

BILL NO. 36-0274

Thirty-Sixth Legislature of the Virgin Islands

March 13, 2026

An act requiring the Virgin Islands Housing Finance Authority to pay compensation to the homeowners within the LBJ Gardens community who have been required to vacate their homes as a result of the actions related to the demolition of properties owned by the Virgin Islands Housing Finance Authority and associated with the operations of the Virgin Islands Water and Power Authority and the Virgin Islands Waste Management Authority

PROPOSED BY: Senators Clifford A. Joseph, Sr., Marise C. James,
Novelle E. Francis, Jr., and Hubert L. Frederick
Sponsor: Angel L. Bolques, Jr.
Co-sponsor: Ray Fonseca

1 **WHEREAS**, the Government of the Virgin Islands, through actions related to the
2 demolition of properties owned by the Virgin Islands Housing Finance Authority and
3 associated with the operations of the Virgin Islands Water and Power Authority and the Virgin
4 Islands Waste Management Authority, has required the homeowners within the LBJ Gardens
5 community to vacate their primary residences; and

6 **WHEREAS**, displacement under these circumstances imposes substantial hardship and
7 requires the Government of the Virgin Islands to provide fair and adequate compensation and
8 replacement housing assistance; and

9 **WHEREAS**, such displacement constitutes a governmental taking or functional
10 equivalent thereof that prohibits the Government from benefiting from any reduction in

1 property value caused by its own project, hazard designation, demolition activity, or public
2 action; and

3 **WHEREAS**, many affected homeowners have resided in their homes for decades and
4 are mortgage-free; and

5 **WHEREAS**, the purpose of this act is to ensure full, fair, and constitutionally sound
6 compensation based on replacement value, not depressed market value; and

7 **WHEREAS**, this act establishes a fair, uniform, and transparent process to provide
8 settlement, relocation assistance, and replacement housing to eligible displaced owners; Now,
9 Therefore,

10 ***Be it enacted by the Legislature of the Virgin Islands:***

11 **SECTION 1.** (a) For purposes of this act:

12 (1) “Authority” means the Virgin Islands Housing Finance Authority (VIHFA).

13 (2) “Displaced owner” means any natural person who:

14 (A) holds legal title to residential property in the LBJ Gardens community;

15 and

16 (B) is required to vacate due to government action.

17 (3) “Comparable replacement residence” means a residential property that is
18 comparable in:

19 (A) square footage and layout;

20 (B) number of bedrooms and bathrooms;

21 (C) structural integrity and quality of construction;

22 (D) lot size and functional outdoor space;

23 (E) accessibility features, where applicable; and

24 (F) overall habitability and safety.

1 (4) “Relocation costs” means reasonable expenses incurred due to displacement,
2 including moving costs, storage costs, and utility deposits.

3 (5) “Replacement value” means the amount reasonably necessary to purchase or
4 construct a comparable replacement residence.

5 (6) “Project Influence” means any decrease in value attributable to:

6 (A) demolition activity;

7 (B) hazard classification;

8 (C) public announcement of displacement; or

9 (D) any governmental action related to the project.

10 (b) (1) For each displaced owner, the Authority shall obtain at least one independent
11 appraisal to determine the replacement value of the owner’s property. The appraisal must
12 exclude any reduction in value attributable to project influence and must consider:

13 (A) current construction costs; and

14 (B) comparable residential sales in areas not adversely impacted by the
15 Government actions in LBJ Gardens.

16 (2) The displaced owner may obtain a second independent appraisal at the
17 Government’s expense if the owner disputes the Authority’s appraisal.

18 (3) If the two appraisals differ by more than \$10,000, an appraiser, approved by
19 the Authority and the displaced owner, shall perform a third appraisal. The median of
20 the three appraisals shall establish the replacement value.

21 (c) Subject to the payment limitations set forth in subsection (d), a displaced owner
22 may elect one of the following options regarding the replacement value determined in
23 subsection (b):

24 (1) direct monetary payment of the replacement value;

1 (2) government-funded purchase, not to exceed the replacement value, of a
2 residence identified by the homeowner as available on the open market; or

3 (3) government-funded rehabilitation or construction, not to exceed the
4 replacement value, of a residence, including:

5 (A) rehabilitation of an existing Authority-owned structure;

6 (B) construction of a new home on land owned by the Authority; or

7 (C) acquisition of a plot of land and construction of a new home for the
8 displaced owner.

9 (d) Any replacement value payment made under subsection (c) shall not exceed the
10 following:

11 2 bedrooms \$250,000

12 3 bedrooms \$300,000

13 4 bedrooms \$350,000

14 (e) The replacement value payment for a vacant property shall be based solely on the
15 appraised value of the land and any improvements on the property, except that the replacement
16 value payment shall not exceed \$50,000.

17 (f) In addition to the replacement value payment made under subsection (c), the
18 Authority shall:

19 (1) reimburse a displaced owner for the following:

20 (A) reasonable closing costs;

21 (B) relocation costs not to exceed \$5,000;

22 (C) temporary housing expenses not to exceed \$25,000; and

23 (D) incidental expenses reasonably related to the displacement not to
24 exceed \$2,500.

1 (2) pay any required earnest money deposit on behalf of a displaced owner which
2 money will be deducted from the replacement value payment.

3 (g) No displaced owner shall be required to vacate their residence until:

4 (1) compensation has been determined; and

5 (2) the replacement value payment has been tendered or placed in escrow for the
6 benefit of the displaced owner.

7 (h) (1) The Authority shall establish an administrative appeals process for disputes
8 regarding:

9 (A) eligibility;

10 (B) compensation;

11 (C) valuation;

12 (D) comparability determinations;

13 (E) delays; and

14 (F) other disputes arising under this act.

15 (2) The Authority shall issue a written decision within 30 days of receipt of an
16 appeal.

17 (3) Any displaced owner aggrieved by a final determination of the Authority,
18 may file a petition for a writ of review in the Superior Court of the Virgin Islands in
19 accordance with title 5 Virgin Islands Code, chapter 97.

20 (i) The Government of the Virgin Islands shall pay reasonable attorney fees and costs
21 to a displaced owner who prevails in any judicial action challenging compensation and obtains
22 a higher award under this act.

23 (j) The Authority shall submit quarterly reports to the President of the Legislature of
24 the Virgin Islands detailing the following:

- 1 (1) number of homeowners served;
- 2 (2) amounts expended;
- 3 (3) status of each relocation;
- 4 (4) construction progress; and
- 5 (5) outstanding disputes.

6 (k) Not later than 18 months after the passage of this act, the Authority shall make
7 replacement value payments to all displaced owners or place the payments in escrow for the
8 benefit of the displaced owners.

9 (l) The Authority has the power to promulgate regulations necessary to effectuate any
10 provisions of this act.

11 **SECTION 2.** (a) The sum of \$7,000,000 is appropriated in the fiscal year ending
12 September 30, 2026, from the stamp tax owed, due or becoming due to the Virgin Islands
13 Housing Finance Authority under 33 V.I.C. § 130, to compensate displaced owners under
14 section 1 of this act.

15 (b) The funds appropriated in subsection (a) remain available until expended or until
16 the last displaced owner has been fully compensated, whichever date is earlier.

17 **BILL SUMMARY**

18 This bill requires the Virgin Islands Housing Finance Authority to pay compensation to
19 the homeowners within the LBJ Gardens community who have been required to vacate their
20 homes as a result of the actions related to the demolition of properties owned by the Virgin
21 Islands Finance Authority and associated with the operations of the Virgin Islands Water and
22 Power Authority and the Virgin Islands Waste Management Authority. The compensation
23 includes payments for a comparable replacement residence in addition to reasonable closing

1 costs, relocation costs, temporary housing expenses, earnest money deposits, and incidental
2 expenses reasonably related to the displacement.

3 **BR26-1058/March 12, 2026/GC**