

## Senators Hold Three Sub Base Lease Agreements Amid Concerns Over Rent Disparities and Inconsistencies

Lawmakers paused three long-term Submarine Base leases after raising concerns about rent gaps, property conditions, and varying sublease terms. The committee pressed DPP for clearer justification before advancing the agreements toward redevelopment.

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The Submarine Base Warehouse site consists of “raw land” with a “derelict” and “hurricane-damaged building” that DPP says must be demolished as part of the planned \$2 million in improvements. By. V.I. LEGISLATURE.

The Committee on Budget, Appropriations, and Finance paused action on three proposed lease agreements for Submarine Base properties on St. Thomas on Monday, holding all measures due to concerns over rent disparities and other inconsistencies. Each lease, introduced by Senate President Milton Potter on behalf of Governor Albert Bryan Jr., involved long-term redevelopment plans proposed by local Virgin Islands entities.

The first proposal, Bill 36-0199, seeks approval of a lease with Accent Property Management, LLC for Parcel Nos. 123 and 129 Sub Base, South Side Quarter. The agreement would allow the company to develop the site, manage improvements, and operate subtenants under an approved development plan. The 30-year lease includes two 10-year renewal periods and sets annual rent at \$144,000, payable in monthly installments of \$12,000. Rent would begin after a construction and financial stabilization period of up to 60 months. During that period, rent would be \$6,000 per month for the first 24 months, rising to \$9,000 per month from months 25 through 60. Accent Property Management, LLC is required to invest at least \$1 million in property improvements. If the firm subleases the property, it must pay the Department of Property and Procurement up to 30 percent of all base rent collected from tenants.



*Parcel Nos. 123 and 129 Sub Base, South Side Quarter*

Bill 36-0204 covers a multi-year lease with Commercial Investments LLC for Parcel No. 30 Submarine Base, No. 6 Southside Quarter. The property currently contains a single-story building. Under the proposal, the company would use the site for a logistics storage warehouse and related purposes. The lease spans 30 years with two 10-year renewals and carries annual rent of \$48,000, paid in \$4,000 monthly installments. A reduced rate of \$500 a month would apply during the permitting and construction period, estimated at 24 months. Commercial Investments LLC must complete approximately \$600,000 in improvements, including demolition and reconstruction of an interior office, roof repairs or replacement, plumbing upgrades, fencing, and other enhancements. The firm would also be required to pay up to 30 percent of base rent collected from subleased warehouse space. The property is currently occupied by the Department of Education for its school lunch program.



*Parcel No. 30 Submarine Base, No. 6 Southside Quarter*

The final measure, Bill 36-0205, involves a lease with Submarine Base Warehouse, LLC for Parcel Nos. 12 and 12A Submarine Base (Crown Bay Fill) and Parcel 145 (Consolidated) Submarine Base, No. 6 South Side Quarter. The agreement allows for bulk storage operations, establishment of subtenants, parking, and other permitted uses. The lessee plans to construct two bulk storage warehouses and parking areas. The proposed 30-year lease includes three 10-year renewal terms and sets annual rent at \$12,000, payable in \$1,000 monthly installments. No rent would be collected during the first year. From months 13 to 36, monthly rent would be \$500, which DPP categorizes as the permitting and construction period. Submarine Base Warehouse LLC is expected to invest roughly \$2 million to clear debris, demolish derelict structures, and build the new bulk storage warehouses, among other improvements. Sublease terms mirror those in the other agreements.

According to Vincent Richards of the Department of Property and Procurement, the three leases together are expected to return about 45,000 square feet of warehouse and office space to the market. He described the redevelopment as a “transformative step towards rebuilding and reenergizing this vital district.” Each lessee, all local Virgin Islanders, told lawmakers their investments would help revitalize the area.

However, senators raised immediate concerns about the wide range in proposed rents, which varied from \$1,000 to \$12,000 monthly. Senator Marise James questioned the department’s method for determining rental amounts. Mr. Richards said DPP reviews the condition of the property, evaluates business plans, and considers estimated improvement costs. “We basically then reverse engineer,” he told her, noting that the Submarine Base Warehouse LLC site is “raw land” with “absolutely nothing on there.” He explained that DPP compares raw land to buildings that are “slightly damaged” or “severely damaged.”

When questioned further by Senator Carla Joseph, Mr. Richards clarified that the Submarine Base Warehouse LLC property contains a “derelict” and “hurricane-damaged building” slated for demolition. Lawmakers noted, however, that despite hurricane damage to Accent’s leased property, that agreement carried the highest rental rate.

Senator Kurt Vialet objected strongly to the \$12,000 annual rent proposed for Submarine Base Warehouse LLC. “Twelve thousand dollars, to me, is totally ridiculous,” he said, describing the area as “prime Sub Base property” that retains value regardless of whether the site is considered raw land. He also pointed to variations in the sublease provisions among the three proposals. “I am pro-development. Okay? I want development but, but you got to equalize the numbers,” he said.

Senator Potter also questioned the rent disparities. Mr. Richards responded by expressing full confidence in the agreements. “Take this agreement and take it to any real estate developer around the version and ask them if it makes sense,” he said.

Despite broad interest in redeveloping the area, lawmakers agreed that all three leases needed additional scrutiny. Senator Vialet emphasized that the decision to hold the measures was not a rejection of the projects themselves. “While we are definitely in support of development...there are certain inconsistencies that we wanted to be cleared up,” he said. “It’s not an indication that we’re not in support of these measures, but we want to make sure that we have parity among the three lease agreements before us.”

