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Good afternoon Senators, thank you for your time and attention this afternoon.

Our firm represents St. Thomas Hospitality, LLC, a U.S. Virgin Islands limited liability company that is seeking to add to the island's tourism economy with the construction of a new hotel on property located in Estate Bakkero in Frenchman's Bay Quarter. The developer anticipates that the finished project will feature approximately 170 guest rooms housed in five newly constructed buildings; a spa; a pool; a restaurant; parking; a wholly contained sewage treatment system; and a small electrical generation plant.

The site chosen for development is comprised of five adjoining parcels; three of these parcels are currently zoned as R-3, and two of the parcels are zoned as R-1. The purpose of our appearance before you today is to request that the Legislature approve the rezoning of the two R-1 parcels to become R-3 parcels in alignment with the adjacent lots being developed.

Allow me to offer a little background on the matter. The Zoning Law of the U.S. Virgin Islands, which can be found in Title 29, Chapter 3 of the V.I. Code, has five grades of residential zoning, ranging from R-1, which is LOW density, up to R-5, which is HIGH density. Our request today seeks to rezone two parcels from R-1 LOW Density to R-3 MEDIUM Density, which is the minimum threshold density grade at which apartments, multi-family homes, and hotels become permissible. The shift from R-1 to R-3 represents a moderate change, that balances accommodating the demand for more visitors to the island while maintaining the same level of charm and tranquility for which the neighborhood is known.

Our client has pursued this zooning map amendment through the prescribed channels, having filed an application formally with DPNR's Division of Comprehensive & Coastal Zone Planning (CCZP). I'm pleased to share that CCZP, having reviewed diagrams and land use surveys, issued a favorable recommendation signaling DPNR's approval of the zoning amendment. We hope that the Senate will join DPNR in ushering this project forward.

Please consider the following reasons why this zoning change should be approved.

First, rezoning the parcels from R-1 to R-3 fosters uniformity among the lots being developed. Parcels 2N-1 and 2N-2 are among the few parcels in the area that are zoned as R-1. In fact, Parcels 2N-1 and 2N-2 are surrounded on three sides by lots 2Q-1, 2Q Remainder, and 2P, which are all already zoned as R-3. This fragmentation in the zoning means that the R-3 parcels cannot live up to their fullest use, because they are constrained by the development limitations on the two R-1 lots that sit in the middle. Furthermore, the amendment proposed today follows a 30-year trend to

increase the residential density of Estate Bakkero. Between 1994 and 2025, six other parcels—2B, 2P, 2Q, 2R, 2S, and 2L—were all re-zoned from R-1 to R-3, (and Parcels 2A-1, 2A Remainder were granted a use variance for hotel, restaurant, and pool bar) allowing the character of Frenchman's Bay to evolve with the changing demands of the island. Maintaining the R-1 parcels in this area would mean stopping the major investments that are occurring in Frenchman's Bay and disrupting the evolving resort character of the area.

Second, rezoning the parcels will allow my client to proceed with their plans to add another significant property to St. Thomas's strong array of hotel options. As Assistant Commissioner Jozette Walker noted in her recommendation, "tourism is a primary component of the Virgin Islands economy" and this new property allows us to continue competing on an international scale as a travel destination of choice. Demand is high right now for travel to St. Thomas and in the last year there was an increase of approximately 10% in visitors arriving in St. Thomas by air. We need to keep our hotel and amenity inventory modern and fresh to continue attracting hotel visitors, my client's project represents the scale of investment we need. St. Thomas's steep topography means that land availability is at a premium for selecting where to erect new hotel infrastructure. But these five plots, representing a combined 6.66 acres, provide the right mix of proximity to the beach and moderate slopes, which is attractive to my client to begin construction. The main obstacle is that 1.37 of these 6.66 acres, or approximately 20% of the overall site, is zoned R-1. Currently, there is a residential structure and a greenhouse on these parcels, which can easily be converted into hotel support facilities. The remaining 80% of the site is already zoned R-3 and can be developed into a new hotel resort. We need to use our buildable land wisely and think of its highest and best use. This apartment style hotel property will generate significant revenue for the territory by way of the gross receipts tax, the hotel occupancy tax, and the income tax on wages earned by local workers. And, by pooling resources with the other hotel properties in Frenchman's Bay, my client will be able to offer an enhanced vacation experience for their guests, thereby raising the island's profile as a whole. As the expression goes, the rising tide will lift all boats.

I humbly request your support for this exciting new opportunity for St. Thomas hotel tourism.