



TESTIMONY

Committee on Budget, Appropriations and Finance

regarding

Bill 36-0274 requiring the Virgin Islands Housing Finance Authority to pay compensation to homeowners within the LBJ Gardens community who have been required to vacate their homes due to 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.

Presented by:
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Good day, Senator Novelle E. Francis, Jr., Chairman of the Committee on Budget, Appropriations and Finance, distinguished members of the Committee, and the listening and viewing audience. I am Valdez Shelford, Interim Executive Director of the Virgin Islands Housing Finance Authority (VIHFA) and I am accompanied by Rupert Pelle, Director of Planning and Construction, and Jamillie Perez, Director of Housing Programs.

As requested, we appear before you to provide testimony regarding Bill No. 36-0274, an act requiring the Virgin Islands Housing Finance Authority to provide compensation to LBJ homeowners due to actions related to demolition of properties owned by VIHFA as well as activities associated with adjacent facilities operated by the Virgin Islands Water and Power Authority (WAPA) and the Virgin Islands Waste Management Authority (WMA), respectively.

As presented, the legislation appears to be premised on the assumption that the current demolition activities within the LBJ Gardens community will result in the displacement of homeowners and residents. It is important to clarify that the VIHFA has not required that LBJ property owners vacate their homes temporarily nor permanently.

VIHFA's demolition activities are strictly limited to the abandoned, dilapidated, and structurally unsafe multi-family apartment buildings that are owned by VIHFA within the surrounding area. These VIHFA-owned long-vacant structures have become sites of criminal activity and pose ongoing public safety risks. Accordingly, the demolition initiative is being pursued as a targeted public safety and nuisance abatement measure to eliminate hazardous conditions, enhance community safety -to include the neighboring LBJ homeowners, and support the restoration of the area, including conversion to green space where appropriate.

Importantly, the demolition of these abandoned structures does not require any homeowner or resident currently living in LBJ Gardens to vacate their property. No privately-owned properties are being undertaken, no occupied homes are being demolished, and no residents are being displaced as part of this initiative. Therefore, the conditions that would typically trigger displacement protections- namely, the involuntary removal of residents from occupied housing, are not present.

While the Authority fully recognizes the Legislature's commitment to safeguarding residents from involuntary displacement, the demolition and clearance activities at LBJ Gardens do not involve such displacement. Rather, they reflect a deliberate and necessary effort to remove unsafe structures and improve the overall safety and livability of the community for existing residents. The VIHFA supports efforts to ensure that residents are not, and will not be, adversely impacted by the demolition activities. VIHFA maintains that any potential environmental conditions posed by the demolition of the buildings (i.e., noise, vibration, dust) would be temporary and could be reasonably managed with proper mitigation measures. As such, VIHFA is committed to putting in place measures, including, but not limited to notification to residents, reasonable work hours, safety protocols, air quality monitoring, dust control, silt fencing, and close oversight of the contractor to ensure compliance.

VIHFA is aware that the LBJ homeowners' properties are impacted by other environmental hazards posed by proximity to WAPA's Richmond plant and WMA's LBJ Pump Station which are more permanent in nature. To the extent that the Bill seeks to address this condition, VIHFA supports the effort to assist the LBJ homeowners; however, we cannot support the bill as currently drafted.

The Bill proposes the use of \$7M from Stamp Tax funds owed, due, or becoming due to the Virgin Islands Housing Finance Authority pursuant to 33 V.I.C Section 130 as the funding source for the compensation of the LBJ homeowners. The use of Stamp Tax funds to compensate the LBJ homeowners will have a severe negative impact on the Authority's operations. Stamp Tax funds are used to support infrastructure development and home construction in various housing developments throughout the Territory. The availability of Stamp Tax funds to install the necessary roads and utilities is crucial to attracting developers' interest in building homes in our affordable housing subdivisions. With construction costs continuing to increase, Stamp Tax funds are used to supplement housing development costs, thereby decreasing the overall prices of homes – making them more affordable for our clients. Currently, Stamp Tax proceeds are slated for the following projects: constructing infrastructure and homes in the Estate Fortuna, Nordsidevej, and Ross Taarneberg on St. Thomas, and Estates Bonne Esperance, Concordia, Adventure, and Mount Pleasant (West) on St. Croix. In addition, twelve percent (12%) of the Stamp Tax funds is authorized for operating expenses of the Authority; this amount represents a sizable portion of the operating revenues reflected in the Authority's annual budget.

VIHFA is aware of several other possible funding sources which would not require the use of the Stamp Tax funding that is critically needed by the VIHFA. For example, there may be a funding opportunity through the CDBG-MIT Grant, under the recently approved Buyout Program. This program is intended to reduce long-term risk by acquiring properties in high-risk hazard areas and removing them from future disaster exposure. VIHFA initially submitted a request to HUD to fund a combined Buyout and Acquisition

Program; this approach was not approved. The program was subsequently revised to a Buyout-only structure, consistent with HUD mitigation objectives, and approved for \$3 million through a substantial amendment to the CDBG-MIT Action Plan. Within the action plan, VIHFA identified LBJ Gardens as a strong candidate for the buyout program, with potential future expansion into other eligible areas across the Territory. We have also included a safe housing incentive in the program to ensure that no participating household is left unhoused as a result of voluntary relocation. This program is anticipated to launch in October 2026.

Additionally, because of the environmental impacts of WAPA and WMA, the LBJ site seems like a strong candidate for recognition as a brownfield. A brownfield site is defined as previously developed land, often industrial or commercial, whose re-use or redevelopment may be complicated by the presence or potential presence of hazardous substances, pollutants, or contaminants. A possible recommendation is that the Government of the V.I. pursue a declaration of the area as a “brownfield” as this designation would likely open various federal grant funding opportunities such as EPA Brownfield grants. A Brownfield grant provides funding to assess, clean up, and safely re-develop abandoned or contaminated properties.

Thank you for the opportunity to provide testimony on this bill and clarify that VIHFA’s demolition activities are strictly limited to its own abandoned, dilapidated, and structurally unsafe buildings within the surrounding area and that our activities do not require the displacement of nearby residents. We are available to answer any questions you may have.