



TESTIMONY
Committee on Housing, Transportation &
Telecommunications
BLOCK I

Presented by:

Eugene E. Jones Jr.
Executive Director

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FEDERAL PROGRAMS UPDATE

Good afternoon, Senator Marvin A. Blyden, Chairman of the Committee on Housing, Transportation & Telecommunications, members of the Committee and the listening and viewing audience. I am Eugene E. Jones Jr, Executive Director at the Virgin Islands Housing Finance Authority (VIHFA).

Today I appear before you accompanied by Valdez Shelford, Chief Financial Officer, and Janine Hector, Director of Federal Programs.

Status of Programs to Combat Housing Instability and Homelessness

The Virgin Islands Housing Finance Authority (VIHFA) oversees the management, operations, and maintenance of emergency housing communities across the Territory. These units are designed to provide temporary housing assistance to individuals and families displaced due to natural disasters, financial hardship, or other urgent circumstances. The Authority continues to advance rehabilitation and new construction efforts to ensure safe, resilient, and habitable housing options remain available across both districts.

St. Thomas Emergency Housing Portfolio

- Staabiland Apartments (Estate Savan) Rehabilitation Project: Three rehabilitated units (one studio, one one-bedroom, and one two-bedroom), completed with FEMA funding.
- Charlotte Apartments (Estate Hospital Ground) Rehabilitation Project: Thirty units (six efficiencies and twenty-four two-bedroom units) currently undergoing comprehensive site assessments, funded by FEMA.
- Taarneberg Emergency Housing (Estate Taarneberg) New Construction: Eleven proposed newly constructed units (three one-bedroom, five two-bedroom, and three three-bedroom units), funded through CDBG-DR and local funds.

St. Croix Emergency Housing Portfolio

- Anna's Hope Emergency Housing Rehabilitation Project (Estate Anna's Hope): Sixteen units (eight two-bedroom and eight three-bedroom units) under contracting for rehabilitation funded by FEMA.
- Campo Rico Emergency Housing Rehabilitation Project (Estate Campo Rico): Sixteen one-bedroom units, with eight units nearing completion, funded by FEMA funds.
- Profit Hills Emergency Housing Rehabilitation Project: Twelve units (eight efficiencies and four one-bedroom units); four units currently under rehabilitation, funded by FEMA funds.

The Authority continues to advance the transition of residents from emergency housing to permanent housing solutions through coordination with partner agencies, strategic use of available funding programs, and pursuit of additional housing opportunities leveraging CDBG-DR and CDBG-MIT resources. These efforts are aimed at reducing long-term reliance on emergency housing while strengthening housing stability, resilience, and long-term recovery across the Territory.

Federal Programs to Prevent Homelessness

Emergency Rental Assistance Program (ERAP)

The Authority administered the Emergency Rental Assistance Program (ERAP) which provided financial assistance to qualifying residents who experienced financial hardship during, and due directly/indirectly to the COVID-19 pandemic. Eligible residents qualified for up to 18 months of housing related financial assistance. Through ERA 1 and ERA 2, the Authority expended a total of \$20.4 million to address rental arrears, utility

assistance, and housing stability services. These efforts were critical in preventing evictions, reducing housing instability, and supporting low- and moderate-income households impacted by the COVID-19 pandemic. ERAP played a key role in stabilizing tenancies and preventing displacement across the Territory, thus preventing homelessness for more than 1500 households. The Authority partnered with Legal Services of the Virgin Islands, committing \$1.4M to provide free legal services to all residents who were at-risk of homelessness through the ERA housing stability services program. ERA program project ended September 30, 2025, and closed out on January 28, 2026.

Homeowner Assistance Fund (HAFP)

The Territory has received \$8.5 million 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 other housing expenses. 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. The Authority has processed over 200 applications and has expended \$4.3 million to date, which includes over \$3.5M in financial aid.

The application process is accessible at www.vihfa.gov. This financial aid is accessible until September 30, 2026.

HOME-ARP

The HOME-American Rescue Plan (HOME-ARP) program was established under the American Rescue Plan Act of 2021 (ARPA). The Territory was awarded a one-time allocation of \$3.3 million. HOME-ARP funds can be used to provide assistance to specific qualifying populations as follows:

1. Homeless
2. At Risk of Homelessness
3. Fleeing/Attempting to Flee Domestic Violence, Dating Violence, Sexual Assault, Stalking, or Human Trafficking
4. Other Populations, which include Families Requiring Supportive Services or Housing Assistance to Prevent Homelessness OR At Greatest Risk of Housing Instability

Veterans and families that include a veteran family member that meet the criteria for one of the qualifying populations described above are eligible to receive HOME-ARP. Only individuals/families meeting the definition of one of the qualifying populations specified above may be assisted with HOME-ARP funds.

Funds can support the development of rental housing, supportive services, non-congregate shelter, tenant based rental assistance (TBRA), and non-profit operating and capacity building. In accordance with the approved Allocation Plan, VIHFA is targeting the Territory's HOME-ARP resources primarily for the provisions of supportive services and tenant-based rental assistance (TBRA). These represent the greatest needs identified through consultations with specific community partners prescribed by HUD. These identified needs were also consistent with the findings of a needs analysis conducted in conjunction with the planning for the

Coordinated Entry System.

Each of the four Qualifying Populations would be served by the proposed activities under the Plan:

- Tenant-based rental assistance (TBRA) - Amt. Budgeted: \$1,098,290.20
- Supportive Services - Amt. Budgeted: \$1,895,000.00
- Administration & planning - Amt. Budgeted: \$332,587.80

Implementation Progress and Next Steps

To date, the Authority solicited and evaluated proposals from qualified nonprofit and government organizations with demonstrated experience in tenant-based rental assistance and supportive services. Subrecipients have been selected; however, funding awards have been announced publicly pending issuance and execution of subrecipient agreements which is anticipated to be completed by March 2026. Next steps after execution of subrecipient agreements and commitment of HOME-ARP funds include launch of TBRA and supportive services activities, and ongoing technical assistance and monitoring to ensure compliance and effective program implementation.

Challenges to the implementation to date have been the significant staff capacity and administrative resources required to successfully close out ERAP. Additional delays were caused by the extended federal government shutdown in the fall of 2025, which limited access to HUD technical assistance and implementation guidance.

There have been no expenditures under HOME-ARP to date as subrecipient agreements are pending. There are no known threats to the funding at this time. The current deadline for expenditure of the HOME-ARP funding is September 2030.

HOME Program

HOME is an annual formula allocation grant. Each year, funds are awarded to the jurisdictions based on a formula devised by Congress. For FY 2025, the allocation for the Territory is estimated at \$796,475.00. Note: The HOME Program allocation from HUD is also bolstered by approximately \$250,000.00 in program income annually. Program income is derived when clients repay the loan portion of the assistance received from the HOME funds. The main purpose of the HOME Program is to expand the supply of decent, affordable housing for very- low- and low-income families, as defined by HUD. Jurisdictions have great flexibility in designing their local HOME programs – within the guidelines established by the HOME Final Rule – to fund housing programs that meet local needs and priorities. Participating Jurisdiction's may use HOME funds to help renters, new homebuyers or existing homeowners.

Based on local needs, VIHFA utilizes HOME funds exclusively to provide financial assistance to first-time homebuyers; the funds are structured as below-market rate loans, grants, or combinations which fill the gap between the purchase price and the client's mortgagability.

The specific rationale for utilizing HOME funds exclusively for homebuyer assistance is that the cost of a modest, new home exceeds the affordability of working-class households. Based on the current market, households routinely require subsidies averaging \$100,000 to help them qualify for a home. Since its inception in 1995, the HOME Program has assisted more than 535 families to attain home ownership.

Community Development Block Grant (CDBG)

Community Development Block Grant (CDBG) is a HUD formula-allocation grant, which

has as its primary objective the development of viable urban communities by providing decent housing, suitable living environment, and expanded economic opportunities. Each funded project must meet at least one of the three (3) National Objectives as follows:

1. prevention or elimination of slums and blight
2. address an urgent need
3. or primary benefit to persons of low and moderate income.

Activities benefitting homeless persons qualify under the general category of primary benefit to a population general presumed to be low-income.

The Territory's annual CDBG allocation for each of the past four (4) fiscal years has been \$1,804,687.00. The Territory is allowed to use up to 20% of the annual allocation for program administration costs which includes staff salaries.

CDBG monies are typically sub-granted to non-profit organizations or other government agencies; however, grantee agencies may also carry out projects directly.

Historically, CDBG funds have always supported homeless services. The St Thomas Catholic Charities of the VI (CCVI) Soup Kitchen building was acquired & rehabilitated with CDBG funds; on St. Croix, CDBG funds were used for the development of the St. Theresa House of Hope facility at Estate Friedenstahl in Christiansted which has 11 units of transitional housing and serves as CCVI's main location for the delivery of services on St. Croix – to include CCVI's STX Soup Kitchen.

In recent years, CDBG funds have been awarded to various facility construction projects benefiting the homeless as follows:

- St. Thomas: Catholic Charities of the VI – (New) Bethlehem House Shelter (\$2,819,555.44) awarded over various grant years). The project entails rehabilitation of an existing building in the Hospital Ground area along with new construction to create a new, state-of-the-art homeless shelter with dorm-style accommodations, family units, ADA -accessible unit, and a shelter manager's unit. Funds are being used for architectural design services, construction services, and construction management). Progress to date: architectural design completed, plans have been permitted, lead-based paint abatement completed, partial construction of the cistern, and partial fencing of the site.
- St. Croix: Catholic Charities of the VI – Bethlehem House Light of Christ Shelter (\$1,595,874.80 awarded over various grant years). The project entails substantial rehabilitation of the Light of Christ Retreat center, an existing complex in Frederiksted, St. Croix to create a new, state-of-the-art homeless shelter with dorm-style accommodations, family units, ADA-accessible unit, a medical suite with isolation rooms, a shelter manager's unit. Funds are being used for architectural design services, construction services, and construction management. Progress to date: architectural design completed, plans have been permitted.
- St. John: Our Lady of Mount Carmel Shelter (\$891,874.80 awarded over various years) The project entails new construction of a multistory, state-of-the-art shelter facility which will be built on property in Cruz Bay leased from the Government of the VI. Proposed amenities include: 9 dormitory-style units including 1 ADA-accessible unit; dining room, administrative office, and other program delivery spaces. Additional amenities to be provided include a soup kitchen, thrift store, on-site laundry facilities, and community showers available for use by transient, non-shelter residents. The

project is basically shovel-ready as the sponsor has completed architectural design services and secured building permits. CDBG funds will be used for construction services and construction management.

- St. Croix: Villa Morales (\$912,730.00 awarded over various years). The project entails redevelopment of the campus to create a homeless shelter & service facility. Planned amenities include rehabilitation of the guest house yielding a multi-bed overnight shelter comprised of 8 dormitory-style units; two (2) additional ADA-accessible units; a 3 bedroom/3-bathroom group residence; a commercial kitchen, dining room, administrative office, and other program delivery spaces. Additional amenities to be provided through CDBG-CV funding include an isolation unit and on-site laundry facilities. CDBG funds were used for the acquisition of the property; additional funds will be used for construction/rehabilitation (including site development), and construction management services.

Status to date: The collaboration with the anticipated subrecipient did not materialize after negotiations were unsuccessful. VIHFA is now moving forward with plans for the site and anticipates issuance of various solicitations within the coming weeks for site clean-up, fencing, and A/E services for the development of rehab plans & specs.

CDBG is also providing funding for homeless services – specifically, Catholic Charities soup kitchens on St. Thomas, St. John, and St. Croix. CCVI's soup kitchens provide a key lifeline to the homeless – serving hot meals daily. Each location was awarded a grant of \$25,000 under the FY2024 grant to help defray expenses associated with the operation of the soup kitchens. Rising demand as well as rising food costs have strained their resources. The soup kitchens have also been awarded under the FY 2025 grant which was approved by HUD within the past week.

Challenges

- limited subrecipient capacity
- limited program staff resources (1 Program Manager + 2 staff)
- delays in completion of the environmental reviews due to reduction in workforce at HUD which has limited access to HUD technical assistance.

Another significant challenge that the CDBG program faces is the impact of local legislation that requires us to award the CDBG grant funds equally by district each year. While the intent of the legislation is noble, it severely limits funding decisions by CDBG staff and often requires large projects (such as construction of facilities such as shelters) to be funded over several allocation years. This is significant for numerous reasons including, but not limited to, two which have impacted several of the projects described above – i.e., (1) delay in the start of construction for years until the required amount of funding has been allocated to the project to cover the estimated cost of the project and (2) expiration of the environmental review thus requiring completion of a new review before the project can proceed.

Community Development Block Grant – Cares Act (CDBG-CV)

CDBG-CV was a one-time supplemental allocation of CDBG grant funds created under the CARES Act to fund activities that prevent, prepare for, and respond to COVID-19. Eligible activities include those eligible under regular CDBG and respond to direct effects of COVID, such as creating an isolation shelter or renovations to de-congregate existing shelters, and indirect effects, such as economic impacts. The Territory's CDBG-CV allocation was \$2,824,145.00. The deadline to expend the funds is 9/30/2026.

Among the projects that were funded under CDBG-CV, two projects that will benefit the homeless are included: FRC Safe House Renovation Project on St. Thomas and the construction of community showers available for use by transient, non-shelter residents & an Isolation Unit at the Villa Morales Project on St. Croix. Both projects were awarded \$750,000.00. Croix.

EMERGENCY SOLUTIONS GRANT (ESG)

The Emergency Solutions Grant is a federal formula-allocation block grant that provides grants to state and local governments for:

- (1) the rehabilitation or conversion of buildings for use as emergency shelters for the homeless, for the payment of certain related shelter operating expenses such as maintenance, rent, utilities, insurance and furnishings, and for expenses related to the provision of essential services for persons housed in shelters.
- (2) provision of street outreach services for unsheltered, chronically homeless persons.
- (3) homelessness prevention and rapid re-housing services for qualified persons who are literally homeless or at imminent risk of homelessness.
- (4) for qualified expenses associated with the administration of the Homeless Management Information System (HMIS). ESG funds are typically sub-granted to non-governmental entities (i.e., non-profit or faith-based organizations) which operate homeless programs within the Territory.

The Territory's annual ESG allocation for each of the past three (3) fiscal years has been \$149,531. The Territory is allowed to use up to 7.5% of the annual allocation for program administration costs.

The maximum amount of ESG funds that may be dedicated for street outreach and emergency shelter activities cannot exceed 60% of the fiscal year grant. The remaining funds must be used for homeless prevention, rapid re-housing, and support of the HMIS.

FY2023 awards: (Subgrantees to be determined)

- Shelter & Street Outreach: \$78,481
- Homelessness prevention/rapid re-housing: \$59,850
- Program Administration: \$11,200

FY2022 awards: (Subgrantees to be determined)

- Shelter & Street Outreach: \$90,000
- Homelessness prevention/rapid re-housing: \$62,465
- Program Administration: \$12,360

Implementation Progress and Next Steps:

Subrecipients are now being vetted for ESG grant funding. We recently completed a review of the applications submitted in response to the most recent application cycle. We are presently awaiting submission of response/documents necessary to make final award decisions and develop sub-agreements.

New ESG application cycle anticipated in the next sixty (60) days. As customary, the Notice advertising the application cycle will be published in the local print and electronic media of general circulation as well as on VIHFA's website.

Challenges:

- During the period that the Emergency Rental Assistance Program (ERAP) was operational, it provided homeless prevention assistance which is generally provided by ESG. ERAP's higher income limits served to broaden the range of households that were able to qualify for prevention assistance.
- Period of prolonged vacancy in the ESG staff position
- Limited subrecipient capacity – in some cases exacerbated by staffing reductions attributed to federal funding cuts. Staffing capacity is important because of the administrative burden imposed by homeless prevention which has a requirement for recertification of client eligibility every 3 months; likewise, rapid re-housing can be labor-intensive because it entails housing search & placement (difficult due to tight market conditions locally)
- Limited availability of rental units – Comparable to the experience of VIHFA HCV {Section 8) voucher holders who have difficulty finding units
- Homeless prevention income limits – The income limits exclude many renters seeking assistance – to qualify applicants must be in the extremely low-income category (i.e., income at 30% or below of area median per HUD's definition)

Conclusion

Senators, this concludes my prepared testimony. As I close, I want to sincerely thank the staff of VIHFA for their continued dedication and the work that they do everyday. I also wish to reiterate our commitment to the Virgin Islands community that the team at VIHFA is working on your behalf to ensure that individuals and families have access to safe and affordable places to call home. My team and I remain available to answer any questions. Thank you for your time and attention.