



Committee on Disaster Recovery, Infrastructure & Planning

“Heirs Property, Prolonged Probate, and Vacant & Abandoned Historic Properties in the U.S. Virgin Islands”

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Submitted by:

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Good afternoon Chair James and members of the Committee.

Thank you for the opportunity to testify on the issue of heirs property, prolonged probate, and the growing number of vacant and abandoned historic properties across the Virgin Islands. I appear before you today in my capacity as President of Our Town Frederiksted, a nonprofit organization focused on the revitalization of Frederiksted through place-based, community-centered strategies.

This is not a new conversation. Discussions about heirs property and its impact on Frederiksted and other historic towns date back decades, including public reporting as far back as 2007. The passage of the Uniform Partition of Heirs Property Act in 2018 was an important step toward protecting families from predatory practices and forced partition sales. The intent of that legislation was sound, particularly in the post-hurricane context. However, the continued deterioration of historic properties suggests that legal protections alone have not been sufficient to move properties from prolonged inaction to productive use.

Social and Economic Impacts on Families and Historic Communities

Heirs property has profound social and economic consequences for families and for historic communities like Frederiksted.

First, unclear or fragmented ownership makes it extremely difficult for families to access basic resources tied to ownership. Loans, grants, and government programs such as EnVision, FEMA assistance, and other housing and recovery initiatives often require clear title. Without access to these resources, heirs are unable to make even modest repairs, let alone undertake full rehabilitation. This creates a cycle where properties deteriorate not because families do not care, but because they lack the tools to act.



Second, many property owners in Frederiksted are older and living on fixed or diminished incomes. Even when families are motivated to resolve ownership issues, the cost of legal services, probate proceedings, surveys, and repairs can be prohibitive. In these situations, inaction is not a choice; it is a constraint.

Third, heirs property often creates or exacerbates family conflict. When unanimous agreement is required among multiple heirs, the absence or non-participation of a single family member can stall all progress indefinitely. Over time, these unresolved disputes lead to abandonment, blight, and in some cases, loss of the property entirely through tax sale or foreclosure.

Fourth, properties in disrepair pose real public safety risks. In Frederiksted, we have seen buildings with collapsing galleries, fire hazards, and unsafe structures that endanger residents and visitors. These conditions also undermine neighborhood morale, discourage private investment, and erode the historic character that is central to heritage tourism and downtown revitalization.

Finally, it is important to recognize that for many families, heirs property represents the totality of their generational wealth. The longer these properties remain unresolved, the greater the risk that families will lose them to predatory buyers, often with no connection to the community or its culture. When that happens, the loss is not only individual but collective.

Impacts on Revitalization and Housing Supply

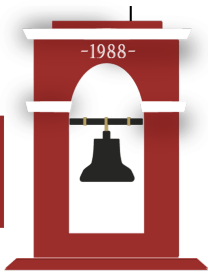
Historically, towns like Frederiksted were designed as mixed-use communities, with retail on the ground floor and residential space above. Through initiatives such as the CDBG-funded seven-building renovation project and the Housing Ecosystem Grant, Our Town Frederiksted is actively working to restore this model by creating turnkey commercial spaces and supporting owner-led residential rehabilitation.

However, prolonged probate and unresolved heirs property significantly limit the scale and pace of these efforts. While we can point to individual success stories, the absence of reliable data on how many properties remain in probate underscores a broader challenge. What is clear is that prolonged inaction, regardless of cause, continues to contribute to blight and the gradual loss of historic fabric.

The Missing Piece: Insurance and Risk

While much of the policy discussion focuses on legal title and probate reform, there is a critical issue that receives far less attention: insurance.

Even when families are willing to resolve ownership issues and invest in repairs, many are unable to obtain affordable property insurance. Aging structures, historic construction methods, coastal exposure, and hurricane risk combine to make insurance either prohibitively expensive or



unavailable altogether. Without insurance, properties cannot be financed, rehabilitated at scale, or responsibly occupied.

Here's an example: if a property needs \$150,000 in repairs but the bank requires full insurance coverage at \$30,000/year, repayment of a \$150,000 loan over 15 years amounts to almost \$700,000 in payments.

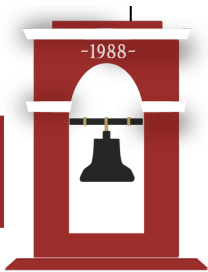
If we are serious about stabilizing historic towns and supporting generational wealth, we must consider whether the territory should explore changes to insurance availability, pooled risk models, or some form of government-backed underwriting for properties in our historic districts. Similar to how public policy intervenes in other high-risk but socially valuable sectors, there may be a role for the government to help de-risk preservation and rehabilitation.

Without addressing insurance, we risk creating a situation where families are able to resolve title, but still unable to act.

Policy Considerations and Recommendations

Based on OTF's experience on the ground, I respectfully offer the following considerations:

- Expand or create low-interest financing programs, similar to VI Slice, specifically designed to address heirs property resolution, succession planning, and early-stage stabilization.
- Increase access to financing and technical assistance for properties located within Enterprise Zones and historic districts.
- Revisit prior efforts by agencies such as the Economic Development Authority to proactively identify properties and assist families with probate and legal challenges, and clarify why those efforts did not scale or persist.
- Ensure that probate reform, including the legislation currently under review, is paired with practical, funded implementation strategies.
- Explore insurance reform, pooled risk mechanisms, or government underwriting options for historic properties, particularly for owner-occupied or community-serving uses.
- Prioritize place-based strategies that are culturally sensitive and community-driven, recognizing that one-size-fits-all solutions will not work for historic towns.



Closing

In closing, heirs property is not merely a legal issue. It is a housing issue, a public safety issue, an economic development issue, and a generational wealth issue. The continued deterioration of historic properties is not a failure of families, but a signal that our systems are incomplete.

I commend the Legislature for revisiting this issue and encourage a comprehensive approach that aligns legal reform with financial tools, insurance solutions, and on-the-ground support. Only then can we realistically return long-vacant properties to productive use while keeping families and communities whole.

Thank you for your time and consideration. I look forward to your questions.