

Virgin Islands Housing Authority
Independent Agency

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



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Lydia Pelle

Chief Operating Officer

Good Afternoon, 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 Afternoon to all other distinguished Senators here today, legislative staff, the citizens of the U. S. Virgin Islands, our VIHA staff, and the listening public.

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

Today we will present testimony regarding our Annual Plan for FY2024 for public and affordable housing and our Housing Choice Voucher Program as well as our resident services plans. The Plan is effective for the beginning of our fiscal year January 1, 2024.

ANNUAL PLAN OVERVIEW

Our PHA Plan is a comprehensive guide to the public housing agency's (PHA) policies, programs, operations, and strategies for meeting local housing needs and goals. There are two parts to the PHA Plan: the 5-Year Plan, which each housing authority submits to HUD once every 5th PHA fiscal year, and the Annual Plan, which is submitted to HUD every year. Our Plan is due to HUD on October 1, 2023 (75 days prior to commencement of the PHA's fiscal year). We are in the 45-day public comment period which ends on September 5, 2023. At the end of that period, we will assess public comments and include modifications as necessary in the Plan and submit it for Board of Commissioners approval at the regularly scheduled board meeting on September 27, 2023.

HUD designated VIHA a Standard PHA performer on both the most recent Public Housing Assessment System (PHAS-62 Points), and Section Eight Management Assessment Program assessments (SEMAP-64 Points). The assessments are for FY2022.

PHAS: There are four categories in the PHAS. VIHA scored below the required 60-point threshold in three of the categories which required an Improvement Plan (IP). An IP has been prepared and will be submitted to HUD to correct deficiencies that will ensure a passing grade for all four categories for the scoring in the next assessment for FY2023.

SEMAP: There are fourteen (14) categories in the SEMAP. VIHA scored below the required point threshold in four of the categories which required an Improvement Plan (IP). An IP has been prepared and submitted to HUD to correct deficiencies that will ensure a passing grade for all fourteen categories for the scoring in the next assessment for FY2023.

HUD requires PHAs to report its inventory to the public in its Plan. Our inventory consists of a total of 4,612 combined units: 2, 525 Public Housing units; and 2, 087 Housing Choice Vouchers.

One point of clarification is necessary to understand the four documents on our website. In HUD's information system, VIHA has two controlling numbers VQ001 and VQ901. The first one is for Public Housing and the second is for the Housing Choice Voucher Program. Both categories have Part 1 and Part 2. The information is essentially the same. Although requested by VIHA, HUD has not been able to consolidate the information in one controlling VQ Number. For those that do not know, everything in the HUD oversight environment is overly complex.

With the technical requirements of the Plan covered, we can share more broadly where VIHA is at, where we are going and how we are going to get there. The last few years have been very challenging from the hurricanes, pandemic, supply-chain issues, worker shortages, affordable housing shortages, and construction cost increases all have contributed to a somewhat mixed perception of VIHA. But we are here to share that the outlook is good and getting better.

Despite the impact of the coronavirus on operations, the overall health of VIHA continues to be financially strong due to well-managed federal programs, and an exceptional balance sheet has resulted in five years of 'clean' audits (no findings), positive cash flow, adequate reserves and all vendors paid in net 30 days. Although we are financially sound, we have many issues with an old inventory of public housing. Our plan for fixing our very old public housing is also very good.

Our short-term plan is to continue to collaborate with VITEMA and other agencies to anticipate, prepare and bolster our response to natural disasters to ensure the safety of our residents. At the same time, we are working to improve our capacity by increasing maintenance staff and contractors working on repairs and vacant apartments. While we will end this year with 95% occupancy, we have only approximately 100 units monthly to house families from our waiting list. We are also beginning to see a net reduction in work orders monthly with a particular focus on repairing apartments that may impact residents' health and safety.

You often hear us talk about our long-term plans, it is because our 60-year-old public housing inventory was poorly designed, cheaply built and inadequately financed to replace building systems. When the cost to replace your building systems for a 3,000-unit inventory is \$200 million and you receive \$10 million a year, you can't realistically catch up without fully replacing all of the buildings and projects. It is an unavoidable reality. But we have the right plan to achieve long-term success.

VIHA's one-billion-dollar long-term plan is in its third year of implementation, but the estimated cost has increased to two billion dollars, based on the factors mentioned above. To obtain the additional funding, VIHA has lobbied Delegate Plaskett's Office for increased national funding for the Low-Income Housing Tax Credit Program, a set aside of the National Housing Trust Funds for Territories; and locally to the Bryan Administration and this Housing Committee for permanent funding allocated for the local Housing Trust Fund. Moreover, we have lobbied the Housing Finance Authority for an increase in the allocation of CDBG-DR funds. While there are always competing priorities, we believe that preserving affordable housing for low-to-moderate families

in public housing must be supreme if we really care about our people to have long-term success through the foundation of superior housing.

Success for our residents will be achieved through our long-term plan with new opportunities with better rental housing, homeownership, flexible housing choice vouchers and comprehensive resident services programs.

At this point, we will highlight revisions, additions and modifications to the Annual Plan that are significant and impactful to residents and applicants to our Public Housing and Housing Choice Voucher Programs – Part 1. Annual Plan Elements for Public Housing and Housing Choice Voucher Programs:

PUBLIC HOUSING:

1. Housing Needs and Strategy for Addressing Housing Needs:

Based on a 2015 Housing Demand Study, the affordable housing need in the territory was 5,000 units and that probably increased 20% after the dual hurricanes in 2017. It is critical to replace our old public housing, but it does not add any net additional units to address the shortage of affordable housing in the territory. Feedback is also essential. To ensure constructive feedback on our plans to replace our 3,000 units of obsolete public housing, VIHA engaged the international and renowned urban planning organization, the Urban Land Institute which ensured a cross-section of voices that provide insightful ideas related to schools, transportation, jobs, energy and building housing practices. As a result, we have a solid plan of action to replace all units in ten years and expand residents' use of vouchers. HUD supports the plan by providing a solid 20 years of voucher funding for each new project.

2. Deconcentrating and Other Policies that Govern Eligibility, Selection, and Admissions

HUD has had a deconcentration of poverty policy on the books for a long time that is almost insurmountable to achieve in the territory. The goal is to have properties with a balance of lower income households with that of higher income households. For the territory it means having a higher percentage of higher income households in each of our communities. Achieving the goal is complicated because our waiting list contains over 73% of lower income households. Moreover, this year HUD is requiring PHAs to enforce higher income households in public housing to pay higher rents or face evictions. Thus, the complexity and incongruity of competing HUD goals are maddening. The practical solution is to help more residents get jobs. VIHA is doing that in three ways: 1) VIHA has at least 30 residents working as Section 3 workers and recruit from that pool for permanent jobs; 2) VIHA encourages our developer partners to hire Section 3 workers to work on the construction projects; and 3) VIHA is working with the VI Department of Labor to train and employ our residents in active recovery projects.

3. Operations and Management

VIHA is implementing computer software options to become more efficient in our housing operations. We are currently working out the kinks in a standalone kiosk at selected communities where residents can input information for recertification, work orders and changes in circumstances. We expect that after the head-of-households become familiar with the system,

the process will lead to increased efficiency in operations and communications. Online Rent Payments will be launched on September 1, 2023. Residents can now enjoy the convenience of paying rent online with their payment method of choice.

4. Rent Determination—Housing Opportunity Through Modernization Act of 2016 (HOTMA)

In the last six years, HUD has been refining a new policy that will affect public housing resident households that have higher incomes. On June 14, 2023, all PHAs are required to conform with the final rule of the Housing Opportunity Through Modernization Act (HOTMA). The rule requires PHAs to implement a policy change to account for Over Income (OI) households. In short, all PHAs must update their Admission and Continued Occupancy Policy (ACOP) and offer those OI households the option to stay in public housing after a 24-month grace period but they must pay either an alternative rent which is the higher of Fair Market Rent or per unit month subsidy. Accordingly, our final policy is to provide a household with every opportunity to stay in public housing and give a family the option to pay the alternative rent but if the family declines, we must terminate the tenancy. Currently, we have less than fifty (50) households out of approximately 1,900 households who would be affected by the policy change. We will be working with all affected households to have a safe transition **landing.**

5. Grievance Procedures

As the housing authority goes through significant changes with new construction, administrative policy changes and house rules, we will make sure that residents have the benefit of timely and impartial opportunities for grievance hearings when there are disagreements. Therefore, we have engaged two vendors to provide neutral third-party grievance hearings. To ensure residents are aware of this right to hearing, we will be communicating during recertification, with flyers at the site and on our website.

6. Admissions and Continued Occupancy Policy (ACOP) and Dwelling Lease Revisions

Besides the changes in the ACOP required by the HOTMA, described above, VIHA is proposing to increase the security deposit that a new household will have to pay from the current average of \$205.00 to \$500.00--or one-month's rent whichever is higher. Of course, the basis for the increase is to encourage lease compliance, continued care of the unit during tenancy and to reduce the cost of making a unit ready for re-occupancy. If necessary, a family will have the option to pay the security deposit over time—a three-month period.

7. Housekeeping Standards Policy Revisions

Most resident households appreciate the opportunity to live in an apartment with some federal assistance and do everything to maintain the unit as they received on the day they moved in. However, there are some households that need reminders and consequences for noncompliance. These housekeeping standards are to address that minority of households. To improve the livability and conditions of the apartments, VIHA is updating its uniform standards for all resident households and requirements for the common areas as well. Timely reminders, increased inspections and improved communications between property management staff and resident households will result in better and safer overall residential communities. It is incumbent upon all of us to support VIHA's effort to improve our communities. And we

appreciate those elected officials that consistently encourage lease compliant behavior, respectful courtesy between neighbors and well-mannered young people.

8. Homeownership Program

The Williams Delight 300-unit public housing community is the only homeownership program that is active. The homeownership plan was approved by HUD in 1995. To date, 35 units have been sold; 183 units have been identified for demolition, 82 units are structurally fit for renovation and subsequent sale. VIHA is still actively pursuing any unused ARPA funds to assist in the demolition and rehabilitation of units to make the Williams Delight Community viable. Any assistance this Committee can render would be greatly appreciated.

It should be noted that the resident council of Oswald Harris Community has expressed interest in a similar program. VIHA has stated that a source of funds needs to be identified to pursue the homeownership option for the residents at Oswald Harris Community. VIHA raises this issue because this Housing Committee perhaps can help by identifying a source of funds to help identify options for this community.

9. Resident Wellness and Empowerment—Traditional Public Housing and New Developments

VIHA's primary purpose is to provide the best affordable housing and the best plan to improve the lives of our families. Our new developments have resident services funded by investors and therefore we have a more comprehensive approach. Our traditional public housing have insufficient funding for the same level of services. But as each older traditional public housing community is replaced, each one will have the comprehensive package of resident services called Bright Path which is a support model promoting residents' health and wellness, housing stability, economic mobility, and personal self-sufficiency. Recently, we have expanded the department to twelve experienced staff members to serve both the traditional and the new housing communities. What is important for the public to know is that we will achieve improving outcomes for each household through partnerships with service providers and effective resident councils. And this year, we have made significant progress with engaging both stakeholders. Our FY2024 Plan has a goal to double the number of families in our self-sufficiency program to 50 families.

The best industry practice for resident services programs is to have organized representation from the resident body. This is why our service model relies heavily on active and effective resident councils. Currently, we have three resident councils with three more being formed this year. For 2024, we expect to double the number of active elected resident councils to six. Also, in 2024, from this pool of twelve (12) resident councils, we expect the council presidents to make up the Resident Advisory Board (RAB). With this level of interaction and feedback, we will achieve effective collaboration, targeted programs and accountability from both sides.

It is clear from the questions asked in the public review period and those asked by this Housing Committee that more sessions to inform the public of general issues of how some programs work is necessary. We welcome the opportunity to provide more information sharing sessions.

HOUSING CHOICE VOUCHER PROGRAM:

Housing Needs and Strategy for Addressing Housing Needs:

Our Housing Choice Voucher Program (HCVP) is governed by HUD regulations and our HCVP Administrative Plan (AP). Several changes will be implemented in the AP in FY2024: 1) we are changing the frequency and methods of conducting inspections through HUD's new inspection model called National Standard for Physical Inspection of Real Estate (NSPIRE); 2) expanding the homeownership options; and 3) increasing technical support for our special voucher programs. I

Property inspections—to ensure units that are leased to our families are safe and decent, we going to increase the frequency of our inspection to twice-a-year, when necessary, conduct Remote Video Inspections and allow landlords to self-certify repairs of units that usually require on-site re-inspections. These changes to the Plan will reduce the administrative time to house families. Also in the third quarter of 2023, we will begin the process of educating both our landlords and voucher leaseholders in the requirements of HUD's new NSPIRE program. The first update in fifteen years, the goal of the NSPIRE is to modernize and improve the inspection process of HUD-assisted properties with a stronger emphasis on health, safety, and functional aspects of building systems.

Homeownership—we currently have four families using their vouchers for homeownership and we want to encourage more families to do the same. To make it easier for enterprising families, we are going to make some program modifications, such as: eliminating the one-year requirement to be eligible to use a voucher for homeownership. In general, this will allow current public housing residents to switch to the voucher program. More specifically, this option could potentially assist public housing families that are over income to combine the voucher homeownership option with the territory's VI Slice Homeownership incentive program. Lastly, we are amending our Section 8 Homeownership program to set aside twenty-five (25) vouchers for elderly and disabled Williams Delight residents. Basic information about the program is included in the Annual Plan to familiarize families with the proposed options while we develop the written plan for implementation in FY2024.

Special Voucher Programs—we have one hundred and fifty-one (151) specialty vouchers in five categories; 1) Mainstream Vouchers; 2) Foster to Youth Independence; 3) Emergency Housing Vouchers; 4) Veterans Vouchers; and 5) Single Room Occupancy Vouchers. Although we have only a total of forty-one (41) household using these specialty vouchers, dozens of families are holding vouchers looking for units to lease. Although there are no substantive changes in the Plan, we wanted to highlight our \$1,000 incentive program for landlords to provide a unit to lease to our waiting list applicants. Moreover, we want to spotlight the VIHFA's program to pay landlords \$50,000 to repair hurricane damage units that could be leased to our waiting list. Finally, we will be providing technical assistance to the organizations like Continuum of Care and Veterans Administration to improve the process to refer individuals to use the vouchers.

Capital Fund Program – Five Year Action Plan

The Annual Plan summarizes the Capital Fund Program (CFP) for the fiscal years 2021 through 2025. Based on the \$10.4 million received in 2021, each of the next four years projects the same total amount. Of course, the funds vary based on Congressional appropriations and HUD prorations. In general, a housing authority has 24 months to obligate its annual CFP and 48 months to spend the money. Generally, the annual CFP is split with 30% used for administrative and operations and 70% is used for building systems and dwelling unit improvements. The priorities for the physical improvements are used to support our Redevelopment Plan by demolishing obsolete buildings and making roof repairs from hurricanes. Other building systems repairs are prioritized for reasonable accommodations for disabled households and repair of units for temporary relocation. The Annual Plan provides details for each of the five years which allows for changes in priorities each year. There are no changes to the CFP program in the Plan.

Mixed-Finance Modernization or Development

VIHA is continuously reviewing its old Public Housing Portfolio to determine suitability of available funding and redevelopment opportunities. Further, VIHA incorporates feedback from the Administration to ensure St. Thomas has adequate affordable housing early in the Plan as well as feedback from the Housing Committee to ensure that there is adequate senior housing in the replacement housing. We incorporated both suggestions as well as feedback from our HUD partners in our 10-Year Redevelopment Plan. Our current project priorities by district are as follows.

St. Croix Priority Projects—Walter I.M. Hodge, Wilford Pedro Home, D. Hamilton Jackson Terrace, Alphonso “Piggy” Gerard, John F. Kennedy Terrace, Nicasio Nico Apartments, Ludvig E. Harrigan Court, Candido Guadalupe, Marley Homes, and Additions, and Williams Delight.

St. Thomas Priority Projects—the redevelopment of the Estate Tutu Hi-Rise Apartments in three phases at three site locations, including: the Donoe site, Tutu North and Tutu South; as well as Lucinda Millin replacement.

In the Annual Plan, we provide details on each estimated cost, funding sources and projected schedule, however, it is important to highlight some of the issues that will impact our redevelopment efforts in FY2024. We will need the Bryan Administration and this Housing Committee to support a dedicated source of funding for affordable housing through the local Housing Trust Fund as well as a set aside of the National Housing Trust Fund for this territory. Moreover, locally, there needs to be consideration for preservation of affordable housing by purchasing portfolios that are being offered for sale by developers retreating from operating housing in the territory. Lastly, to sustain operations of affordable housing in the territory, there must be some consideration to establishing a property insurance reserve or reinsurance mechanism for the escalating insurance premiums for assisted affordable housing in the territory.

In closing, the Housing Authority will modify the Annual Plan based on relevant feedback from residents, voucher holders and the general public that will enhance the goals and the outcomes for the people we serve. We are grateful for the continued support of this body and our dedicated staff; and look forward to answering questions related to the testimony.