VIHFA
VIRGIN ISLANDS
Housing Finance Authority

Written Testimony
Committee on Housing, Transportation and Telecommunications

Presented by:

Derek Gabriel, Executive Director
Virgin Islands Housing Finance Authority

Tuesday, November 10, 2026

VIHFA.GOV

Good afternoon, Chairman Blyden, members of the Committee on Housing, Transportation and Telecommunications, other members of the 36th Legislature present, and the listening and viewing public. I am Derek Gabriel, Executive Director of the Virgin Islands Housing Finance Authority ("VIHFA").

Thank you for the opportunity to provide testimony on the status of the July 20, 2026, suspension imposed by the U.S. Department of Housing and Urban Development ("HUD"), the suspension's impact on the Authority's housing and recovery programs, and VIHFA's efforts to reinstate federal funding.

The Authority recognizes the Legislature's important oversight role and the need for timely and accurate information about the effects of the suspension on our programs, projects, partners, and beneficiaries. We also recognize that these issues have consequences far beyond the Authority itself. They affect families waiting to return to permanent homes, residents seeking affordable housing, nonprofit organizations delivering essential services, and contractors whose work supports our recovery.

As the Committee is aware, VIHFA remains engaged in an active federal administrative process with HUD arising from HUD's July 20, 2026, Notice of Suspension. Our primary objective is to resolve the suspension as efficiently as possible while continuing all activities that remain legally permissible, protecting existing federal resources, and minimizing disruption to the people and organizations we serve. To best achieve this objective given the ongoing nature of our discussions with HUD, there are certain aspects of the suspension that I have been advised by counsel not to comment on here today. However, I am happy to provide you with as much information as practicable at this time.

Operational Impact and Continuing Activities

VIHFA is taking the HUD suspension extremely seriously. The Authority has appealed the suspension and has remained actively engaged with HUD to restore federal funding to the Territory. The suspension remains in effect while this appeals process is ongoing. Certain communications and discussions with HUD are sensitive and are being conducted through counsel as part of an active administrative process. We remain committed to constructive communication with the Legislature while that process continues.

While the suspension remains in effect, projects with an existing contract or agreement may continue with certain limitations. VIHFA cannot, however, enter into new agreements or take other actions that create new obligations to be paid with federal funding.

The practical consequences of these restrictions vary depending upon the status of an individual project or transaction.

Federally funded projects for which VIHFA has an already-executed pre-suspension contract or agreement can continue and be paid using federal government funding. Conversely, the Authority is not permitted to enter into new subrecipient agreements and contracts, or change orders, modifications, and amendments, except those limited to no-cost extensions of time. Accordingly, new projects cannot begin while the suspension is in place.

Programs and Projects Specifically Identified by the Committee

The Committee has requested information concerning several specific projects and programs.

- **EnVision Tomorrow**

The effect on the EnVision Tomorrow Program is particularly significant. EnVision is a mature $195.05 million Community Development Block Grant–Disaster Recovery ("CDBG-DR") program, jointly administered by VIHFA and the Office of Disaster Recovery, serving homeowners whose primary residences were damaged by Hurricanes Irma and Maria. As reported to the Committee on October 26, more than one hundred eligible applicants remained unable to be served as a result of the current restrictions.

These are not simply program statistics. They represent Virgin Islands families who have already endured an extended recovery process and who continue waiting for assistance with their homes.

- **Virgin Islands Resource Conservation and Development Council Classroom Retrofitting Project**

As reported in our October 26 response, this project was awaiting execution of a subrecipient agreement. Without that agreement, the needed classroom

improvements cannot advance.

The timing is particularly important because the remaining Community Development Block Grant–Coronavirus (CDBG-CV) funds face additional risk as the applicable period of performance approaches expiration in February 2027.

- **Family Resource Center Safe House Renovation**

The Family Resource Center Safe House Renovation Project completed environmental review in June 2026 and was awaiting review and execution of its subrecipient agreement when the suspension took effect on July 20.

Delays to this project have direct implications for the availability of safe emergency accommodations for survivors requiring those services.

- **Sister Emma Cottage**

It is equally important to distinguish projects that are presently restricted from those that may continue.

The approximately $9.23 million CDBG-DR-funded Sister Emma Cottage project, operated by Lutheran Social Services of the Virgin Islands, is among the significant recovery projects that can continue notwithstanding the suspension, subject to applicable limitations.

- **Royale Systems**

The approximately $2.25 million CDBG-MIT-funded Royale Systems project supports critical communications infrastructure in the Territory and may also continue, subject to applicable requirements and limitations.

- **D. Hamilton Jackson Rehabilitation Project**

The $47.22 million D. Hamilton Jackson rehabilitation project was approximately 70 percent complete at the time the suspension became effective and will provide rehabilitated affordable rental units for low-income residents.

Work has continued because VIHFA had a pre-existing agreement in place prior to the suspension, subject to applicable limitations.

These examples demonstrate why the impact of the suspension cannot be described simply by stating that all federally funded activity has stopped. It has not.

Rather, the Authority must carefully evaluate each project and transaction to determine what activity may legally continue and where additional action would constitute a new federal obligation.

Impact on Residents, Partners, and the Territory

The effects extend well beyond VIHFA as an institution. They affect homeowners waiting to return to permanent homes; renters who depend upon the availability of affordable housing; For nonprofit organizations and subrecipients, the inability to enter into new agreements can prevent improvements to classrooms or emergency accommodations even after preparatory work has been completed.

The effects also extend to contractors and their teams. A number of projects have completed environmental review, procurement, evaluation, and contractor selection, yet cannot begin because the necessary award documentation or notice to proceed would create a new federal funding obligation.

Continued delays therefore affect not only specific projects but also contractors and their employees, the Territory's rental housing inventory, the availability of affordable housing, the delivery of community services, and the pace of the Territory's broader recovery.

For that reason, the Authority's immediate focus remains on protecting existing federal resources, prioritizing locally funded projects and programs, continuing all legally permissible activities, minimizing disruption to beneficiaries and partners, and pursuing appropriate pathways to allow critical recovery work to proceed.

Corrective Actions and Institutional Reforms

At the same time, VIHFA has been working to strengthen the institution and the systems through which federal funds are administered. Our objective is to establish stronger systems of accountability, oversight, risk management, and compliance throughout the Authority.

Executive Leadership, Organizational Realignment and Accountability

An important component of the Authority's ongoing institutional reforms has been the transition in executive leadership. Since assuming the position of Executive Director on August 24, 2026, I have placed particular emphasis on strengthening executive accountability, improving organizational visibility, and ensuring that responsibility for oversight and compliance extends across the Authority's leadership structure.

As part of this effort, VIHFA has undertaken an organizational realignment designed to promote greater collaboration, shared accountability, and stronger executive oversight across its operational and disaster recovery functions.

For example, financial operations within the Disaster Recovery Division now benefit from dual executive oversight by both the Chief Financial Officer and the Acting Chief Disaster Recovery Officer. Under this arrangement, the CFO provides functional oversight of financial controls, accounting standards, and financial reporting, while the Acting Chief Disaster Recovery Officer maintains responsibility for programmatic and operational execution. This structure strengthens financial accountability while improving coordination, transparency, and visibility across the Authority's federally funded programs.

We are also leveraging existing personnel and institutional expertise within the Authority's operational divisions to provide additional support and oversight to programs administered through Disaster Recovery. This approach allows us to better utilize our existing human capital, strengthen coordination between divisions, and reduce organizational silos that can limit visibility and accountability.

These changes reflect a broader management philosophy: accountability for the Authority’s performance cannot rest within individual divisions alone. Executive leadership must have the visibility, responsibility, and authority necessary to identify emerging concerns, address operational challenges, and ensure that appropriate controls are consistently applied throughout the organization.

Ultimately, as Executive Director, I recognize that responsibility for ensuring VIHFA implements, monitors, and sustains these reforms rests with my office. Our commitment is not simply to establish stronger policies and organizational structures, but to ensure they translate into measurable improvements in the Authority's

operations and stewardship of public resources.

Procurement and Contract Administration
The Authority has continued to enhance its procurement controls and processes. This includes hiring a new Director of Procurement who reports directly to the Executive Director, providing an additional level of executive oversight.

VIHFA also centralized contract drafting within the Procurement Division and strengthened policies governing evaluation committee composition, conflict-of-interest safeguards, and procurement oversight.

Risk Management and Internal Controls
In February 2025, VIHFA created a role for a dedicated Risk Management Officer. In April 2026, VIHFA expanded that function into a Risk Management Division. The Authority has also completed an enterprise-wide risk assessment and continues to strengthen internal controls across the organization.

Fraud Prevention
VIHFA has undertaken efforts to strengthen its fraud prevention, detection, reporting, and accountability measures through the development of a comprehensive Fraud, Waste and Abuse Policy.

The proposed policy is intended to establish clearer reporting procedures, responsibilities, and mechanisms for identifying, investigating, and addressing potential instances of fraud, waste, and abuse involving the Authority's programs and resources.

The policy is currently undergoing the final stages of the Authority's internal review and approval process. VIHFA plans to present it to the Board of Directors for consideration and adoption at its December 2026 meeting.

These efforts are intended to reinforce a culture of integrity, transparency, and accountability while strengthening the Authority's overall internal control environment. Most recently, the Authority conducted Fraud, Waste and Abuse training sessions in both districts for employees, grantees, and subgrantees.

Subrecipient Oversight

The Authority strengthened formal annual monitoring plans and schedules, risk-based prioritization, standardized monitoring notices and reports, response matrices, corrective-action templates, escalation protocols, and procedures for documenting closure of identified issues. The Authority intends these measures to make oversight more consistent and to ensure that identified problems are tracked through resolution.

Through these reforms, VIHFA continues to improve the Authority's institutional safeguards and demonstrate our capacity to administer federal resources responsibly. Some reforms have already been implemented, and others remain underway. Our focus is on ensuring that these improvements are sustainable, measurable, and embedded in the Authority's day-to-day operations.

Path Forward

Chairman and members of the Committee, VIHFA recognizes both the Legislature's oversight responsibility and the seriousness of the circumstances confronting the Authority.

We also recognize that the consequences extend well beyond the walls of VIHFA. They affect homeowners, renters, nonprofit organizations, contractors, employees, communities, and ultimately the pace of the Territory's recovery.

Our responsibility is therefore twofold: we must continue strengthening the institution and addressing compliance requirements while doing everything legally permissible to protect the programs, projects, and people who depend upon the resources entrusted to the Authority.

We will continue working toward resolution of the pending federal administrative matter and remain committed to constructive communication with the Legislature throughout that process. As noted at the beginning of this testimony, given the ongoing nature of our discussions with HUD, there are certain aspects of the suspension that counsel has advised us not to address publicly at this time.

Within those boundaries, we remain committed to transparency with this Committee and will provide information regarding our programs, projects, operations, corrective

actions, and the effects upon the people and communities we serve to the fullest extent legally permissible.

We appreciate the Committee's continued interest in protecting the Territory's housing and recovery programs, and we look forward to answering your questions within those parameters.

Thank you.