



THE CITY OF KEY WEST

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TO: Jim Scholl, City Manager

FROM: Doug Bradshaw, Port and Marine Services Director

DATE: August 24, 2017

SUBJECT: Affordable Workforce Housing/Use of Caroline Street Tax Increment Financing (TIF) Dollars to Construct

ACTION STATEMENT

This is a request to approve the concept of constructing 4 units of affordable workforce housing using TIF dollars (housing above commercial space) at 907 Caroline Street.

HISTORY

The building located at 907 Caroline Street is part of the Key West Bight (KWB) property. Currently the one story building houses a retail shop and the KWB maintenance shop. Because of the poor structural conditions of the building it is scheduled to be demolished and replaced in 2018 as part of the KWB's overall capital project plan.

The City of Key West has a shortage of affordable workforce housing and the City Commission has made one of their priorities addressing this shortage. Based on preliminary design, four (4) affordable units could be constructed on a second floor when the ground floor structure is rebuilt. The units would be managed and maintained by the Key West Housing Authority.

At the Key West Bight Management Board's meeting on April 12, 2017, the board voted against moving forward with construction of and use of TIF dollars for affordable workforce housing at the Key West Bight. While the board feels that there is absolutely a need for affordable workforce housing, they did not feel that the Key West Bight was the appropriate location because of the small size of the project (4 units) and also the small rate of return.

FINANCIAL STATEMENT:

Based on initial estimates construction of the units would cost around \$1.0-\$1.5 million (total construction of the 2-story structure around \$2.5 million). The pro-forma attached uses rental rates based on 80% median income which is \$1,375/month for a one-bedroom unit. The net income to the Key West Bight based on the pro-forma is around \$38,000 a year. There currently is approximately \$1.3 million TIF dollars in the CRA Fund 603 with an additional \$850,000 to be added to the fund by December 31, 2017.

RECOMMENDATION

Staff recommends that the CRA approve the concept of constructing 4 units of affordable workforce housing using TIF dollars at 907 Caroline Street.

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SUMMARY