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With Only 6 Loans Closed Since Launch, EDA CEO Comes Under Pressure For VI Slice Program

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EDA CEO Wayne Biggs. By. V.I. LEGISLATURE

Since May 2023, the VI Slice program has approved eight transactions, Economic Development Authority CEO Wayne Biggs Jr. told lawmakers during a Tuesday Senate hearing, data that left lawmakers unimpressed and questioning the program's viability.

The Senate Committee on Housing, Transportation and Telecommunications hearing was attended by representatives from the EDA and the VI Housing Finance Authority, and was held to provide an update on the struggling program.

The eight transactions total almost \$615,000 in gap financing, Mr. Biggs saide, with six loans closed fully and the remaining two on track to close before the end of this month. Two-thirds of

the business originated with Capital Mortgage Texas, with the remaining two being originated by the U.S. Department of Agriculture Urban Renewal and First Bank respectively.

This modest achievement was not enough to allay the skepticism of legislators, who expressed doubts about the program. “I’m not trying to be disrespectful, but the VI Slice program ain’t working,” remarked Senator Dwayne DeGraff during questioning.

The EDA CEO thinks otherwise. “I disagree, respectfully,” Mr. Biggs responded. “Tell that to the eight families who got an average \$76,000 that are now in a home. The program is designed to assist and it is assisting people who qualify,” he argued.

One major challenge that was revealed during the hearing, however, was getting sufficient numbers of people to the point of qualification. Testimony from one bank revealed that of the 64 households that contacted the lending institution to inquire about the program, 7 in 10 of them did not even complete the uniform residential loan application. “This makes no sense to me,” said committee chair Senator Marvin Blyden. Ultimately, only two of the 64 inquiries advanced to the underwriting process. These circumstances, said Mr. Blyden, mean “we have a bigger problem in the territory besides the agencies that are providing the opportunities.”

He urged the agencies before him to “do more, be more creative, have more outreach.” Freida Webster, VIHFA director of homeownership, said that the agency ran two-hour online sessions every week, “providing classes and guidance on topics such as credit, what’s required from a lender, what’s required to obtain a construction loan to build a house.” These sessions sometimes even include presentations from realtors, Ms. Webster disclosed. “What we’re doing is telling that small group of people that attend our class what they need to do to acquire the dream of homeownership.”

For its part, the EDA intends to ramp up “aggressive marketing initiatives,” according to Mr. Biggs. These efforts will include town hall meetings, radio and newspaper advertisements, social media campaigns, webinars and community outreach to involve participation from the local schools, he outlined.

Another major challenge identified was with expanding the pool of lenders from the current five institutions. “The EDA continues to recruit additional lenders to participate in the VI Slice program,” Mr. Biggs said. “We’ll be sending introductory letters to approximately forty lenders licensed in the territory.” The list, he says, was compiled from the directory of licensed entities from the Division of Banking and Insurance in the Office of the Lieutenant Governor. Senator Milton Potter questioned whether that was sufficient. “Do we need to do more than that?” he asked, suggesting that a more engaged approach might be preferred. “Do you need a sit down with the participating lending institutions to talk about VI Slice, and how we can maximize the program’s intent?” Based on comments made to his office, Mr. Potter wondered whether a real commitment to the program on the part of the banks exists. Mr. Biggs responded that there should be. “The product really works flawlessly,” he argued.

Senator Diane Capeheart disagreed, saying that the process was mired in excess bureaucracy. Mr. Biggs pushed back, arguing that any burdensome red tape lay in the process of acquiring the mortgage from the bank.

Senators Blyden and Samuel Carrion both questioned why Banco Popular, named as a participating lender [at the program’s launch](#), was not yet on board. According to Mr. Biggs, the delay is over the final approval of the memorandum of understanding between that institution and the EDA. Banco Popular’s attorneys edited the MOU that was initially sent, and the amended

agreement is now under review by lawyers for both parties. The EDA CEO said that they hope to have matters resolved by the end of the week.

Asked about the program's metric for success, Mr. Biggs said that "we think there's some success" if they are able to provide the requested level of funding when a potentially qualifying applicant is referred by the bank. However, his true measure for satisfaction would be when 95 percent of the applications submitted by primary lenders are approved "for some sort of VI Slice program." That metric, Mr. Biggs admitted, was "a very high bar." However, he cautioned lawmakers that not everyone who applied would qualify. "It's just like a Senate race: you have 60 people running and only x amount of people fit in based on the qualifications. Not everybody is going to be in a position to own a home," he warned.

Senator Novelle Francis argued that the organizations responsible for VI Slice are not working together effectively. He asked Dr. Stephanie Berry, VIHFA chief operating officer, what can be done to "move the needle on this...we're not seeing the benefit of it."

In a now-familiar refrain, Dr. Berry highlighted the three primary challenges they face: "Workforce. Contractors. Education." She explained that no matter how many times the agency might announce plans to "solicit for two major projects that will result in 20 homes in the territory," if contractors are "already maxed out for other obligations with their thin workforce, there is nothing that I can do to build these twenty homes."