COMMITTEE ON BUDGET, APPROPRIATIONS AND FINANCE

06/17/2026-REPORTED OUT TO THE COMMITTEE ON RULES AND JUDICIARY
06/08/2026-AMENDED AND HELD IN COMMITTEE

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 Lyndon B. Johnson 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

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

WHEREAS, the Government of the Virgin Islands, through 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, has required the homeowners within the Lydon B. Johnson ("LBJ Gardens community") to vacate their primary residences; and

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

WHEREAS, such displacement constitutes a governmental taking or functional equivalent thereof that prohibits the Government from benefiting from any reduction in property value caused by its own project, hazard designation, demolition activity, or public action; and

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

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

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

Be it enacted by the Legislature of the Virgin Islands:

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

(1) "Comparable replacement residence" means a residential property that is comparable in the number of bedrooms and any American With Disabilities Act accessibility features.

(2) "Owner" means any natural person who holds legal title and ownership to property in the Lyndon B. Johnson ("LBJ Gardens Community").

(3) "LBJ Gardens Community" means the Lyndon B. Johnson Gardens, formerly penitentiary land, Richmond Garden, Christiansted, St. Croix.

(4) "Replacement value" means the amount reasonably necessary to purchase, rehabilitate, or construct a comparable replacement residence.

(5) "VIHFA" means the Virgin Islands Housing Finance Authority.

(b)(1)Subject to the replacement value payment limitations set forth in subsection (c), an owner may elect one of the following options with respect to their LBJ Gardens Community property:

(A) For properties with constructed homes:

(i) direct monetary payment of the replacement value;

(ii) VIHFA-funded purchase of a residence identified by the owner as available on the open market;

(iii) VIHFA-funded rehabilitation of an existing VIHFA-owned structure; or

(iv) VIHFA-funded construction of a new residence on VIHFA-owned land.

(B) For vacant properties:

(i) direct monetary payment of the replacement value; or

(ii) a land swap of VIHFA owned subdivided property not greater than 0.25 acres and not less than 0.18 acres.

(2) For purposes of subsection (b)(1)(A)(iii), an owner has the right to select the specific property to be rehabilitated from among the inventory of existing VIHFA-owned property.

(3) For purposes of subsection (b)(1)(A)(iv), an owner has the right to select a specific home design from existing VIHFA-owned home design options.

(c)(1) The replacement value payment for an LBJ Gardens Community home is:

(A) 1-bedroom $300,000

(B) 2-bedrooms $350,000

(C) 3-bedrooms $400,000

(2) The replacement value payment for an LBJ Gardens Community vacant property, with or without improvements, is $15,000.

(3) Notwithstanding paragraphs (1) or (2), the replacement value payment for a property will be reduced if the property is subject to any liens or encumbrances. The reduction will be equal to the payoff amount of the lien or encumbrance.

(d) An owner who elects the option in subsection (b), (1), (A), (ii), (iii) or (iv), must also receive payment of any required earnest money deposit on behalf of an owner, which deposit will be deducted from the replacement value payment.

SECTION 2. (a) Not later than 30 days after the effective date of this act, the VIHFA shall obtain, in writing, the option choice from each owner as provided in section 1, subsection (b) of this act.

(b) Not later than 30 days of an owner providing the VIHFA with their option choice, the owner shall convey title to the property to the VIHFA, which deed must be held in escrow until the owner vacates the property in accordance with the timelines in subsection (c). Failure to convey title to the property voids any consideration under this act.

(c)(1) An owner shall vacate their LBJ Gardens Community property as follows:

(A) An owner who elects the option in section 1, subsection (b)(1)(A)(i) or subsection (b)(1)(B)(i), shall vacate the property not later than 30 days after receipt of the direct monetary payment from the VIHFA.

(B) An owner who elects the option in section 1, subsection (b)(1)(A)(ii), shall vacate the property immediately upon the closing of the purchase of the residence identified by the owner on the open market.

(C) An owner who elects the option in section 1, subsection (b)(1)(A)(iii) or (iv), shall vacate the property not later than 30 days after notification from the VIFHA that the property has obtained a certificate of occupancy.

(D) An owner who elects the option in section 1, subsection (b)(1)(B)(ii), shall vacate the property not later than 30 days after VIFHA has deeded the property to the owner.

(2) Not later than180 days of the VIHFA's receipt of an owner's option under subsection (b)(1)(A)(i) or subsection (b)(1)(B)(i), the VIHFA shall make the direct monetary payment in full to the owner.

SECTION 3. The VIHFA shall submit monthly reports to the President of the Legislature detailing the following:

(a) number of direct replacement value payments made;

(b) number of owners who purchased homes;

(c) rehabilitation and construction progress; and

(d) any obstacles or issues pertaining to this act.

SECTION 4. (a) There is established in the Treasury of the Virgin Islands of the Government of the Virgin Islands, a special fund to be designated the "LBJ Gardens Settlement Fund" ("Fund"). The Commissioner of Finance shall maintain and provide for the administration of the Fund as a separate and distinct fund in the Treasury and no funds therein are available for expenditure except as provided by the Legislature of the Virgin Islands. The Fund shall consist of all sums appropriated thereto from time to time by the Legislature. The purpose of the Fund is to compensate the owners of the LBJ Gardens Community properties in accordance with section 1 of this act.

(b) The Fund dissolves after the last owner of an LBJ Gardens Community property is compensated.

SECTION 5. (a)(1) The sum of $3,000,000 is appropriated in the fiscal year ending September 30, 2026, from the stamp tax owed, due or becoming due to the Virgin Islands Housing Finance Authority under 33 V.I.C. § 130, to the LBJ Gardens Settlement Fund to compensate the owners under section 1 of this act and for legal services as provided in paragraph (2).

(2) The sum of $300,000 is allocated from the money appropriated in paragraph (1) for the purpose of contracting with an attorney who is licensed to practice law in the Virgin Islands and is a member of the Virgin Islands Bar Association and who regularly practices in the areas of real estate and probate law.

(b)(1) The sum of $4,000,000 is appropriated in the fiscal year ending September 30, 2027, from the stamp tax owed, due or becoming due to the Virgin Islands Housing Finance Authority under 33 V.I.C. § 130, to the LBJ Gardens Settlement Fund to compensate the owners under section 1 of this act.

(2) The funds appropriated in paragraph (1) must be disbursed on October 1, 2026.

(c) The funds appropriated in subsections (a) and (b) remain available until expended or until the last owner has been fully compensated, whichever date is earlier.

BILL SUMMARY

This bill requires 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 Finance Authority and associated with the operations of the Virgin Islands Water and Power Authority and the Virgin Islands Waste Management Authority. The compensation includes payments for a comparable replacement residence in addition to reasonable closing costs, relocation costs, temporary housing expenses, earnest money deposits, and incidental expenses reasonably related to the displacement.

BR26-1058/March 12, 2026/GC

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