

The Virgin Islands Consortium

Senators Urge Department of Property and Procurement to Address Rental Collections, Michelle Motel Eyesore with Urgency

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DPP Commissioner Nominee Lisa Alejandro. By. V.I. LEGISLATURE

The Senate Committee on Budget, Finance, and Appropriations called on the Department of Property and Procurement (DPP) to address urgent issues concerning rental collections and the state of the Michelle Motel during a budget hearing on Monday. The DPP sought approval for their \$13.7 million general fund request, equivalent to last year's budgetary allocation.

Commissioner Nominee Lisa Alejandro outlined the department's plans for the funds, which will be utilized for the government's property insurance program, personnel costs for various positions, and operating expenses. Alejandro warned of the rising insurance costs due to the full value coverage requirements on all facilities repaired with FEMA funds.

Alejandro also highlighted the additional revenue generated from the department's rental activities through the business and commercial properties revolving fund, which is expected to total over \$4.8 million in FY 2024. Despite understaffing, the department continues to make rental collections a part of its daily duties.

Yet, senators raised concerns over the deficit in the commercial property fund, which Senator Marvin Blyden pointed out as approximately \$1.8 million. Budget Committee chair Senator Donna Frett-Gregory questioned the number of government leaseholders who aren't paying their rents, a collective debt of around \$1.5 million.

In response, Alejandro admitted to the problem and stated that DPP has "ramped up collections." DPP Administrator Gerda Sebastian and Deputy Commissioner Vincent Richards echoed the plan, stating that they were pursuing collections aggressively.

Senators learned that the Division of Property and Printing currently oversees a real estate portfolio valued at \$1.2 billion, serving 161 tenants and 35 vendor permittees. In FY 2022-23, the business and commercial unit processed 13 lease applications, conducted over a thousand property inspections, and executed 30 leases valued at over \$450,000. Rent from business and commercial tenants, Ms. Alejandro noted, is over \$3.7 million annually.

Richards also provided some context, stating that if the debt stands at \$1.5 million, and they generally collect \$300,000 to \$400,000 monthly, it means some tenants are only about three months late in their payments. He suggested that the issues mainly stemmed from a few "problem tenants" and also attributed some of the struggles to recent events like storms and the Covid-19 pandemic.

The senators' queries also revolved around understaffing, with Senator Angel Bolques Jr. questioning how the fiscal unit could effectively handle fiscal operations and collections with only six employees. Alejandro conceded that this was a significant hurdle.

A major sore point for the Budget Committee chair was the status of the Michelle Motel, a neglected structure that is impacting the nearby community negatively. "The situation there is horrible," said Ms. Frett-Gregory. She questioned the department's role and its plan to address this issue, lamenting the fact that the government of the Virgin Islands was the one responsible for this untenable situation. Mr. Richards detailed that they are procuring signs, barricades, and conducting regular inspections to mitigate the issues. He further mentioned the department's consideration of disposing the property to a developer for demolition.

However, Frett-Gregory continued to press, referring to the presence of abandoned vehicles and individuals inhabiting the motel, creating an unpleasant living condition for the neighboring senior home. Richards admitted the limitations of his department in

relocating these inhabitants, to which Frett-Gregory urged the involvement of other departments like the Department of Health, and the Department of Human Services. These arms of government could provide wraparound services and address the problem, she said, emphasizing that the government, being the property owner, is the "culpable entity" in this situation.

Additional concerns were expressed over delayed projects, the mold-infested Taxicab Commission office, and the future of the Vendor Plaza. In response, Alejandro stated that initiatives were being developed, including a Request for Proposals to address mold issues in government buildings.

Overall, lawmakers were complimentary towards Ms. Alejandro and her team, with her pending confirmation receiving support from several senators. However, the discussion in the Senate underscored that Ms. Alejandro will have her work cut out for her in addressing several of her Department's pressing issues.