The Virgin Islands Consortium

More Details On $50,000 Rental Unit Rehab Project Emerge: It's A 15-Year Forgivable Loan To Landlords

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ST. CROIX – The Bryan administration is set to implement a $25 million rental unit rehab program, the governor confirmed in a [recent interview with The Consortium](), that will provide up to $50,000 per apartment to 500 landlords to repair their rental units. Robert Graham, executive director of the Virgin Islands Housing Authority (V.I.H.A.), said the upcoming program, set to launch no later than August (Mr. Bryan is pushing for a July launch) is the fastest way to make housing available and alleviate the rent crisis created after Hurricanes Irma and Maria in 2017.

In an exclusive interview with the Consortium on Friday, Mr. Graham shared details of the program and explained that it is being implemented under the Virgin Islands Housing

Finance Authority's (V.I.H.F.A.) umbrella.

Mr. Graham said the program is a $25 million line-item in the CDBG-DR action plan. He explained that out of all the programs outlined in the plan, the apartment rehab initiative is the one that has the most potential and offers great benefits for both landlords and tenants. "It is a $50,000 forgivable 15-year loan to the landlord with the caveat that during that 15-year period the unit has to be made available to low to moderate income households with a preference for the section-8 voucher holders," he said.

Mr. Graham added that there was a sense of urgency to act now when an influx of funding is available from the Federal Emergency Management Agency (F.E.M.A.), and the Community Development Block Grant – Disaster Recovery (CDBG-DR). "After this we will not have all of this funding available. We have one chance – now," he said. The landlord rental expansion program, "V.I. Envision Tomorrow," is slated to bring 500 units of private sector apartments on line.

A recent article on The Consortium outlined the housing problem the Virgin Islands now faces. Locals looking for permanent housing are faced with the daunting task of finding affordable options. The cost of rent in the U.S. Virgin Islands has shot up so high — more than $2,000, in some cases, for a 2-bedroom apartment — that many locals displaced following Hurricanes Irma and Maria have stayed with relatives, an arrangement many have said is not the most compatible at times. In some instances, renters have even shared that they were being forced out of apartments they had occupied for years by landlords seeking to cash in on the premium price of rent. The premium price came about following the 2017 storms when rental units became short in supply and demand increased.

According to The Consortium, the landlords participating in the program would have to abide by the V.I.H.F.A.'s controlled rent rates. If successful, the plan would ease the rent crisis, and give Housing an opportunity to expand the voucher program and support tenant relocation.

Landlords can fix and put their apartments online, rent to a family, and receive a monthly Housing Assistance Payment (H.A.P.) from the V.I.H.A. The authority said it pays its landlords on time every month. "There is tremendous economic benefit to the landlord," said Mr. Graham, "The benefit to the voucher holder is tremendous as well. They can choose to live in whatever estate they want to live in. There are seventy-three estates in St. Thomas; V.I.H.A. has voucher holders in more than half of those estates, and according to the 2010 census, there are 211 estates in St. Croix and V.I.H.A. has voucher holders in one out of every three."

The new program, also regarded as landlord rental rehabilitation, will also expand the reach of apartments and residential areas that are available to voucher holders. The voucher holders are working families – employees in retail, in restaurants, in daycares, and in the hospitals, to name a few. Many landlords have apartments that they use for storage or to house visiting family members that could be part of the program.

The influx of contractors and FEMA employees on island resulted in an increase in the demand for housing and a decrease in available apartments for locals. The price of rent skyrocketed to meet the demands and landlords rushed to capitalize on the premium price of rent. However, the contractors and FEMA employees will not always be here, so not only does this program provide an opportunity for landlords to have an economic long-term lift, but there will be an economic boost to the territory from the gross receipt taxes paid by companies doing the contractual work, Mr. Graham explained.

There are many vacant uninhabitable units in the territory, like Walter I.M. Hodge, for example, which has 75 vacant units and between four and five vacant buildings, Mr. Graham shared. V.I.H.A. intends to get those units back online and expects to have the development fully occupied by the end of the year. The landlord program, however, yields faster results. Units can be brought back online as landlords get contractors to complete the work.

Rent vouchers pay the owner the difference between 30 percent of family income and the gross rent for the unit. To learn more, visit the U.S. Department of Housing and Urban Development's website.