

VI Slice Program Suffering From 'Inventory' Issues, Lack of Lenders for Construction Loans, EDA Tells Senators

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The Senate Committee on Budget, Appropriations, and Finance on Thursday scrutinized the operations of the V.I. Economic Development Authority during a budget hearing. Legislators rigorously assessed the EDA's programs, workforce, and incentives, expressing concerns over the apparent stagnation of the VI Slice program. Further, they posed challenging questions about potential inefficiencies within government agencies regarding the attraction and retention of top-tier talent.

The lackluster VA Slice program was a disappointment, said Senator Novelle Francis. He, along with Senators Dwayne DeGraff and Ray Fonseca, raised concerns about difficulties within the program. Senators DeGraff and Fonseca told Mr. Biggs that their constituents have expressed

frustration with the process. "People are interested in getting into homes," Mr. Fonseca said, "some of them qualify, they have the credit score, but they need that little extra \$5,000, \$10,000 dollars," he continued.

"I am not pleased," said Senate President Novelle Francis. "I thought that we would have seen this further ahead," he continued, noting that migration to the mainland due to difficulty in securing homes was a continuing trend. "Those are our children, those are people that we depend on," he said.

Mr. Biggs acknowledged the issues, pointing to misunderstood investment minimums and ratio requirements, as well as a limited inventory of available newly-constructed housing. "Many of these banks, although the program allows for a fixer-upper, the only entities that are really doing construction loans right now is Merchants Bank and the U.S. Department of Agriculture Urban Renewal," Mr. Biggs explained. "So you can't even buy a fixer-upper at a reduced cost and then fix it in that realm," he said. Despite these challenges, Biggs expressed optimism, saying that modifications to the program may increase eligibility and allow it to serve more Virgin Islands residents effectively. The program, backed by a \$20 million fund, will continue through 2024 or until funds are expended. With only [one approved](#) VI Slice mortgage on the books thus far, and three others in the pipeline, the vast majority of the money allocated remains unspent.

Biggs proposed a budget of \$6.6 million, with just under half that allocated to fund 47 full-time staffers across the territory. This is the same budget as fiscal year 2023, Mr. Biggs noted.

The challenge of talent recruitment, [like with the Bureau of Internal Revenue before it](#), was a pressing one for the EDA, said Mr. Biggs. "Our team continues to strategize and discuss innovative ways to minimize the impact of these vacancies," he told senators. "We've actually lost employees to the Housing Finance Authority because of their CDBG. And the money that they're using, they're able to pay higher salaries than we are," Biggs stated. Senator Donna Frett-Gregory also noted that the GVI Fellows program, while admirable, would also tend to draw capable individuals away because of the higher compensation package. She urged the formation of a think tank to address how various government departments, agencies and programs do not unhealthily compete with each other for the small but coveted pool of qualified professionals in the territory.

Senator Marvin Blyden, noting the impressive performance of the Economic Development Commission's tax incentive program, inquired about the EDA's plans for a future impact study, given the last one accounted for only between 2013 and 2015. Mr. Biggs confirmed that a study would be conducted in fiscal year 2024, encompassing data from 2016 through 2021. "We're always lagging a year behind because of tax years and because of the extensions that are granted," explained the EDA executive director. The authority plans to work with UVA and Appleseed Analytics, a company specializing in impact studies.

Given the large sums in tax revenue EDA brings into the territory, Ms. Frett-Gregory questioned why the authority was still dependent on allocations from the general fund to support its operations. "We have to seek ways to make it a self-sustaining program to move it off of the general fund," said the committee chair.

In response, Mr. Biggs argued that the challenge to self-sustainability is tied to the tax structure. "If you're going to give me a percentage of the taxes we generate, I could be weaned off very quickly. Even 10 percent of the taxes that are generated by the companies that we bring, that are EDA clients, and we will be weaned off the general fund," Biggs explained. He noted that the

companies brought in by the EDA pay taxes directly into the general fund, rather than being collected by the EDA. Senator Frett-Gregory mused that perhaps some legislative adjustments might be needed in this regard.

The issue of sustaining projects when federal funds are insufficient was also raised. For example, a solar PV initiative remains stalled because the EDA is awaiting approval from the Federal Emergency Management Agency.

As Mr. Biggs explained, when these funds aren't enough, projects are often halted until more financing becomes available. The EDA's strategy to overcome this challenge, according to Biggs, includes seeking federal grants to carry out significant projects in the territory.