

VIRGIN ISLANDS HOUSING FINANCE AUTHORITY



WRITTEN TESTIMONY

Presented by:

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Good evening, Senator Marvin Blyden, Chair of the Committee on Telecommunications, Housing, and Infrastructure, committee members, 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). Accompanying me today are Chief Financial Officer Valdez Shelford; Chief Operating Officer Dr. Stephanie Berry; Finance Manager Judy-Ann Frederick; Director of Programs Ann Hanley; Director of Housing Jamillie Perez; Director of Policy, Procedures, and Regulatory Service Alanah Lavinier; Chief Engineer Rupert Pelle; Rental Properties Manager Nichole Johnson; Director of Planning and Construction John Green; and Economic Revitalization Senior Program Manager Donnie Dorsett.

Please indulge me as I take a minute to express to the VIHFA team my continued appreciation for their commitment to the work and the people of the Territory as we continue to refine our processes to meet the challenges that impact the success of the programs - capacity, costs restrictions, and regulations, among them. It must be noted that in the past year, our federal partners at the U.S. Department of Housing and Urban Development, and our local partners here in the territory, have also been supportive of our efforts, resulting in the approval of our fourth substantial amendment, which includes changes to our action plan that increases the cap for reconstruction, relocation reimbursement, and covers flood insurance for up to two years for homeowners living in documented flood plains.

With that approval, we also issued in late February a Notice of Funding Availability for our Neighborhood Revitalization Program, which not only focuses on revamping our historic towns but also buildings within neighborhoods areas serving low-to-moderate income individuals, such as community centers or churches, which are often used as shelters for our transient populations. As we move closer toward the application process, we scheduled two public hearings – one held earlier today and the second set for March 16 at 5:30 p.m. – to share more about the rules, regulations, and criteria. I encourage all in our community who are interested to register, log on and apply.

We hope to present more opportunities, like these, in the future as we bring more recovery projects online.

Housing

Understanding the critical need for housing in the territory, we could not be more focused on bringing into construction existing projects while also understanding what the challenges are and how to fix them.

We have hired a new Chief Operating Officer, Dr. Stephanie Berry, who is restructuring the Homeownership and Planning, and Construction divisions. At the Agricultural Fair, we launched a recent homeownership survey, which looked at the needs of our population through the lens of not only affordability but also what is practical for our community. The time of sprawling homes may be gone. Instead, and along the lines of our Governor's vision for construction, we are looking at the possibilities for more multi-family residences, condos, townhomes, and mixed-use buildings.

This survey is ongoing – and for those considering homeownership, we encourage you to visit our social media pages and scan the QR code on the pinned post to access the questions – or visit our website at vihfa.gov.

Subsequently, the Authority will be 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 was conducted utilizing existing data, including the U.S. Census. 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, we would like to ensure that affordable housing projects are distributed fairly and equitably across the territory. This will only come about due to a well-supported analysis, a concrete database, and accurate projections for the next five years.

Within VIHFA's portfolio, we are aggressively pursuing the following affordable housing projects:

Ross Mixed Use Project (St. Thomas) – VI Housing Finance Authority - The site for the Ross Mixed Use Project is located on the corner of Alton Adams Sr. Drive and Williams G. Lewis Lane. It is a proposed three-storied building consisting of commercial bays on the two lower floors and residential units on the third floor. The residential units on the third floor will comprise four 2-bedroom units sized at 864 square feet and four 1-bedroom units sized at 576 square feet. A contractor has been selected, and we are awaiting board approval. We anticipate a groundbreaking in April 2023. The anticipated project cost is \$13,576,912.

Fortuna (Wild Pineapple) and Mount Pleasant are affordable housing initiatives being developed to provide units to first-time home buyers throughout the territory. There will be the construction of 12 homes on the Estate Fortuna site on St. Thomas, along with six at Estate Mount Pleasant on St. Croix.

The Program issued a Notice of Funding Availability (NOFA) on October 17, 2022, to request proposals from qualified developers to construct homes in Estate Fortuna; no responses were received for this project. As a result, the scope of work and application was amended. We anticipate the advertisement for solicitation for a contractor by the third quarter of 2023 for the construction of 18 homes combined.

The Program will develop and issue a Request for Proposals from qualified developers to construct homes at Whispering Hills, Solitude, and Estate Fortuna, Phase II, in the fourth quarter of 2023. Whispering Hills and Solitude will each have 20 new single-family residential homes, while Fortuna Phase II will have eight additional homes, including infrastructure.

Queen Louise Revitalization- This affordable housing homeownership initiative will construct 32 units (six townhouses and 26 condominium apartments) on the island of St. Thomas. Upon execution of an agreement for the funding, solicitation for a contractor will be advertised. Construction is anticipated to begin during the fourth quarter of FY 2023.

Own A Lot Build a Home (Territorial Program) VI Housing Finance Authority

The Virgin Islands Housing Finance Authority, CDBG-DR's "Own a Lot, build a Home" Program is a territorial lending initiative designed for first-time home buyers. It will provide twenty (20) year zero percent (0%) forgivable mortgages for constructing a new single-family dwelling. This program targets moderate-income eligible clients whose household incomes are based on 120% area median income for the CDBG-DR Housing Programs. VIHFA is finalizing a Memorandum of Understanding with lending institutions in anticipation of the program's launch in April. The funding available for the program is \$12.5 million from CDBG-DR.

Emergency Housing

Emergency housing on St. Thomas on Estate Taarneberg will consist of the construction of 11 units and infrastructure. Estate Taarneberg was transferred from the former Department of Housing, Parks, and Recreation to VIHFA in 2007. However, 22B Estate Taarneberg was not included, as this parcel was overlooked during the 2007 transfer. As such, the VIHFA is waiting for a response from the current property owner, V.I. Housing Authority, regarding transferring the property to VIHFA to construct emergency housing. Funding consideration for this project is \$4.3 million.

The Kronegade Inn will renovate 18 emergency housing units in Christiansted, St. Croix. Upon execution of an agreement for the funding, solicitation for a contractor will be advertised. Renovations are anticipated to begin by the third quarter of FY 2023. The funding consideration for this project is \$2.6 million.

Public Housing

With limited housing available, we recognize the challenges of our partner agencies/organizations that support those who are homeless and in need of emergency, transitional, and/or supportive housing. Therefore, we are assessing VIHFA's current emergency housing stock, including Charlotte and Staabiland Apartments in St. Thomas and Anna's Hope, Profit, and Campo Rico in St. Croix.

We continue to work with our partners at the V.I. Housing Authority on the Donoe Redevelopment, Croixville Preservation, and Stony Ground, which will add additional units across the territory. The recent groundbreaking of the Walter I.M Hodge Pavilion on St. Croix is another prime example of our collaboration, where funds from our CDBG-DR program and Low-Income Housing Tax Credits (LIHTC) were used.

The Tax Credit Allocation for the U.S. Virgin Islands for FY 2021 is \$3,245,625. The 2022 small state minimum annual allocation is \$2,975,000. This structure guarantees that states with low populations get a more significant award when calculated per capita. States then allocate these credits to developers based on state-created qualified allocation plans. These plans must prioritize projects that serve very low-income households and provide affordable housing for more extended periods.

EnVIsion Tomorrow

Building capacity has also historically been a challenge, so we are actively seeking to expand our contractor pool. Recently, we issued a request for proposals – seven houses under the EnVIsion Tomorrow program – and used that as an opportunity to reach out to Housing Finance Authorities on the mainland or within our region with whom we can partner. In response to our

calls, we are currently collaborating with sister agencies in Florida, Connecticut, California, and Alabama – all of whom have had disaster recovery programs – and understand our specific regulations and needs, and have agreed to make our RFPs available to their mailing and distribution lists. We anticipate soliciting proposals for seven additional homes by mid-month.

Additional highlights include:

- we have hired a new Director of Housing, Jamillie Perez, who, in collaboration with our Chief Engineer, Mr. Rupert Pelle, are focused solely on the EnVision Program.

- increased communication with our EnVIision clients who, at the very minimum, need constant information on the status of their repairs. Through our communications team, we have interviewed clients within the program – those whose repairs have been completed and those still awaiting completion – about their experience, concerns, and program shortfalls. We have seen an increase in emails and inquiries and are further streamlining our responses so that updates can be provided proactively.

- through the Citizen Complaint Process, we can quickly identify and respond to emergencies and unclog bottlenecks that have undoubtedly been frustrating for our homeowners.

I encourage any clients seeking updates on the status of their EnVIision applications or logging a complaint to call (340) 715-5902 to speak with a VIHFA representative Monday through Friday, 8 a.m.-5 p.m., or email cdbginformation@vihfa.gov. The citizen complaint line is set up with an active voicemail system where a message can be left and will be returned within 24 hours.

While written complaints are preferred, residents can also make an in-person complaint via our interview process. This is particularly helpful for residents with disabilities or special circumstances. For those interested, visit cdbgdr.vihfa.gov for details.

- our Citizen Advisory Committee held its first meeting on January 26, 2023. During the meeting, the members received an overview of CDBG-DR, reviewed the current list of projects underway in the territory, discussed the EnVIision program, and received an overview of the MIT Action Plan, supporting homeownership opportunities. The goal of this committee is to serve as a liaison between the community and citizens in the territory and VIHFA's Community Development Block Grant- Disaster Recovery (CDBG-DR) and Community Development Block Grant- Mitigation (CDBG-MIT) programs and provide input and recommendations on our projects.

We are still seeking two (2) members from the nonprofit community to join the committee. Interested community nonprofit members should contact Alanah Lavinier at alavinier@vihfa.gov and/or Rick Gant at rgrant@vihfa.gov. Our next meeting will take place in March on St. Croix website. Information and the recording from our first meeting are available on the VIHFA website.

In terms of the numbers, we have now completed 25 homes. In construction are 15 homes, there are seven in solicitation while pending drawings total 90 and pending permits total 59. These numbers also do not reflect all the improvements the program has made during the last quarter of 2022 and the start of 2023. Process improvements, system implementations, and necessary staff augmentations were made to propel the program forward and provide much-needed support to the community.

By the end of June 2023, the program is projected to mobilize 80 homes and should have 200 homes mobilized by the end of the year. To accomplish this, the program will publish at least one large solicitation for at least 50 homes in addition to the 160 homes currently assigned to Persons Services.

Similarly, we continue to offer our traditional programs, including the First Time Homebuyer Program, Homebuyer Education, and counseling.

Homebuyer Education and Counseling

Fundamental to VIHFA are our homebuyer education and counseling services. The Authority offers a six-week virtual Homebuyer Education class via the ZOOM platform. Topics include but are not limited to Homeownership Readiness, Managing Your Money, Understanding Credit, and Obtaining a Mortgage Loan.

For the fiscal year 2022, 125 participants completed the program, with 78 participants from the St. Thomas-St. John district and 47 from the St. Croix district.

In addition to the virtual platform, the Authority offers an online self-paced class option through e-Home America. Since the inception of the e-Home America program, 426 clients have registered, with 321 receiving certificates (203 from St. Croix and 118 from St. Thomas).

The Housing Counseling program offers personalized counseling services to an individual or family. Counseling focuses on overcoming budget and credit challenges. The duration of counseling is based on the individual or family's needs. Upon completion of Housing Counseling, participants will be able to: apply sound financial principles, develop a process of overcoming financial indebtedness, identify and modify ineffective money management behaviors and develop successful strategies for achieving their financial goals.

For the fiscal year 2022, there were 243 clients counseled, with 132 from St. Croix and 111 from St. Thomas-St. John. The Authority continues to provide pre-and-post purchase and foreclosure prevention counseling. Prior to closing, clients receive counseling to ensure that they are aware of all the tools and resources available if financial assistance is required post-purchase. Clients also receive information on budgeting to ensure that household finances include the new loan payment.

Through partnerships, workshops, and other public outreach activities, VIHFA also provides the community with critical information to become financially literate, offering tips for paying off student loan debt, managing credit cards, or budgeting for homeownership.

V.I. Slice Program

V.I. Slice is a homeownership assistance program through the Economic Development Authority that was created to help provide eligible, moderate-income families with up to \$200,000 in gap financing to either buy a home - and rehabilitates a home if required, - construct a house on land that is owned or purchase, or to pay towards the down payment and/or closing cost.

VIHFA's role in the V.I. Slice program is to provide homebuyer education certificates to individuals wanting to obtain financing under the program. To facilitate this requirement, eHome America is the platform where the clients would enroll to complete the training. Through VIHFA's First Time Homebuyer Program and V.I. Slice, we have a 59% increase in registrations to eHome America, with an average of 18 individuals receiving their certificates monthly.

Emergency Rental Assistance Program

The Emergency Rental Assistance Program was created under the federal CARES Act (ERAP 1) and expanded by the American Rescue Plan Act (ERAP 2) to assist income-qualified households impacted financially by COVID-19 to pay rent and utilities dating as early as March 2020. Under this program, the Authority has paid more than \$7.9 million in direct and indirect assistance to more than 1,191 households territory-wide. This was paid across both grants. The deadline for ERAP 1 has passed, while ERAP 2 has a deadline of September 30, 2025. With the widespread financial strain brought by the global pandemic, these funds offered critical assistance to those burdened with outstanding rental and utility obligations.

The Authority contracted Plexos Group, LLC, in May 2022 to provide case management services for ERAP and to develop an electronic portal for application submittal and dashboards to track grant disbursement performance. The contract has ended, and VIHFA is now the owner of the Projexis Software used to process the ERAP applications, dashboards, and data for reporting.

As we reassessed our programs, we hired an administrator to manage all COVID-related grants and additional ERAP staff to assist with reviewing and processing applications.

Homeowner Assistance Fund

The Homeowner Assistance Fund was created under the American Rescue Plan Act of 2021 to mitigate financial hardships associated with the coronavirus pandemic by providing funds to prevent mortgage delinquencies, defaults, and foreclosures among homeowners experiencing financial difficulty due to COVID-19 through qualified expenses related to mortgages and housing. The Territory was awarded \$8,521,959.

OMB has selected the V.I. Housing Finance Authority to administer the HAF Program on behalf of the Territory. To receive the allocation of HAF funds, the Territory developed and submitted to the Department of Treasury an action plan which describes the needs of homeowners in the jurisdiction, the design of the proposed program to be implemented using HAF funds, and performance goals.

Pursuant to the regulations, homeowner households with incomes up to 150% of area median income (AMI) are eligible; however, the regulations further require that at least 60% of HAF dollars must assist homeowner households with incomes at or below 100% of AMI.

Once implemented, the HAF Program will assist homeowners in mitigating financial hardship by eliminating or reducing their mortgage loan arrearage and, thus, their housing vulnerability and help the lenders recoup outstanding payments.

A solicitation for a case management contractor was published in August 2022; the vetting and contract negotiation have been completed. It is anticipated that the program will begin accepting applications within 45 days. The entity selected will assist the Authority with the program's case management, including application portal design and administration, application document quality check, and creating and maintaining dashboards. Based on the Territory's HAF Action Plan, the Authority anticipates assisting 325 homeowners through various programs established

under the HAF. These include mortgage payment assistance, principal reduction, foreclosure prevention, and delinquent property tax assistance. The deadline for the use of funds is September 30, 2025.

CDBG-CV and ESG-CV

Under the CARES Act, jurisdictions were awarded supplemental Community Development Block Grant (CDBG) funds to prevent, prepare, and respond to the coronavirus pandemic. These allocations are called CDBG-CV to distinguish them from the regular annual CDBG allocations. The territory was awarded \$2.8 million over three rounds of allocations.

An application cycle was conducted to identify projects to be funded under CDBG-CV. Ads soliciting proposals were published in all local newspapers of general circulation (print and electronic) and posted on VIHFA's website. Nineteen (19) applications totaling \$4.24M were received. A public hearing to present the proposals was held virtually in July 2022. The team vetted all submissions and approved six applications totaling \$1,099,310 in funding. A second solicitation was completed in October 2022. Ten (10) applications were received; the citizen participation and vetting processes have been completed, and award selections are being finalized.

CDBG-CV drawdowns to date total \$57,755.00. The deadline for the use of the CDBG-CV funds is September 2026.

Funding allocations for the ESG-CV program total \$1.65 million. The amount of the allocations are based on a formula determined by HUD, which recently released new guidance extending the grant deadline to September 30, 2023. Over \$835,000 has been spent to date.

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.

A total of six organizations were funded for nine projects implementing various activities ranging from emergency shelter (operations and essential services), homelessness prevention, rapid re-housing, street outreach, HMIS (data management), and program administration expenses. Additional eligible activities include vaccine incentives, portable bathrooms/showers, and laundry services. Organizations continue to carry out the funded activities; additional expenditures will occur as they submit cash requests. One hundred percent (100%) of the ESG-CV funds are obligated.

CDBG-MIT

I would be remiss if I did not provide a quick update on the CDBG Mitigation Funds. Since we last appeared before you, we have increased our efforts and diligently worked to prepare for the disbursement of the funds and the program's administration. While we did initially submit our application in June 2022, we received feedback from HUD in January 2023 requesting additional information, which was provided. We are currently awaiting final approval and grant agreement.

In anticipation of the funding, we have developed an application portal for the pending Mitigation funds. Unlike CDBG-DR, which was a 100% standard paper-based application process, Mitigation's application and administration process is 100% online, automated, and user-friendly. In addition, the application program will also allow us concurrent program approvals and real-time visibility for funding sources by program, recipient, and funding year.

Senators, this concludes my testimony, but before I end, I thank the entire VIHFA team, who has worked tirelessly to continue the mission of the Authority. Thank you also to VIHFA's Board of Directors for its guidance – my staff and I remain available to answer any questions.