The Virgin Islands Consortium

VIHA Boosts Payments to Landlords to Compete with Airbnb, Achieves Near 90 Percent Occupancy

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Young man stepping through the patio doors of his Airbnb rental, pulling along a wheeled suitcase. By. GETTY IMAGES

The V.I. Housing Authority is grappling with competition from Airbnb and other short-term accommodation providers, as well as surging operational costs, despite nearing a 90 percent occupancy rate.

During the VIHA Board of Commissioners' monthly meeting on Thursday, Executive Director Robert Graham and other executives discussed various challenges and updates, including the authority's struggle to attract landlords to their new Landlord Incentive

Program. The program, initiated at the beginning of the month, offers a $1,000 bonus to landlords who lease a new unit under the program.

"We're currently marketing that program, [but] we haven't seen the traction that we thought we would receive," VIHA Director of Housing Choice Voucher Program Akela Anthony said. Officials remain hopeful, however, considering the first five units registered under the program as progress. These are units that were previously offered in the short-term accommodation sector, suggesting a potential shift from Airbnb-like services to VIHA's program.

Graham acknowledged the ongoing rivalry with Airbnb, highlighting the need to compete effectively. “In order to be competitive, we are increasing the amount that we can pay,” he said, adding that although the increased payment is not indefinitely sustainable, it is intended to encourage landlords to prefer the security and stability offered by VIHA.

On a more positive note, Graham reported a high occupancy rate among VIHA properties, nearly 90 percent. The Asset Management Department has been diligently working to reduce vacancies, resulting in fewer than 100 vacant units across the inventory of about 3000 units. This accomplishment, according to Director of Asset Management Jimmy Farmer, is due to the concerted efforts of the leasing, property management, and maintenance staff.

Alongside the occupancy rise, VIHA is also actively addressing its tenant accounts receivables, reporting a 1.2 percent decrease in its turnover rate from April to May.

The board meeting also covered auditing processes, plans for operational efficiency, and necessary corrective actions. These included details of a labor standards audit sent to Housing and Urban Development (HUD) and VIHA's annual internal financial audit.

Graham reported that the VIHA performance score was satisfactory, according to parameters set by HUD. "With regards to our section 8 HUD report card, that information has returned in terms of the scoring at 90 out of 140 points or a 64% scoring, which renders the housing authority as a standard performer," he said. However, he noted that some indicators require a corrective action plan, which has already been submitted to HUD for acceptance.

The executive director also touched on the new NSPIRE (National Standards for the Physical Inspection of Real Estate) program by HUD, which is “standardizing the inspection protocol across inventory types.” Housing authorities across the nation will be, over the next 12 months, preparing for the implementation of the new standards, but "it's going to take a couple of years for housing authorities and multifamily and nonprofits to get up to speed," Graham noted.

The then board turned its attention to three resolutions on the docket, first approving the extension of the annual property insurance contract with Executive Insurance for the Virgin Islands Housing Authority.

The second resolution, number 3677, discussed the proposal to increase the amount of bonds the VIHA plans to issue for various multi-family projects. Graham cited the significant rise in construction costs over the past few years, stating, "We've seen 20 to 30 percent increases in construction costs and supply chain issues." Consequently, the

VIHA deemed it necessary to increase the bond amount to cover these costs.

The director of development at VIHA gave assurances to the board that the resolution was crafted with adaptability in mind. She stated, "Our proposal to augment our bond issuance volume is aimed at eliminating the need for constant revisits to this issue," further clarifying that the specifics given in the resolution presently under review by the board are subject to alteration as the situation evolves.

The third resolution sought to ratify the approval of several change orders related to the ongoing $116 million rehabilitation project of 248 units at the Walter I.M Hodge Pavilion. The complex project involves several funding sources with equity from private investors, HUD disaster relief block grants, FEMA funds, and potentially Federal Home Loan Bank funds.

Graham acknowledged that due to the project's nature, changes were frequent and sometimes costly. "There is a $6 million allowance called contingency for construction contingency. Things happen," he said. Graham took responsibility for not having brought changes costing over $250,000 before the board for approval as required by FEMA regulations, despite operating under HUD's mixed finance guidebook and the housing authority's procurement policy.

To address this issue, he assured the board that a new approach would be implemented. "Going forward, if we have change orders that's going to be over $250,000, we are going to have that discussion with the board leadership by the 15th of the month, and be able to put that on the agenda for the board meeting for that month," he said.

In the end, all three resolutions were approved by the board, which culminated the public portion of the meeting before moving into executive session to discuss legal matters.