



**Written Testimony
Committee On Housing, Transportation
and Telecommunications**

Presented by:

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Greetings, Senator Marvin Blyden, Chair of the Committee on Housing, Transportation, and Telecommunications, members of the Committee, fellow Senators, and the viewing and listening audience. I am Eugene Jones Jr., the Executive Director of the Virgin Islands Housing Finance Authority (VIHFA), and I appreciate the opportunity to appear before you today.

As requested, I will speak to several critical factors impacting homeownership and housing development in the Virgin Islands, including:

- Construction costs
- Local and federal government policies and programs
- The cost and availability of financing, insurance, labor and contractors

These issues are all central to our ability to support the residential housing market in the territory and address our ongoing housing crisis.

Construction Costs

To put construction costs into perspective, I'll share the estimated total project cost for several recent developments:

- The Donoe Redevelopment is \$127,452,592 for 80 units.
- The Tutu Development is \$134,421,909.87 for 60 units.
- The Estate Fortuna Phase 1 is \$15,286,236.00 for 12 units.

These numbers underscore the high cost of development in the territory. On average, construction costs today range between \$275-\$400 per square foot, a steady increase from past years. Our unique geographical location and logistical challenges, such as shipping, limited suppliers, and workforce shortages exacerbate these costs and delay project timelines. A comparative analysis from Penrose Group found that building costs in the USVI are approximately 55% higher than in major mainland cities like Chicago and Washington DC.

Local and Federal Government Policies/Programs

VIHFA manages several federal programs that support affordable housing, including the Community Development Block Grant Disaster Recovery (CDBG-DR) and Mitigation (CDBG-MIT) programs. These funds are allocated with a strong equity lens, with at least 70% of CDBG-DR and 50% of CDGB-MIT required to benefit low-and moderate-income households.

Eligible activities include:

- Housing repair and reconstruction
- Infrastructure upgrades
- Economic, revitalization and small business support

- Community planning and resilience building

Each activity must meet one of HUD's national objectives – most often, the benefit to LMI persons – and comply with strict federal cost reasonableness standards. HUD also requires grantees to justify Total Development Costs (TDC) using local benchmarks and comparative analysis. These standards are especially challenging to meet in high-cost areas, such as the Virgin Islands, where mainland benchmarks do not accurately reflect our actual market conditions.

In addition, VIHFA administers HUD's HOME program, an annual formula grant that expands affordable housing opportunities for very low- and low-income families. VIHFA primarily uses HOME to provide loans or grants to first time homebuyers, bridging the gap between purchase price and household affordability. Since 1995 more than 530 Virgin Islands families have achieved homeownership through HOME assistance. Program requirements include income limits, maximum value caps, and long-term affordability provisions. However, the program's effectiveness is limited by the severe shortage of affordable housing inventory across a territory.

Cost and Availability of Financing

Financing options for Virgin Islanders are available through both local and federal sources:

- VIHFA offers fixed-rate home acquisition loans for up to \$250,000 over 30 years
- Land loans (up to \$50,000) are available on a 10-year term
- Home improvement loans (up to \$40,000) are available with a low-interest 10-year term
- Other options include FHA, VA, and USDA loans that are available through local lenders.

First-time homebuyers can benefit from VIHFA's programs such as the HOME Program, Homestead Program, and Veterans Loan Program with support levels and acquisition limits adjusted annually by island. Programs funded by local funds are subject to the current acquisition limits for all moderate-income clients: STX \$524,225; STT \$672,750 and STJ \$1,114,350.

While VIHFA offers mortgage rates ranging from 4.25% to 4.81% not all applicants may qualify due to income limits, credit score requirements, or program specific eligibility. As such, we also encourage prospective buyers to contact local lenders to explore additional financing options.

Cost and Availability of Insurance

The rising cost and limited availability of homeowners insurance continue to be a major concern – nationally and here in the U.S. Virgin Islands. In the territory, insurance coverage requirements are determined by the replacement cost of the home, the age and construction type of the property (whether masonry, prefabricated, or wood), and the claims history, where applicable.

Local insurance agents that represent carriers doing business in the Virgin Islands are best positioned to provide current rate information. However, based on industry feedback, we know that rising premiums are making it difficult for homeowners and developers to secure coverage.

For example, multifamily insurance coverage on a national scale can range between \$1,000 and \$3,000 per \$1 million of coverage. This cost can quickly become prohibitive, particularly for larger developments. We would defer to the Banking and Insurance Division housed within the Office of the Lieutenant Governor, which regulates insurance providers in the territory for more specific rates and availability data.

Availability of Labor and Contractors

Labor and contractor availability are not directly under VIHFA's purview, but we can attest to how significantly workforce shortages have delayed and increased the cost of housing projects. Skilled labor is limited, and importing workers or subcontractors raises project costs. We would defer to the Virgin Islands Department of Labor for a comprehensive overview of workforce availability; however, we note that investments in workforce development and vocational training will be essential to overcoming this challenge in the long term. Additionally, the Department of Licensing and Consumer Affairs (DLCA) can provide critical data on the number of licensed contractors in the territory, including whether that number has increased or decreased, as well as possible contributing factors.

Additional Information:

While the topics I have covered were specifically requested by this committee, I would like to offer several additional pieces of information that may help to paint a more complete picture of the housing landscape in the U.S. Virgin Islands.

Given the ongoing housing crisis, VIHFA remains committed to pursuing both traditional and innovative approaches to affordable housing. With housing affordability continuing to challenge the U.S. Virgin Islands there is a critical need for sustainable, resilient housing solutions. Below we've listed our future developments across the territory.

VIHFA Future Developments

St. Croix		
Property Name	Development Type	Units/Lots
Estate Bonne Esperance	Affordable Subdivision - Lots & Homes	60
Estate Cotton Valley	Affordable Subdivision - Lots	20
Estate Jealousy	Affordable Subdivision - Homes	20
Estate Mount Pleasant	Affordable Subdivision - Homes	15
Estate Solitude Phase II	Affordable Subdivision - Homes	20

St. Thomas		
Property Name	Development Type	Units/Lots
Estate Fortuna	Affordable Housing Subdivision – Homes	20
Queen Louise Revitalization	Affordable Housing Condominiums/Townhomes	16
Estate Donoe	Affordable Housing Subdivision – Homes	60

St. John		
Property Name	Development Type	Units/Lots
Estate Bethany	Affordable Housing Subdivision – Homes	6

Alternative Housing Models & VIHFA's Land Inventory

VIHFA is addressing the complex, deeply rooted challenges of the local housing market, including high construction and insurance costs, workforce shortages, and regulatory constraints—by exploring affordable, disaster-resilient housing options and leveraging its extensive land inventory. These options include tiny homes (100-400 sq ft, \$30,000-\$70,000), container homes (repurposed shipping containers, \$150-\$350/sq ft, 1-bedroom \$25,000-\$82,000), and modular homes (factory-built, \$80-\$310/sq ft). While each presents unique advantages in speed, resilience, and cost, VIHFA recognizes the need for further due diligence regarding compliance, logistics, and hurricane readiness for the unique island environment.

The Authority's current land inventory, comprising 589 parcels territory-wide (362 on St. Croix, 210 on St. Thomas, and approximately 17 on St. John), provides a critical resource as we remain committed to pursuing solutions that are both equitable and sustainable for the territory. We are grateful for the support of this committee and look forward to your continued partnership as we work to expand access to save, affordable housing for all Virgin Islanders. Thank you and I am happy to take any questions you may have.