

WRITTEN TESTIMONY

**COMMITTEE ON HOUSING, TRANSPORTATION
AND COMMUNICATIONS**

Presented by:

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Good morning, honorable 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 Eugene Jones, Jr., and I serve as the Executive Director of the Virgin Islands Housing Finance Authority (VIHFA). I am accompanied by Stephanie Berry, Chief Operating Officer and Dayna Clendinen, Chief Disaster Recovery Officer. We are pleased to provide updates on the progress of our housing programs.

THE OUTLOOK FOR AFFORDABLE HOUSING AND HOMEOWNERSHIP IN THE TERRITORY

The outlook for affordable housing and homeownership in the territory is evolving. With the low availability of homes priced under \$500,000 that do not require a large influx of funds to rehabilitate, the Authority has enhanced its product offering to include higher acquisition cost limits for moderate income households eligible for the First Time Homebuyers Moderate Income Program established by ACT 8465. The acquisition cost limits for moderate income households have been increased to \$498,257 for St. Croix, \$639,400 for St. Thomas and \$1,059,150 for St. John. The First Time Homebuyers Moderate Income Program allows households with a minimum household income of \$59,700 and a maximum household income of \$261,450 additional opportunities to become homeowners. The Homeownership Division of the Authority actively markets all our programs through community outreach activities, homebuyer education classes and housing expos. As of July 2024, the Authority has 494 mortgage ready clients (STX 179; STT/STJ 315) waiting for homes to become available via the open market or the Authority. Our homebuyer education classes led by our local HUD Certified Counselors, have seen 55 individuals (STX 24; STT 31) successfully complete the program this fiscal year to date. Since the inception of the online self-paced platform eHome America, the Authority has seen 828 individuals (STX 428 and STT/STJ 400) obtain certificates of completion.

An additional factor impacting the affordability of homes in the territory is the rising cost of homeowners' insurance and the availability of coverage from the insurance carriers in the region. The Authority continues to explore creative financing programs and housing designs to improve access to homeownership for all and seek your assistance in addressing the availability of affordable homeowners' insurance coverage.

As it pertains to new construction, despite the many challenges of supply and demand coupled with the continued rise in construction cost, we are making progress on several affordable housing projects:

- 260 VICORP land (Adventure) St. Croix – Construction is anticipated to commence within two weeks. This is the first time ever that HOME Program funds are being used for the development of a single-family unit that will be sold to a HOME eligible homebuyer. We anticipate additional units in the upcoming fiscal year.
- Fortuna (Wild Pineapple) St. Thomas - we are currently in contract negotiations for A&E services for this project. The submission of drawings and related independent cost estimates for this new 20-unit subdivision is a critical component of the CDBG-DR Program staff’s application review process.
- Whispering Hills St. Thomas – a solicitation for the completion of two homes in this community will be sent out in September 2024.
- Mt. Pleasant (West) St. Croix - a solicitation for the completion of two homes in this community will be sent out in September 2024.
- Bonne Esperance St. Croix – we anticipate commencement of contractor negotiations for a 12-unit project in this community in September 2024.

A Request for Proposal for Developers for the Estate Jealousy site in St. Croix will be re-solicited in September 2024 and we will be adding new projects to our developer solicitations. Also, we remain mindful of the everchanging landscape of affordable housing in the territory and are reviewing our current three-year affordable housing plan with a focus on establishing clearly defined and realistic goals that support affordable homeownership opportunities, rental housing and emergency housing.

THE STATUS OF THE EMERGENCY HOUSING PROGRAMS ADMINISTERED BY THE AUTHORITY

The Authority’s Emergency Housing Program is a short-term housing program that is not considered or meant to be long-term. Despite extensions and resource referrals being provided over the past 18 months, all tenants currently residing in our emergency housing facilities in both districts are ineligible to remain there and refuse to move. The tenants’ ineligibility and refusal to move adversely impacts our ability to provide emergency housing to those in immediate need,

continue the much-needed repairs and compliance related upgrades within our aged emergency housing portfolio. The Authority has exhausted all attempts to support the tenants' relocation efforts, and we are currently reviewing other courses of action.

EMERGENCY RENTAL ASSISTANCE PROGRAM

The territory has received \$17.8 million through the ERA 1 and ERA 2 grants, which provide essential support to eligible residents who faced financial challenges during and after the COVID-19 pandemic. This assistance spans up to 18 months and covers rental, utility, and other expenses related to housing. As of July 31, 2024, VIHFA has not only committed \$15 million but has also expended over \$12 million. The impact is tangible, with over 1,800 applications processed and over \$8.8 million distributed in rental and utility aid. In 2023, VIHFA introduced the Housing Stability and Eviction Prevention Services program through Legal Services of the Virgin Islands, disbursing \$371,812 to help residents maintain or secure housing. Our most recent collaboration with the Department of Human Services (\$1.9M) will expand the reach of DHS's Low-Income Water & Energy Assistance Programs to residents who meet the ERAP eligibility criteria.

We encourage residents that are experiencing financial hardship to visit our website at erap.vihfa.gov to apply. It's worth noting that these funds will remain available until September 30, 2025.

HOMEOWNER ASSISTANCE FUND PROGRAM (HAFP)

A positive development under the American Rescue Plan Act is the allocation of \$8.5 million to the Virgin Islands through the Homeowner Assistance Fund (HAF). This program provides critical post-pandemic support to homeowners, covering a range of housing costs such as mortgage payments, principal reduction, foreclosure prevention, property taxes, homeowners insurance, and more. Further, VIHFA's Homeownership Division offers counseling to homeowners in financial distress.

Eligible homeowners within the territory may receive up to \$65K in financial assistance. To qualify, homeowners must demonstrate financial hardship experienced after January 21, 2020,

including factors like job loss, reduced income, or substantial healthcare expenses related to COVID-19. In addition, applicants must own and occupy the property as their primary residence; the applicant’s total household income cannot exceed 150% of the Area Median Income (AMI) based on HUDs income data; and the property must be located in the US Virgin Islands.

The application process is accessible at vihfa.gov. As of July 31, 2024, VIHFA has approved a total of 134 applications and has disbursed financial assistance totaling \$2.4M. This financial aid is accessible until September 30, 2026.

COMMUNITY DEVELOPMENT BLOCK GRANT – CARES (CDBG-CV)

The federal CARES Act allocated \$2.8 million in supplemental Community Development Block Grant (CDBG) funds to the Territory to address the COVID-19 pandemic. Selections were made in three rounds - the chart below shows the 10 projects selected to receive a portion of the \$2.8 million. As of August 26, 2024, \$389,323.31 of the CDBG-CV funds has been drawn down. The deadline for expenditure of funds is September 30, 2026.

CARES ACT- Community Development Block Grant CDBG-CV		
Listing of Projects	Island	Grant Amount
B-20-SW-78-00001		
The Harvey Community Health Pilot Program	STX	\$254,184.83
VIRCD Classroom Retrofitting Project	STT	\$40,000.00
STJ Rescue Oxygen & Portable Oxygen Concentrators Project	STJ	\$142,445.00
FRC Youth Counseling – St. Thomas & St. John	STT/STJ	\$50,000.00
Community Action Now! – NewRock VI YouthBuild Pilot Program	STT	\$112,680.00
FRC Safe House Renovation Project	STT	\$750,000.00

St. Thomas Boys and Girls Club COVID-19 Program	STT	\$40,000.00
Project Promise COVID-19 Program	STX	\$100,000.00
Mon Bijou COVID-19 Program	STX	\$20,006.17
Community First Bathroom and Isolation Units Construction Project	STX	\$750,000.00
CDBG-CV Program Administration		\$564,829.00
GRAND TOTAL		\$2,824,145.00

DISASTER RECOVERY & MITIGATION PROGRAMS

The Office of Disaster Recovery (ODR) is the lead agency responsible for overseeing the EnVision Tomorrow program. Through a Subrecipient Agreement established in November 2023 with the Virgin Islands Housing Finance Authority (VIHFA), ODR assumed programmatic project management of this initiative. As such, they are best positioned to provide up-to-the-minute and comprehensive updates on the program’s progress.

Under the CDBG-Mitigation program and perhaps most noteworthy, VIHFA has received two applications for the Resilient Multifamily Housing Program.

Lovenlund Phase Two (St. Thomas): This \$27.8 million project request aims to convert rental units to homeownership while incorporating sustainable and resilient features like solar power, advanced water purification, and roof reinforcement for 99 housing units.

Bellevue Village and Calabash Boom (St. John): This \$20.5 million project proposal includes similar mitigation measures for 120 units, expanding affordable housing options in the area.

The current action requires a substantial amendment and HUD’s approval to accommodate the projects. These initiatives represent a significant step towards creating more resilient and affordable housing options for our community.

Senators, this concludes my testimony, but before I close, I must thank the entire VIHFA team, for their dedication, contributions and hard work. We remain committed to providing “Homes for All” in this Territory.

Senators, my staff and I are available to answer any questions you may have.