by second quarter 2026.

D. Hamilton Jackson Revitalization and Alphonso Gerard Place: the comprehensive rehabilitation of these two communities includes 124 units situated in the Richmond community

of Christiansted. Twelve of the total units are in a floodway at the Alphonso Gerard site. These units are not included as a part of the revitalization. Other housing options will be afforded to those families. We anticipate a financial closing in third quarter of this year and an estimate construction completion in third quarter of 2025.

Stoney Ground Revitalization: this is a four-phase new construction project designed for seniors to age in place with support services provided on-site through a partnership with the Department of Human Services and other relevant stake holders and non-profit entities. The first phase includes 98 units in four buildings. The goal of this first phase is to provide replacement housing for the residents of the Wilford Perdo Home "aka Whim Gardens". We anticipate a financial closing in the third quarter of 2024 and an estimate construction completion in fourth quarter of 2026.

Lucinda Millin Revitalization: this new construction of 60 units will be built on the northwest corner of Oswald Harris Court. This first phase of the revitalization of Oswald Harris Court will allow the relocation of residents from the Lucinda Millin community. We anticipate a financial closing in the third quarter of 2024 and an estimate construction completion in third quarter of 2026.

Williams Delight Revitalization: the community was built in 1969 and included 300 single family units on 43 acres. HUD approved the entire site for conversion to homeownership for the residents. To date, thirty-four (34) households have become homeowners and seventy-five (75) units will be converted to homeownership. The comprehensive rehabilitation will require demolition of approximately 191 units with the sale of the lots for homeownership. We anticipate construction completion by the fourth quarter of 2024.

II. OPERATIONS

A. LOW-INCOME PUBLIC HOUSING

VIHA's public housing inventory contains twenty-two (22) developments grouped into eleven (11) Asset Management Properties (AMPs), currently totaling 2,538 units. Once the demolitions take place of the remaining Tutu High-rise Apartment buildings John F. Kennedy Terrace; and Williams Delight Villas, the public housing inventory will be approximately 2,000 units. Each year we expect to revitalize or build new approximately 300 units. At the end of the decade, we will have 3,000 new units of affordable housing that will be resilient and sustainable.

In this section of the testimony, we will provide updates on four areas of concern, including occupancy, rent collection, maintenance, and resident support services.

1. **Occupancy**
 - VIHA has 2,538 total units and 1,920 occupied units with approximately 620 units vacant. However, 520 of the 620 vacant units are scheduled for

demolition and not available for occupancy. So, the true number of vacant units in both districts is approximately 100 units, split almost evenly between St. Croix and St. Thomas. Going forward, we will have on average 100 units available for occupancy. With approximately 800 applicants on the public housing waiting list, we will be able to repair and lease units with a projected occupancy rate of 97% by the third quarter of this year.

- Rent Collection: On average, for approximately 2,000 public housing households, VIHA rent charges are budgeted at \$4 million annually and rent collection is approximately \$3 million, resulting in approximately \$1 million of uncollected rent. This uncollected rent is reflected in our Tenants Accounts Receivable (TARs).

Currently, our residents in both districts owe a balance of approximately \$823,300 of TARs. By district, St. Thomas/St. John has 326 households with a TARs balance of \$561,500.00, and St. Croix has 178 households with a TARs balance of \$261,800.00.

To mitigate the TARs and address overdue repairs in the units, VIHA reduces outstanding rent due, with reduction in the rent until repairs are completed through rent abatements. In addition, residents have received assistance from VIHFA's administered Emergency Rental Assistance Program (ERAP).

To assist residents to manage the household rent obligations, VIHA continues to work with residents to enter into manageable Repayment Agreements. Our "Helping Hands" Program's objective is to provide an option for residents to pay down delinquent rents and remain in good standing.

Periodically, HUD will prepare for every housing authority, an income verification report. The purpose of the report is to compare income reported by the household and income reflected in the records of the Social Security Administration, wages in the national database of new hires and income from unemployment. The social security numbers for each member of the household are compared to wages reported. On average for the approximately 2,000 public housing households, income reported by residents is \$5.2 million. However, around 10% or approximately 200 households have unreported income of \$4.4 million. To ensure accuracy, VIHA is working with each household to reconcile the amount of unreported income.

Unfortunately, where the information is accurate, many households do not believe the information is reported to HUD. To address this confusion,

VIHA will be aggressive in communicating to residents the critical importance of reporting accurate household income. Towards this goal, VIHA will engage a marketing firm to prepare public information announcements to keep residents informed of the obligation to ensure accurate information is submitted to the authority.

2. [Maintenance and Service Requests](#)

During the last two years of the pandemic, VIHA was hampered by a shortage of materials and workers to complete routine workorders. In general, VIHA has approximately 1,700 open workorders with approximately 350 workorders coming in monthly; but only completing around 300 workorders that are health, safety, or emergency repairs. Although still hampered by a shortage of twenty (20) staff positions, VIHA maintenance staff will achieve a net reduction in work orders this quarter and beyond.

During 2022, VIHA worked with FEMA to process approximately 85 Project Worksheets with an estimated value of \$240 million. VIHA has completed four (4) significant disaster recovery projects. The demolition of five (5) buildings at Estate Tutu; roof repairs at Kirwan Terrace, Knolls at Contant, Paul M. Pearson Gardens. Further, roof repairs have been completed at Joseph E. James Terrace and Marley Homes/Additions with repair work continuing at Williams Delight; and design is in process to start repairing roofs at H. H. Bergs Homes/Additions and Estate Bovoni.

The Housing Authority's public housing is 60 years old, and the building systems are way past their useful life. The age of the portfolio is seen in its failing electrical and plumbing systems and reflected in the absorbent water consumption and expense. In 2023, for approximately 2,000 occupied units, the water consumption is projected at 237 million gallons at a cost of approximately \$7 million. One way to look at the consumption, based on our 2,000 units, the average household uses 118,500 gallons for the year. To address this expensive consumption, VIHA will develop an educational program with targeted consumption for an energy conscious household, focus on plumbing line repairs, and replace faucets, toilets, and showerheads in units with the largest usage.

3. [Resident Services Action Plan: "Bright Path"](#)

VIHA has reorganized and expanded its resident services division to aid individuals and households in achieving holistic wellness and laying the infrastructure for generational transformation. The mission for the department we now call Resident Wellness & Empowerment (RWE) is to ensure individuals and families will have access to comprehensive services

and resources that are instrumental in promoting health and wellness, housing stability, economic mobility, and personal self-sufficiency for every household.

The first year of implementation focused on increasing staffing, engaging local stakeholders, expanding resident councils, and hiring a media firm to market the initiative.

VIHA through the Resident Wellness and Empowerment Department executed the "Bright Path Plan" across the territory in three main areas:

- Develop and implement two (2) Bright Path Health & Wellness Centers and three (3) Bright Path Academic Enrichment Centers.
- Host Resident Council Elections and training in three communities
- Create and develop a new Marketing Plan that will guide and engage all stakeholders on every level.

VIHA's Bright Path Centers provide opportunities for its youth and adult residents to reach their fullest potential and to create generational success for all residents. RWE through the Delegate's Office and the Office of the Governor secured a grant of \$900,000.00. One third of the funding or \$300,000.00 is allotted to the Wellness Centers (1 in each district), and two-thirds of the funding or \$600,000.00 is allocated to the Academic Enrichment Centers: two in St. Thomas and one in St. Croix. The Academic Enrichment Centers is to provide afterschool programming. The Wellness Centers are to provide mental health services. Both programs will be serviced by professional entities.

B. HOUSING CHOICE VOUCHER PROGRAM

Our Housing Choice Voucher Program has a budget of approximately \$15 million that provides housing assistance for approximately 2,047 families. Currently, there are around 1,435 families receiving housing assistance for a 73% utilization rate. However, the year-end goal is to utilize approximately 99% of the budget available.

To achieve the annual leasing goal, VIHA will have issued approximately 350 new vouchers to the waiting list applicants. Although there is a shortage of available units to lease, we anticipate that 200 families will have located units to lease. Families from our waiting list will be enhanced with approximately 80 units from Virgin Islands Housing Finance Authority's Rental Rehab Program that will provide \$50,000 to potential landlords to make a rental unit available. To support the leasing goal, VIHA seek 100 additional landlords, implement monthly workshops, and offer a \$1,000 incentive for a new unit.

In closing, this year, the Housing Authority will aggressively continue the construction of new units as well as comprehensively modernizing several communities. Simultaneously, VIHA will refocus its

efforts on repairing occupied units while working with head of households to reduce outstanding tenants accounts receivables.

We are grateful for the continued support of this body and the commitment of our dedicated VIHA staff; and look forward to answering questions related to the testimony.