



## THE CITY OF KEY WEST

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# EXECUTIVE SUMMARY

To: The City Commission for the City of Key West

From: James K. Scholl, City Manager

By: George B. Wallace, Assistant City Attorney

Date: January 30, 2019 Updated February 21, 2019 and March 4, 2019 to reflect appraised value.

RE: Proposed development of College Road Affordable Housing Rental Complex and funding plan.

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### **Action statement:**

Approve a Resolution in support of Management's plan for the construction and funding of the College Road Affordable Housing Rental Complex at 5220, 5226, 5228 and 5230 College Road.

### **Background**

Following the impact of Hurricane Irma on September 10, 2017 Congress appropriated \$7.4 billion for disaster recovery through the CDBG-DR program nationwide of which Florida is to receive approximately \$616 Million.

The Department of Economic Opportunity (DEO) has released overviews and conducted workshops relating to the allocation of a specific set-aside of \$20 Million for Monroe

County for Workforce Affordable Rental New Construction Housing development with an additional \$10,000,000.00 allocated for land acquisition for Affordable Housing. These funds will be awarded on a competitive basis in response to a Request for Application, “RFA 2019-101 CDBG-DR Financing of Workforce Housing Developments to be used in Monroe County”.

By Resolution 18-347 the City Commission authorized the retention of Affordable Housing Consulting, LLC to make application for funding through the RFA process once the final RFA is released. The funds would then be combined with other financing options to be utilized for the construction of the planned 104 unit affordable housing project on College Road. The pending RFA requires that 100% of the units be set aside at or below 80% AMI. (Low Income)

On January 25, 2019 a workshop was conducted by Florida Housing Finance Corporation to review the proposed RFA. The City has been working with the Key West Housing Authority to develop cost and income analysis for the project. The proposed RFA includes a \$10,000,000.00 set-aside for land acquisition in addition to \$20,000,000.00 for development funding. Each project is limited to \$5,000,000.00 of acquisition funding and \$8,000,000.00 development funding.

It is proposed that the Key West Housing Authority make application for both acquisition funding and development funding of the College Road property. The Housing Authority would use acquisition funds to purchase the property from the City of Key West for its appraised value of \$3,640,000.00. The proceeds from the sale will be committed by the City for construction and development funds to construct the rental complex. The sale would be contingent upon receipt of the acquisition grant amount. The property would be deed restricted in perpetuity, (not less than 99 years), for low income housing with 10% of the units set aside for Extremely Low-income including special needs tenants.

The current Total Development estimate for the project is \$25,500,000.00. If successful in the application process the Key West Housing Authority would receive up to

\$11,640,000.00 from CDBG-DR acquisition and development funding for the completion of the project. By Resolution 19-047 the City designated \$8,107,916.00 of Land Authority funds for the construction of the project and by Resolution 19-064 has designated an additional \$400,000.00 towards the project leaving a balance needed of \$5,360,000.00.

The Key West Housing Authority has the ability borrow as much as \$10,000,000.00 in tax exempt financing for the project.

The CDBG-DR grant funds, if received, are forgiven after 20 years so there is no debt service to the City. The only debt service will be for funds borrowed by the Key West Housing Authority to make up the shortfall.

Article VII Section 7.03(a) of the Charter of the City of Key West excludes this proposed conveyance from referendum requirements.

**Recommendation:**

To approve the Resolution giving City Staff direction to proceed with the above described funding process for the construction of the 104 unit Affordable Housing Rental Complex planned for College Road and authorizing the City Manager to executed necessary contracts and other documents to accomplish the project upon the advice and consent of the City Attorney.

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