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Donoe Project Stalls, Cost Jumps from \$58 Million to \$105 Million After Contractor, VIHA Sever Ties

Amid escalating costs and contractor changes, the housing project struggles to maintain momentum and financial stability

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Local officials on Jan. 11, 2021 broke ground on the first of three phases of the Tutu High Rise and Donoe public housing project.

A new contractor has been chosen to resume work on the stalled Donoe Estates public housing project, the Consortium has learned.

Officials [broke ground](#) on the 84-unit development in January 2021, announcing an expected cost of \$58 million. During Monday's special meeting of the Public Finance Authority Board, one director enquired about the status of the project.

“Right now they want an additional \$35 million,” was the response from Director of the Office of Disaster Recovery Adrienne Williams-Octalien. In a followup conversation with the Consortium, Ms. Williams-Octalien explained that the agreement with initial developers Pennrose and GEC was terminated last September after mounting issues over several months bogged things down to a standstill. “There were some issues relative to delays in receiving materials, there was some environmental remediation that had to be taken care of that created some issues,” the ODR director said. Additionally, “some payment concerns arose in the project,” which, together with the other difficulties, convinced the developers that it was better to sever ties. By that time, approved changes to the project had brought costs up to \$65.9 million

Ms. Octalien-Williams balked at estimating how close to complete the project currently is, but said that a new contractor – J. Benton Construction – had been selected. “They’ve submitted an application for an additional \$47 million,” she said, explaining that that figure was now being vetted to ensure that the costs were justified. Should officials determine that the full valuation is supported, this would bring the total cost of the project to \$105 million, almost double the initial \$58 million allotted.

Those additional funds, Ms. Williams-Octalien confirmed, would come out of the territory’s already-allocated pool of Community Development Block Grants for Disaster Recovery (CDBG-DR) from Housing and Urban Developments. There is some quantum of money that is currently earmarked for projects that did not get underway, Ms. Williams-Octalien said, that could be repurposed to ensure that the restart of the Donoe Estates project is adequately capitalized. While she acknowledged that the interruption in construction work means that project completion timelines will have to be pushed back, she said that once the contractors figures have been vetted, the intention is to use the leftover sums from the initial \$58 million to resume work while awaiting the eventual disbursement of the new amounts.

Although the initial contractors were bonded, Ms. Williams-Octalien disclosed during the PFA meeting on Monday that there had been no payout from the bond company, because they “didn’t uphold a claim from the Housing Authority....The supporting arguments from the Housing Authority did not demonstrate that the contractor is at fault.” The dissolution of the contract, she explained, was the amicable outcome to the dispute.

With the dispute in the past and a new contractor poised to begin work, Ms. Williams-Octalien remained optimistic in spite of the challenges of the past year or so with the Donoe Estates housing community. “Once those costs are validated,” she said, referring to the estimate from the new contractor, “we’re trying to get this project restarted as quickly as possible.”

The Consortium was unable to reach VI Housing Authority officials for comment.