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Two Subbase Leases Approved After Revisions, Third Stalls Over Rent Concerns

Revised lease agreements for hurricane-damaged Submarine Base parcels won approval for two developers, featuring higher rents and 30% sublease revenue sharing, while lawmakers again held a third deal over lingering concerns about equity and value.

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View of a government-owned building and surrounding paved lot at the Submarine Base area on St. Thomas, part of the property leased to Accent Property Management for redevelopment. By. V.I. LEGISLATURE.

Three leases for derelict, government-owned property in St. Thomas' Submarine Base (Subbase) area returned to the legislative floor on Tuesday, after lawmakers expressed challenges with the

terms of the agreements [back in November 2025](#).

Concerned with inconsistencies in the leases, the Committee on Budget, Appropriations, and Finance requested that the Department of Planning and Natural Resources revisit, and where possible, renegotiate the leases.

On Friday, DPP's assistant commissioner Vincent Richards presented the refreshed contracts.

Bill 36-0199 is a lease agreement between the Government of the Virgin Islands and Accent Property Management, LLC, for Parcel Nos. 123 and 129 Sub Base. According to Mr. Richards' testimony, their lease remains at \$144,000 annually. However, the lessee is expected to pay a "reduced rent" during the construction and stabilization period. Accent Property Management will also be expected to pay a commission "of up to 30% of all base rent collected from its sub tenants," Mr. Richards noted.

Approximately \$3 million in investments are earmarked for the hurricane damaged properties, including the potential demolition and reconstruction of one building. The developer has already expended "tens of thousands of dollars" in removing "over a dozen derelict vehicles, boats, appliances dumped on the property."

According to chief administrative officer Randa DeSouza, the project by Accent Property Management will address the lack of logistics space needed for the upcoming recovery construction boom. She also anticipates attracting a "diverse mix of tenants, ranging from manufacturers to service sector support companies."

Bill 36-0204 is the agreement between the GVI and Commercial Investments LLC, for Parcel No. 30 Submarine Base, No. 6 Southside Quarter. General Manager Judy Perez-Ferdinand says the company intends to operate a logistics warehouse. The thirty year lease with two ten-year renewal periods carries an annual rent of \$60,000, an increase over the initial proposed rate of \$48,000. Commercial Investments, too, will pay reduced rent during the construction and permitting period for up to one year. Some \$500,000 in improvements are expected, and 30% of rent from tenants must be directed to the government as well.

"This facility will provide critical support for our disaster recovery efforts, offering secure, climate controlled space," Ms. Perez-Ferdinand explained.

In the third lease, the annual rent for Submarine Base Warehouse LLC was tripled since the November hearing. Bill 36-0205 allows the developer to lease Parcel Nos. 12 and 12A Submarine Base (Crown Bay Fill), No. 6 Southside Quarter, and 145 (Consolidated) (Crown Bay Fill) Submarine base, No. 6 Southside Quarter for the purpose of bulk storage, and establishing a slate of tenants.

Instead of the initial \$12,000 proposal, Mr. Richards explained that the lessee would now pay \$36,000 in monthly installments of \$3,000. Like the other two leases, Submarine Base Warehouse LLC must provide 30% of sublease revenue to the government.

"I hope the updated version meets your expectations," remarked Enrique Rodriguez, managing partner.

For Mr. Richards, the rent-sharing arrangement "ensures that the government benefits not only from the base rent, but also from the commercial success of any of these developments." Calling it a "performance based provision", Mr. Richards noted that it "incentivizes the lessees to maintain

high occupancy and ensure a growing diverse revenue stream for the government.”

He defended the rent schedules as “both prudent and feasible” and assured that the projects represent a “transformative step towards rebuilding and re-energizing this critical district.”

The outcome of Tuesday’s meeting was positive for two of the three entrepreneurs. The leases between the GVI and Accept Property Management and Commercial Investments were eventually approved, despite additional feedback from some lawmakers.

Submarine Base Warehouse LLC was not as fortunate. That lease was, again, held in committee over terms and conditions included in the agreement.

Senator Hubert Frederick thanked the entrepreneurs for “risking your capital” and urged them to be prepared for possible lead paint and asbestos discoveries. “I hope you guys could get ahead of this before the big jobs get started,” he said to Accent Property Management and Commercial Investments.

Senator Dwayne DeGraff still took issue with the rent amounts being charged. “One time, maybe we went too low. Maybe now we're going too high,” he said.”

Addressing lingering concerns over the vast differences in rental fees between the leases, Mr. Richards insisted that “everything is completely different.” Some properties are larger, others have more damage, and in the case of Submarine Base Warehouse LLC, the property is “raw land.”

Still, Senator Kurt Vialet was troubled by varying rent schedules and sublease arrangements that would allow the GVI to collect less than the prescribed amount of sublease rent for a number of years. That graduated scale was attributed to the different business models of each lessee.

“I don't want to hear about the business models...I want to know why this government is not just charging a flat fee for any developer that want to sublease government property...If you're subleasing government property, you should be charged at 30% from the onset,” Sen. Vialet argued.

“By the time they start charging, the big contractors packing up to leave,” he noted.

The two approved lessees, who will both construct logistics facilities, have confirmed that they will be ready to hit the ground running as soon as all approvals are granted. Although passed in committee of jurisdiction, the approved leases must still go through the remainder of the legislative process before coming into force.