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# 'Landmark Event': Vialet-Sponsored Bill Appropriates \$4 Million to Help Virgin Islanders Purchase Their First Home

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Kyle Murphy **May 17, 2021**

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**Key in door of a home. By. GETTY IMAGES**

Members of the 34th Legislature on Thursday approved a bill sponsored by Senator Kurt Vialet whose aim is to make the process of buying a home in the USVI more attainable for residents of the territory. The bill appropriates funding that is then made available through loans to serve as downpayment on a home.

Bill No. 34-0060, an Act amending VI Code to enact the First-Time Homebuyers Program Act, makes available \$4 million from the Internal Revenue Matching Fund to the Homestead and Home Loan Fund.

While introducing the measure, Mr. Vialet explained that the program would be geared toward assisting first-time homebuyers. “We wanted to develop a process where true legislation would be able to assist those homeowners that cannot meet all the necessary qualifications to apply for a loan. So what this first-time homeowners program does, it supplies a mechanism to supplement the down payment — which nine out of ten times is very difficult for first-time homeowners to meet.”

Mr. Vialet, chairman of the Committee on Finance in which Thursday's hearing was held, explained that if someone applies for a \$300,000 loan from Banco Popular, for example, the bank would require you to have 20 percent of the total sum as a downpayment, or \$60,000. This presents a major hurdle because while first-time homebuyers may be able to pay the mortgage of the \$300,000 purchase, they rarely have the \$60,000 upfront amount required.

If the measure becomes law, Virgin Islanders would secure the supplement funding from the \$4 million allocation by applying for the mortgage and a separate loan from the V.I. House Finance Authority, which would manage the funding, with the latter loan being used to supplement the downpayment the bank requires.

The territory currently has a Homestead Loan Program administered by the V.I. Housing Finance Authority, which "provides residents with mortgage assistance to purchase or build a first home or to acquire land for the purpose of building a first home." The program also allows existing homeowners the opportunity to improve or repair their primary residence, according to [a description](#) on V.I.H.F.A.'s website. However, the program is limited to individuals who qualify for a U.S. Dept. of Agriculture or Veteran loan. Mr. Vialet said his office tweaked the program for individuals who don't qualify in the aforementioned brackets. “This is for that bracket that makes too much money to qualify but don't make enough money to go into homeownership. That is that middle bracket,” Mr. Vialet said.

The plan is to create a revolving fund using loan payments and interests from the \$4 million allocation for future entrants into the program. In the past there has not been sufficient funding for the V.I.H.F.A. to make this a reality, and Mr. Vialet's legislation aims to provide a funding source to kickstart the program.

The senator said the current process for first-time home ownership in the USVI has contributed to the brain-drain problem the territory faces. “One of the attractions of a jurisdiction is the ability to have a good job and the ability to be able to own a home,” he said. “We have lost a number of professionals, teachers, nurses and other professionals because of the lack of homeownership opportunities or because of the difficulty in which those individuals are able to qualify as a first-time homeowner for a loan.”

During the hearing, Mr. Vialet further explained this issue. “The only way that we are going to maintain professionals is through home ownership. If individuals can't purchase a home, they are going to leave, they are going to go to another jurisdiction where homeownership is easier to obtain. So it must be a priority that we get this program going and we get this program well-funded. If not, we are going to have to continue to import teachers, nurses and a number of professionals because our own children will be leaving the Virgin Islands to go to the mainland so that they can be able to own a home.”

The senator further stated, “In many cases, the sad thing is that these individuals are paying more in rent than they would for a mortgage.”

Senator Janelle Sarauw said, "If we can pay a \$2,000 rent — that is how much a one-bedroom cost in the St. Thomas- St. John District roughly — if you can pay that, if we can pay our student loans, obviously we can afford a mortgage, we just need the opportunity to have one."

Darryl Griffith, executive director of V.I.H.F.A., called the bill a "landmark event" as money has not been appropriated to the Homestead Program since 2008, when the program was transferred from then-Housing, Parks and Recreation. Mr. Griffith pledged his full support.

Jenifer O'Neal, director of the Office of Management and Budget, was in full support of the bill as well. However, she said, "Unfortunately as of April 22, 2021 the pending available funds after appropriated obligations from the matching fund was only \$1,549,230. Consequently, as this is a worthwhile initiative that is fully supported by Governor Bryan and the administration, we recommend an initial appropriation not to exceed \$2 million from the matching fund at this time because we are still receiving federal funds and may be able to use some of those funds once received instead."

Senator Novelle Francis asked Ms. O'Neal about federal funds that may be put to use for the program, and whether the government could "up the ante here." The OMB director said she would look at the American Rescue Plan, the federal government's latest Covid-19 aid bill that appropriates hundreds of millions of dollars to the U.S. Virgin Islands, to determine how some of it could be utilized. One hindrance is that the guidelines on how to spend the federal dollars have not been fully issued. "At this point I can't say yes that we can use it, but I am hopeful that we would be able to use some of it," Ms. O'Neal said.

After a discussion with Ms. O'Neal relative to possible additional funding sources, Mr. Vialet said, "I think that we need to leave the \$4 Million and I know your math and accounting brain will come up with that mechanism to make it work." Ms. O'Neal responded, "I will do my best."

Senator Samuel Carrion asked Mr. Griffith for an estimate on the number of individuals the bill could help right away. Mr. Griffith said even if the program received the full allotment of \$4 million, it would only cover 60-80 homebuyers. However, there are nearly 300 "mortgage-ready" clients in V.I.H.F.A.'s portfolio, he said.

Even so, "As the funds get repaid we will be able use those funds again to help more individuals. So this fund can go on into infinity as we do what we are customary to do in our collection and servicing department," said Mr. Griffith.

Another issue discussed during the hearing sought to clarify whether individuals who own land and are seeking a construction loan to build on the land would qualify. Mr. Vialet said those individuals would qualify in one of the three categories provided in the bill: the purchasing of land for home construction; construction cost for building a home; and the purchase of a home to be used as a primary residence.

"That is the three categories we have outlined so we can make it as wide as possible and have various options so individuals can own a home," Mr. Vialet said.

"I think it's a win-win, it's a program that we are going to try and start funding now and hopefully we will make some other appropriations next fiscal year and the fiscal year after so that we can have a well-established, well-funded first-time homeowners program under the Housing Finance Authority," Mr. Vialet said.

The bill still needs to pass the Committee on Rules and Judiciary and a legislative session before Governor Albert Bryan can sign it into law.

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