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After Being Spurned by Former Gov. Mapp, PFA Refinances Island Crossing Shopping Center Tax Increment Revenue Term Note

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Island Crossing billboard By. ERNICE GILBERT/VI CONSORTIUM

The Virgin Islands Public Finance Authority (PFA) has announced the restructuring of a \$12 million loan to prop up the Island Crossing Shopping Center on St. Croix.

A similar refinancing deal [was rejected by PFA two years ago](#) when then-PFA chairman and Gov. Kenneth Mapp, opposed the loan changes he contended taxpayers simply could not afford.

Island Crossing is a controversial economic development project that dates back to 2008 when the Caribbean Development Partners LLC (CDP) received \$15 million in public financing for a

ambitious mix of affordable housing, retail restaurants, medical offices and other establishments. But the promise of brisk growth at the 42-acre site along the Melvin Evans Highway never quite materialized — nor did the tax revenue that was expected as the project matured.

In 2008 the V.I. government enacted the Tax Increment Financing (TIF) legislation as an economic development tool. Under the TIF Act, 90% of Gross Receipts taxes and Real Estate tax increments are held in an escrow account that may be used only to pay TIF-qualified costs, including loan payments. The Island Crossing was the first beneficiary of TIF. Today, Island Crossing Shopping Center has a sole tenant: Home Depot, along with Sugar Mill Villas — 34 units of affordable, single-family housing — located on the northwest portion of the Island Crossing Shopping Center site.

In 2017, the Caribbean Development Partners came to the PFA seeking to refinance the loan balance of \$11.5 million, secured by the government through Firstbank, and also looking to obtain additional funding. Company representatives told the PFA that an injection of funds was desperately needed if the project was to succeed. Then-Gov. Mapp was uninterested. "I should say to you CDP. ... that the board has very little appetite for expanding this note and this loan to provide additional proceeds to CDP." Mr. Mapp said at the time.

The Virgin Islands Economic Development Authority — under then-chairman Gov. Albert Bryan — certified the Caribbean Development Partners (CDP) Island Crossing Shopping Center site as the first TIF area and authorized up to \$30 million in tax-exempt bonds to finance a portion of the costs of mixed-use sustainable development project to be constructed on the site.

In 2009, the first series of taxable bond anticipation notes were issued in the amount of \$15.7 million from First Bank and secured by taxes and the incremental increase in real property taxes generated at the site. The original proceeds were used to develop Phase 1 of the Island Crossings Shopping Center project. Then in 2012, the VI Government converted the bond anticipation note for a term loan in the amount of \$13.7 million whose maturity date had been extended to November 15, 2019.

CDP had envisioned Island Crossing as an area bustling with commerce. The government's \$15 million committed was based on projected economic growth for St. Croix, which would see additional tax revenues once Island Crossing development matured. At the time, [Burger King and Save-A-Lot were to start operations](#) at the then-budding shopping and affordable housing development.

PFA Executive Director, Kirk Callwood, Sr., stated, "While Island Crossings Shopping Center has been the only TIF development project since the legislation was enacted, I am certain that recent changes to the Act will encourage other developers to utilize this tool for future economic development projects."

In 2013, CDP secured Low-Income Housing Tax Credits from the Virgin Islands Housing Finance Authority to finance the construction of the Sugar Mill Villas. Sugar Mill Villas constitute 34 units of affordable, single-family homes located on the northwest portion of the Island Crossing Shopping Center site.