



MEMORANDUM

Date: January 7, 2025

To: Honorable Mayor and Commissioners

Via: Todd Stoughton
Interim City Manager

From: Tina Burns
Housing & Community Development Director

Subject: **25-3219 A resolution of the Naval Properties Local Redevelopment Authority of the City of Key West (LRA) approving a Land Use Restriction Agreement in favor of the Monroe County Comprehensive Plan Land Authority to be recorded on the 28 condominium "For Sale" homeownership units located at 710 Fort Street to preserve the affordability of the project; providing for an effective date.**

Introduction

Respectfully request the Naval Properties Local Redevelopment Authority of the City of Key West to approve the Land Use Restriction Agreement in favor of the Monroe County Comprehensive Plan Land Authority to be recorded on the 28 condominium "For Sale" homeownership units located at 710 Fort Street to preserve the affordability of the project.

Background

The City of Key West owns the property with the assigned street addresses of 710, 750 and 810 Fort Street also commonly referred to as the 3.2 acres, located within the Historic Neighborhood Commercial District – Bahama Village Truman Waterfront. When completed the development will consist of 126 Work Force units, including rental and homeownership.

The City entered into a 99-year Ground Lease Agreement with Bahama Village on Fort, Ltd. to develop 28 Work Force “for sale” condo units locate at 710 Fort Street (RE# 00001630-000801) owned by the City of Key West.

The City of Key West requested three (3) separate allocations of funding totaling \$6,170,457.00 from the Monroe County Comprehensive Plan Land Authority (Land Authority) to subsidize the construction of the 28 Work Force “for sale” condo units for affordability.

On October 16, 2024 the Monroe County Comprehensive Plan Land Authority approved a provision of construction subsidy funding in the amount of \$6,170,457.00 to decrease the sale price for the 28 Work Force units. As a condition to receive the funding the Land Authority is requiring a deed restriction (Land Use Restriction Agreement [LURA]) that requires all units with Land Authority funding to be owned by families whose income does not exceed 160 percent of median family income for the area at the time of purchase. Nothing in the LURA precludes the City of Key West or any other entity from setting more restrictive income limits.

Land Authority funding will disburse to the City of Key West upon recordation of the condominium documents. Along with the blanket LURA on the property the City will also record a Land Use Restriction Agreement (LURA) for each individual unit when it closes that memorializes the subsidy amount invested in each unit. The subsidy amount is transferable when a subsequent sale of the condominium unit occurs.

Procurement

There are no costs or related expenses associated with this request that will affect the City's approved budget for FY25. The money from the Land Authority will flow through the City directly to the developer for construction subsidy to reduce the sales prices of each unit being sold. Once a Certificate of Occupancy or Temporary Certificate of Occupancy (or other similar documentation) for each unit has been completed the developer or their representatives may send written notice to the then-current City Attorney and City Manager of the City notifying of the receipt of the Certificate of Occupancy or Temporary Certificate of Occupancy for the Units and the City will disburse for that identified unit.

Recommendation

Respectfully request the Naval Properties Local Redevelopment Authority of the City of Key West to approve the Land Use Restriction Agreement in favor of the Monroe County Comprehensive Plan Land Authority to be recorded on the 28 condominium "For Sale" homeownership units located at 710 Fort Street to preserve the affordability of the project.