



THE CITY OF KEY WEST

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October 31, 2023

To: The City Commission for the City of Key West
From: Ron Ramsingh, City Attorney, and A.J. Davila, Esq. (counsel for Vestcorp)
RE: Amendment to the ground leases for the Bahama Village 3.2 affordable workforce housing project

Cover Memo

Introduction

This is a request by Bahama Village on Fort, LTD./ Bahama Village Community LTD, lessee of the ownership and rental portions of the Truman Waterfront-Bahama Village 3.2 affordable workforce housing project, to amend the ground lease to satisfy lender underwriting requirements.

Background

By Resolution 22-159, the Naval Properties Local Redevelopment Authority of the City of Key West, Florida ("LRA") approved a lease of 0.78 acres for 99-years with Bahama Village on Fort, LTD. ("Lessee") for the purpose of developing 28 owner-occupant affordable workforce housing owner-occupant units on the property. By Resolution 22-080, the Naval Properties Local Redevelopment Authority of the City of Key West, Florida ("LRA") approved a lease of 2.51 acres for 99 years with Bahama Village Community, LTD. ("Lessee") for the purpose of developing 98 affordable workforce housing rental units on the property. On July 15, 2022, the first amendment to the ground lease was executed making minor reductions in the leased area. By resolution 23-025, the City Commission of the City of Key West, Florida approved a major development plan for the project to develop 126 total affordable workforce housing units.

Since the approvals of the leases and development plans, Lessee has engaged with lenders to assist in financing the construction of the project. Lessee's lender has required these amendments to the ground leases as a condition of funding a loan for the project, which is typical of large-scale projects. The proposed changes fine tune aspects of the leases that previously did not have input from a lender, who did not exist at the time of approval. The proposed changes are standard and do not put the city in an inferior position.

Procurement

There is no impact to procurement with these proposed lease changes.

Recommendation

To pass the proposed lease amendments to the 2 ground leases to allow the developer to satisfy lending requirements.