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VIHA Races to Lift Occupancy Before June 30 as Vacancies Threaten Funding and Possible HUD Repayment

With occupancy at 84.07 percent against HUD’s 92 percent benchmark, Executive Director Dwayne Alexander said VIHA is working to correct vacant-unit classifications before June 30 while warning that subsidy funds may have to be returned.

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The Louis E. Brown Housing Community on St. Croix, owned by the Virgin Islands Housing Authority **By. ERNICE GILBERT, V.I. CONSORTIUM.**

The V.I. Housing Authority is moving urgently to improve its occupancy rate before a June 30 federal funding benchmark, as officials confront a large number of vacant units, expired classifications, and the possibility that some subsidy funds may have to be returned to the U.S. Department of Housing and Urban Development.

During VIHA's board meeting on Wednesday, Executive Director Dwayne Alexander told commissioners that the authority's current portfolio occupancy stands at 84.07 percent, below HUD's benchmark of approximately 92 percent. The gap, he explained, carries serious implications because occupancy affects subsidy calculations, management fees, bookkeeping fees, and the agency's broader financial position.

Mr. Alexander said the authority is working to address the issue before June 30, the date by which occupancy levels will help determine how future subsidies are calculated. He said VIHA is pursuing temporary remedies, including exemptions, while also trying to move units back into active use.

"The bottom line is we need to get people in those units," Mr. Alexander said, stressing that the authority cannot rely only on classifications or temporary fixes to soften the impact of vacancies. He told commissioners that while exemptions may help the agency reach a threshold in the short term, the larger challenge is repairing units, placing residents, and ensuring the same problem does not reappear.

According to the report presented at the meeting, VIHA currently has 307 units under maintenance rehabilitation, 147 units in the modernization pipeline, and 210 units under demolition or disposition status. Mr. Alexander said the recent drop in occupancy was significantly affected by units whose prior exemption or modernization classification expired, placing them back into the occupancy calculation and lowering the authority's rate.

Board Commissioner Dina Perry-Malone pressed the executive director on how the issue occurred and whether it could have been handled differently to avoid such a sudden negative impact. Mr. Alexander acknowledged that there were issues that needed to be reviewed, but said the immediate priority is correcting the situation before the June 30 deadline.

"The focus is getting to that June 30 deadline, so that we can be able to secure what we need to secure," he said, while indicating that the agency would later address how the situation developed.

Asked about the financial implications, Mr. Alexander said there may be subsidy funds that have to be returned to HUD for units that should not have received subsidy. Even a relatively small repayment would create pressure, he suggested, given how closely VIHA is currently managing its finances.

The occupancy concern is part of a broader financial challenge facing the authority. Mr. Alexander said VIHA's Section 8 program, while high-performing, is operating at approximately 67 percent utilization because the agency's budget authority is maxed out. That means hundreds of vouchers that could otherwise generate administrative and bookkeeping fees are not being used.

The same problem exists in public housing, he said, where vacant units reduce the management and bookkeeping fees VIHA would normally receive. "It's time to do something totally different, or you can continue to end up with the same results," Mr. Alexander told commissioners.

The agency's current position is especially sensitive because VIHA has been working to move out of trouble status. Mr. Alexander said he is hopeful that the authority's next scores, typically released in June, will allow VIHA to "breathe a little bit." However, he warned that leaving trouble status is not enough if the agency falls back into the same patterns.

“You don’t want to get there and be back again another day,” he said. “We cannot function, think, or move the way we did in the past, and think it’s okay in the future.”

Mr. Alexander said the authority must become more disciplined and financially strategic, particularly as federal support for public housing tightens. He has separately called for the Legislature to establish a minimum $5 million revolving fund for VIHA, noting that the agency’s regular budget is 100 percent federally funded and that the authority is one of the territory’s largest low-income housing providers.

The executive director also warned that shifting housing authority funding under local or state rule would place a “tremendous strain” on the territory, describing VIHA as a $60 million agency.

Despite the challenges, Mr. Alexander said he remains optimistic that the authority can improve its occupancy position before the federal deadline. But he made clear that short-term fixes must be followed by long-term changes in how VIHA manages vacant units, funding, staffing, and operations.

“It’s critical for the legacy of the Housing Authority,” he said. “It’s critical to the success and survival of the Housing Authority.”