

VIHA Braces for Deep HUD Cuts That Could Threaten Core Housing Services in the USVI

Facing a possible 44% HUD cut under Trump's budget plan, VIHA warns of severe impacts to housing aid, elderly services, and community programs; its director says the agency is already limiting new hires and prepping for a challenging fiscal year.

Federal / **Published On July 22, 2025 05:59 AM /**

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The Walter I.M. Hodge Housing Community in Frederiksted, St. Croix.

As federal budget negotiations loom, the Virgin Islands Housing Authority (VIHA) is preparing for what could be its most challenging fiscal year in recent memory. At the heart of the concern: a potential 44% reduction in funding for the U.S. Department of Housing and Urban Development (HUD), proposed by the Trump administration—cuts that VIHA Executive Director Dwayne

Alexander warns would “directly affect” the authority’s ability to serve the territory’s most vulnerable residents.

During Monday’s budget hearing before the Committee on Budget, Appropriations, and Finance, Mr. Alexander said VIHA is closely monitoring HUD’s actions. “The proposed budget cuts to HUD’s programs include rental assistance, homelessness assistance and community development initiatives,” he explained, programs which serve residents in financial distress, the elderly, and people with disabilities. The anticipated reductions, he said, could result in “billions” in lost funding for these critical services.

Compounding matters is a proposal to convert HUD programs into a state-managed block grant model known as the State Rental Assistance Program. Such a shift would make local governments responsible for managing and funding public housing services. “Under this approach, local governments will have a greater responsibility for providing safe, decent and affordable housing to their very low and extremely low income residents,” Alexander stated.

To meet the operational needs of its four major programs, VIHA requires approximately \$50.1 million in HUD funding. These programs include:

- Low Income Public Housing – \$20 million
- Capital Fund Grant Program – \$11 million
- Housing Choice Voucher Program – \$17 million + \$1.9 million
- Central Office Call Center – \$1.1 million

“The Virgin Island Housing Authority will face a challenging budget season for the fiscal year 2026 with unknown potential HUD budget cuts,” Alexander admitted, describing the agency’s FY2026 outlook as “very tight.” In response, VIHA is prioritizing existing and future spending to prepare for potential shortfalls.

Adding to the pressure is VIHA’s current “troubled” designation under HUD’s Public Housing Assessment System. If not resolved, the agency could be placed into receivership, ceding operational control to HUD. “The designation limits whatever opportunities you have,” said Alexander. Still, he expressed optimism: “The housing authority is refining its performance matrix to achieve standard performer status under HUD guidelines,” he said, adding that success would unlock “other opportunities for money back into housing.”

Even in the absence of formal funding reductions, uncertainty is already affecting staffing decisions. VIHA currently has 27 vacant positions, and Alexander explained that only essential roles are being filled. “We don’t want to just put ourselves in a situation where there is a funding shortage and we have to cut back on staff,” he told Senator Hubert Frederick.

Senators raised several additional concerns, including declining revenue and the cost of utilities. Senator Marvin Blyden noted that VIHA’s revenues dropped by about \$100,000 between 2023 and 2024, and urged the agency to explore “creative ways of bringing in more revenues.” Though the number of offline housing units was not provided, Blyden suggested reactivating those units

could help boost income.

On utilities, Senator Ray Fonseca pointed to VIHA's \$7.8 million annual water bill to the Water and Power Authority and asked about efforts to reduce that cost. Alexander said the agency has been fixing leaks and installing energy-efficient toilets and shower heads. Blyden encouraged stronger public education and awareness efforts to reduce water use. Senator Novelle Francis, the committee chair, acknowledged that the current figure, while still high, is a notable improvement from prior years when the bill exceeded \$10 million.

Despite the challenges, VIHA is not without a safety net. Alexander informed lawmakers that the agency has enough reserves to sustain public housing operations for up to 20 months without federal assistance. "If we didn't receive any federal money, we could survive in public housing alone for 20 months," he said in response to Senator Carla Joseph.

Although VIHA is entirely federally funded, Alexander welcomed the idea of matching funds from the local government. "We welcome the opportunity for the local government to match any of our funds," he said. However, given the territory's fiscal constraints, such support remains unlikely for now.