The Virgin Islands Consortium

Home Repairs Halted, Homeownership Delayed and Public Projects Stalled as HUD's VIHFA Suspension Ripples Across USVI

Nearly two months after HUD suspended VIHFA, the fallout is reaching far beyond the agency, delaying hurricane home repairs, homeownership efforts and public projects while officials still have not produced a full accounting of who and what is affected.

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ST. CROIX — For one elderly St. Croix resident, nearly nine years of waiting after Hurricane Maria had finally appeared to be nearing an end. Her home was damaged during the devastating 2017 storm, and she had spent years in the V.I. Housing Finance

Authority's EnVIsion Tomorrow program waiting for repairs. When the Consortium visited her this week, she had reached the point where preparations were being made for her to leave the house so construction could begin.

Then the process stopped.

The woman was informed that the work could not move forward because of the federal funding restrictions resulting from the U.S. Department of Housing and Urban Development's suspension of VIHFA. After years of waiting for the territory's flagship hurricane housing-recovery program to reach her home, the federal action against the agency administering that recovery had placed another obstacle between her and repairs.

Her experience is increasingly being repeated in different forms across the Virgin Islands. In a separate case reported to the Consortium, a resident said her daughter's effort to secure a home through a process involving VIHFA was suspended because of the same federal action. The details of individual homeownership cases can vary, but VIHFA administers the federally funded HOME Program, whose primary local activity is financial assistance to first-time homebuyers through low-interest loans, grants, down-payment and closing-cost assistance, and other gap financing.

Those cases illustrate an increasingly important distinction in the controversy surrounding HUD's July 20 suspension. The federal government did not cancel the approximately $1.9 billion in disaster-recovery money awarded to the Virgin Islands. Gov. Albert Bryan Jr. said shortly after the suspension that previously obligated CDBG-DR and CDBG-Mitigation funding had not been terminated and that recovery work already authorized could continue.

But that does not mean every homeowner, homebuyer, contractor or project already associated with a federally funded program can continue unaffected. HUD suspended VIHFA from future participation in federal procurement and nonprocurement transactions, and the agency's 13-page notice states that the action applies to transactions involving VIHFA not only with HUD but “throughout the Executive Branch of the Federal Government.”

Federal rules help explain why the consequences have been uneven. An agency may continue a covered transaction that was already in existence when a participant was excluded, although it is not required to do so. Renewals or extensions generally cannot proceed without an exception. That means two projects drawing from the same federal grant can face very different outcomes depending on how far each had progressed contractually when the suspension took effect.

That distinction is particularly consequential for EnVIsion Tomorrow. VIHFA's May report described the homeowner rehabilitation and reconstruction component as a roughly $195 million effort to rehabilitate or reconstruct an estimated 494 homes damaged by Hurricanes Irma and Maria. At that point, the agency reported 105 homes in active construction and 86 completed, while only 29 percent of program funds had been drawn down. The report does not identify how many additional homeowners had been approved or were nearing construction but had not yet crossed whatever contractual or authorization threshold would allow their projects to continue after the suspension.

That unanswered category may be where some of the most vulnerable Virgin Islanders are now caught: people accepted into recovery programs years ago, whose inspections, scopes of work and other preparations may have advanced substantially, but whose individual construction agreements, authorizations or Notices to Proceed had not been completed before HUD acted.

The potential reach extends far beyond EnVIsion. A Consortium review of VIHFA and HUD program records identifies at least 10 major HUD funding streams administered by or flowing through VIHFA that fall within the universe of programs potentially affected by the agency-level suspension. They include the regular Community Development Block Grant program, HOME, Emergency Solutions Grants, CDBG-CV, ESG-CV, HOME-ARP, CDBG-DR, CDBG-Mitigation, the separate electrical-grid recovery grant and the Housing Trust Fund. VIHFA says its Federal Programs Division oversees virtually all agency programs financed or administered by federal entities.

That does not mean all 10 programs have been completely frozen. Some projects were already sufficiently authorized to continue, while others remain exposed because another agreement, award, procurement, extension, drawdown or federal approval is required. A separate $8.5 million Homeowner Assistance Fund administered by VIHFA is financed by the U.S. Treasury rather than HUD; whether specific payments under that program have been interrupted has not been established.

The territory has already seen that distinction play out in public projects. The Department of Agriculture's proposed St. Thomas abattoir had reached the environmental-review stage in its effort to obtain approximately $2 million in CDBG-Mitigation funding when the HUD suspension halted access to the anticipated VIHFA funding, forcing the department to pursue alternative sources. WAPA, meanwhile, said previously authorized projects could continue, but warned that a battery-backup project awaiting authorization and CDBG-DR money intended as local match for certain FEMA projects could be affected.

Homeownership assistance is similarly intertwined with the federal relationship. At VIHFA's August budget hearing, officials reported that the HOME Program had a fiscal year 2026 allocation of $796,475, of which $234,723 had been spent, while approximately $498,000 in additional drawdowns were pending. The program was already struggling with property values and construction costs that frequently exceed federal limits, adding the HUD suspension to an already difficult environment for residents seeking affordable homes.

The financial exposure also reaches VIHFA itself. The authority told lawmakers that approximately $18 million of its proposed $24.45 million fiscal year 2027 budget depends on federal reimbursements and that 63 of its 111 employees are federally funded. Officials said the authority was operating under a hiring freeze while lawmakers questioned what would happen if reimbursements were suspended, delayed or restricted.

And the suspension is plainly still affecting new federal funding decisions. On September 4, HUD published its fiscal year 2026 Housing Trust Fund allocations and awarded the Virgin Islands $70,897.89. But HUD attached an unusual footnote specifically stating that the allocation was subject to the suspension of the Virgin Islands Housing Finance Authority, while reserving its rights and remedies under federal law.

What remains absent nearly two months after HUD acted is a definitive public accounting of the people, businesses and projects caught on the wrong side of the July 20 cutoff. Sen. Marvin Blyden demanded such information immediately after the suspension, asking VIHFA to identify federal awards and recipients affected as well as projects approved before July 20 for which grant agreements, contracts, obligations or Notices to Proceed had not yet been fully executed.

That accounting still had not been provided publicly at VIHFA's August budget hearing. When Sen. Novelle Francis requested a list separating projects that had been suspended from those still moving forward, Acting Chief Disaster Recovery Officer Alana Lavinier said the authority was awaiting confirmation regarding projects that “may have limitations.”

The unanswered question is therefore no longer simply whether the Virgin Islands still possesses billions of dollars in federal recovery awards on paper. The more immediate question is how many Virgin Islanders had already been promised help, how many homes were approaching construction, how many prospective homeowners were approaching closing, how many vendors had already completed work, and how many public projects were awaiting one final authorization when the federal government suspended the agency through which that money had to flow.

For the St. Croix homeowner who waited almost nine years for repairs after Hurricane Maria, the consequences of the suspension are deeply personal. She was preparing to leave her damaged home so that rebuilding could finally begin. Instead, after years of waiting, she has been forced to wait again.