The Virgin Islands Consortium

Staff Reductions and Increased Rental Collections Planned at VIHA

Graham warns of potential HUD subsidy cuts due to sluggish rental collections, highlighting the urgency for change

Government / **Published On December 27, 2023 07:03 AM /**

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The Louis E. Brown Housing Community on St. Croix, a VIHA property. By. ERNICE GILBERT, V.I. CONSORTIUM

The V.I. Housing Authority is seeking to make some major changes to the way it does business, including increased rental collections and significant staffing reductions, in order to increase efficiency and reduce reliance on the organization's capital fund.

Last Wednesday’s meeting of the VIHA board found Executive Director Robert Graham facing pushback from board members on the deep staffing cuts proposed, as board chair Noreen Michael argued that such a big change in VIHA’s organizational chart required more scrutiny and approval from the board.

Even so, Mr. Graham lobbied for some belt tightening. "We are making the hard choice and recommendation to the board to be fiscally more responsible going forward," he said. This, said the VIHA executive director, would require reducing current staffing numbers from 214 to 200, as well as slashing vacant budgeted positions from “approximately 34-35 to 22.”

As Mr. Graham explained, current low income housing projects each have approximately 250 to 300 units that’s supported by 10 to 12 staff. "As we are projecting to increase the number of units that are affordable housing, supported by the project based vouchers, or the Section 8 platform, we will lose 250 units in low income public housing and increase the number of units that is supported by vouchers – approximately 250-300 units per year,” he said.

The shift in profile, Mr. Graham continued, would mean “10-15 reduction in staff each year…we’re able to reduce the number of individuals in the older developments…maintenance and management would be managed by a third-party property management company.” The third-party firm would be contracted to maintain the properties according to HUD regulations, Mr. Graham noted.

“It’s a hard decision, but we have to do it. We have to operate within the funding amounts that are available,” Mr. Graham argued, citing overstaffing in the executive office and leasing departments as examples. “Wherever we have individuals that we cannot justify the positions based on productivity, then we are looking to eliminate those positions in this proposed budget.”

The proposed change to staffing levels, said Mr. Graham, should be approved by the board via approval of the budget, which he said was the policy document through which operational changes would be effected.

However, Ms. Michael pushed back against that characterization. “Organizational structure as reflected in an organizational chart is not an operational matter, it is a policy matter,” she argued. “I hear what you’re saying about the need to make reductions,” the chair of the VIHA board told Mr. Graham, “but I still don’t have a good sense of what the reduction of 20 positions in ..asset management will do the work that needs to be done.”

Ms. Michael also stood firm against Mr. Graham’s request to approve the presented budget and organizational chart in the interest of time. “This budget was due at HUD on October 1, we are going into the fiscal year and you do not want to go into the fiscal year with a budget not submitted to HUD,” Mr. Graham had argued.

However, despite the external time pressures, Ms. Michael was unmoved. “This is the first time that this budget has been brought to the board,” she noted, remarking that the budget has been presented and approved late for the past two fiscal years. “The organizational chart that is presented includes a change to the organizational structure of the authority, which is under the purview of the board,” Ms. Michael insisted.

Ultimately, the modified organizational chart was stripped from the budget, which was approved using the organizational structure that was previously approved last December.

VIHA’s executive director also vowed to step up collection efforts for outstanding rents. Mr. Graham told board members that the authority was at risk of having their HUD subsidies cut by up to a million dollars should rental collections remain sluggish. “Accounts receivable is $940,000 that’s carried over from year to year. We have to make some measured progress with reducing that amount,” Mr. Graham noted. “The goal is to collect the rent at 90 percent and reduce the tenant accounts receivable about 20-25 percent per year, and reduce that over a three-year period so it’s no longer an outstanding.”

Asked how VIHA would go about collecting overdue rents from tenants reluctant to pay, Mr. Graham said that the authority would employ “an array of strategies,” one of which was to evict delinquent tenants. “Recently, asset management has filed approximately two dozen eviction notices for individuals that have owned money for a number of months,” he disclosed.

However, the key strategy would be greater engagement with tenants by property managers, who “have to effectively talk to…each household about the responsibility of paying the rent on time, and any back rent that is due.” He said that a quality control process would have to be established to enhance the ability of property managers to collect rent. “To send out letters saying that you owe the rent and you should pay is insufficient.”

According to Mr. Graham, as VIHA moves towards engaging third party property management companies to administer some of their public housing projects, “They’re not going to have the same level of leeway that we have allowed the residents to have.” VIHA’s responsibility, Mr. Graham says, is to prepare residents “to deal with property management companies that are going to require the rent to be paid.”