

\$1.8 Million Cost Per Public Housing Unit Sparks Alarm, Raising Fears Middle-Income Families Are Being Priced Out

VIHA leaders told lawmakers that per-unit housing construction now averages \$1.8 million, driven by soaring soft costs and insurance hikes. Senators warned the ripple effect is making homebuilding unattainable for middle-income families.

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The rising cost of public housing construction and the planned demolition of existing units without immediate replacement sparked alarm during a legislative hearing on Wednesday, as lawmakers pressed Virgin Islands Housing Authority leaders for answers on the future of affordable housing.

VIHA Chief Operating Officer Lydia Pelle, joined by agency leadership, testified before the Committee on Housing, Transportation, and Telecommunications. Senators were shocked to learn that constructing a single new unit now costs approximately \$1.8 million. Adding to concerns, VIHA confirmed plans to demolish public housing units with no immediate replacement strategy, despite escalating demand for affordable housing.

Senator Carla Joseph sought clarity on the Estate Donoe rebuild. She recalled that the project could have required \$46 million more than anticipated, but Ms. Pelle corrected the figure. “It required approximately an additional \$80 million” instead, she stated.

Ms. Pelle explained that the high per-unit price tag—roughly \$1 million for new developments on both St. Thomas and St. Croix—is driven by more than direct construction. “Soft costs” like civil engineering, architectural services, and insurance contribute significantly. Insurance alone has jumped from \$5,000 to “approximately \$13,000 a unit.” She further noted that overall construction costs have risen “up above 30% of what we were seeing two years ago.”

Senator Kurt Vialet expressed alarm at the implications for both public and private development. He warned that soaring costs for low-income projects ripple outward: “Middle-income” families “can’t build homes because the cost of building low-income properties have escalated.” He added, “If a contractor could get a million dollars to [build] one unit in a housing community, they’re not going to build a home for a middle-income person for \$400,000.”

Vialet pressed VIHA to examine “exactly why they’re charging this type of money” and warned of further consequences. “Contractors are now saying why do work for a private business when I can make four times [the] money by going to Housing or going to ODR,” he said, insisting that the situation “must be controlled.”

The senator also cautioned against demolishing units without affordable replacements. “If we demolish and it’s too expensive to build, then you’re displacing more and more and more individuals. We gotta be careful,” Vialet stressed.

His concerns came as VIHA confirmed that 144 units at the John J. Kennedy Terrace on St. Croix will be torn down due to their location within the Water and Power Authority’s blast zone. Families currently occupy 42 of those units. Once demolition is complete, only 56 units will remain. Contrary to Senator Vialet’s hope, VIHA Executive Director Dwayne Alexander said there are no plans to rebuild replacement units elsewhere on the site. Instead, displaced families will be given “relocation options underneath the formal relocation program.”

“My worry is that the number of public housing units in Christiansted [has] severely decreased,” Vialet added. He urged VIHA not to concentrate new projects exclusively in Frederiksted, calling for units to be spread across the island to balance impacts on education, transportation, and other sectors.

The urgent need for affordable housing was further highlighted by VIHA’s waitlists. Kayla Anthony of VIHA explained that wait times vary significantly. At the Celestino White Sr. Senior Center, the average wait is two years, while Croixville Apartments show “almost no wait.” Senator Clifford Joseph suggested the lack of demand there may be linked to poor conditions, disclosing that he received photos of a “rat infestation” at Croixville.

For units that will not face demolition, VIHA says upkeep remains a priority. Ms. Pelle told senators that a contractor pool has been created to schedule repairs over the next two years. She cited recent work at JFK Terrace as an example. “While the outside may not look pleasing, the

interior, the units, have been repaired,” she said.

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