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VIHFA Sounds Alarm Over Nearly \$20M in Unreceived Stamp Tax Revenue, Strains to Sustain Housing Initiatives

The Virgin Islands Housing Finance Authority says it has not received any stamp tax revenue since 2022, leaving a nearly \$20M gap that lawmakers warn could hinder housing development, strain payroll, and exacerbate a growing affordability crisis.

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VIHFA receives some of its revenue from home sales, commercial leases, and mortgages—but missing stamp tax funds since 2022 have created a major budget strain.
By. GETTY IMAGES

The Virgin Islands Housing Finance Authority (VIHFA) is raising serious concerns about a mounting shortfall in stamp tax revenue—funds that, by law, the agency should have received and relied on to support its core housing programs. The agency says it is now owed close to \$20 million in unpaid stamp taxes, despite including this revenue in its annual budget forecasts.

VIHFA's Executive Director Eugene Jones Jr., appearing before the Committee on Budget, Appropriations, and Finance on Monday, said the agency continues to wait on revenue that was supposed to be allocated from the stamp tax fund. "The Authority was projected to receive \$5 million in Stamp Tax revenue for fiscal year 2024 along with another \$6 million in fiscal year 2025," Mr. Jones testified. However, according to VIHFA Chief Financial Officer Valdez Shelford, the agency has not received any stamp tax appropriations since \$5 million in 2022.

Senator Novelle Francis, chairing the committee, was visibly unsettled. Jones indicated that information has been sent to the Office of Management and Budget, and that OMB Director Julio Rhymer is expected to consult with the Department of Finance about the status of the overdue funds. In the meantime, Mr. Jones said VIHFA has been forced to be "really stringent on watching our budget" and is exploring alternate revenue options.

The agency's FY2026 budget request totals \$28,924,234, which includes \$2 million from the General Fund—a line item that has remained unchanged for 15 years and now only covers salaries and fringe benefits for about 20 employees. The rest of the budget relies heavily on stamp tax revenue, home sales, commercial leases, mortgage collections, and federal reimbursements. According to Jones, VIHFA expects to generate approximately \$2.7 million from home sales, earn \$150,000 annually from 18 commercial leases, and bring in \$350,000 from mortgages.

Still, the uncollected stamp taxes are placing pressure on a budget already under strain. Mr. Jones told Senator Hubert Frederick that the agency is working to address what he called a "critical issue." He also explained that 12% of stamp tax revenue—about \$720,000—is used for administrative costs.

Several lawmakers expressed frustration at the situation. Senator Carla Joseph said bluntly, "This is alarming to us as colleagues, because we are under the presumption that you are in receipt of these stamp taxes."

Senator Marvin Blyden, chair of the Committee on Housing, revealed that he had reached out to OMB Director Rhymer, who cited a lack of visible housing development as a reason for withholding the funds. Blyden, however, disagreed with that logic. "It is slated for you guys in order for you to build the homes. So if that's the case, give you guys the money," he said. Highlighting the housing crisis and growing homelessness, Blyden pledged to continue advocating for proper funding.

As lawmakers scrutinized the broader fiscal picture, Senator Kurt Vialet focused on personnel costs and transparency. While 50 of VIHFA's employees are federally funded, the remaining 33 are not, and their salaries are paid using various revenue sources outside the general fund. Vialet requested a detailed breakdown of how those 33 employees are compensated. "The Stamp Tax is not just supposed to be used for administration," he cautioned. "It's supposed to be used for infrastructure and other areas as prescribed by law."

CFO Valdez Shelford responded that non-federally funded staff are paid from mortgage collections and rental income. Fortunately for the authority, four of the six current vacancies are covered by federal funds.

Aside from salaries and fringe benefits, VIHFA's FY2026 budget includes \$103,000 for supplies, \$1.2 million for rent, and \$9.6 million for professional services, which encompasses consultants, construction management, and website maintenance. A systems upgrade is budgeted at \$875,000, while utilities are projected to cost \$500,000, and \$471,000 is allocated for other services and charges.

Despite the federal uncertainties affecting other agencies, VIHFA says it has received no definitive word on possible HUD funding cuts. "New administrations have always threatened to cut the HUD budget, so it's like a wait-and-see," said Jones. "I don't cry before I'm hurt," he added. Still, he anticipates some reductions, but also hopes that the Authority will be able to "facilitate some type of narrative to Congress."

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