



**Request for Project Nominations -
Monroe County Land Authority
2016-2017**

Proposed Resolution

Nominating three Key West Properties for Land Authority funding in 2016-17

Proposed: Habitat for Humanity of Key West and the Lower Florida Keys, Inc. is a proven provider of affordable workforce housing in Key West and the Lower Keys that seeks funding for three workforce housing projects from the Land Authority in their 2016-17 fiscal year. The request of \$860,000 is less than 40% of the total funding available this fiscal year and will leverage other funding to provide permanently affordable units from Key West to Big Coppitt.

The City Commission of Key West recommends to the Land Authority and its advisory committee the expenditure of the requested funds on the three properties, 716 Eisenhower Drive, 1116 Truman Avenue and 209 Olivia St.

The City Commission supports the expenditure of \$400,000 or less to retire the acquisition loan Habitat has with First State Bank for the 716 Eisenhower Drive property because Habitat has successfully leveraged its funding with that of the Land Authority to renovate and provide 12 workforce housing units on this property and because the payment of this debt will free up monetary resources for Habitat to devote to its next affordable housing projects after paying over \$500,000 of its own funds for this project. The long term use of this property is permanently protected by the terms of the 99 year lease in place and the mortgages held by the Land Authority.

The City Commission supports the expenditure of \$400,000 for the construction expenses at 1116 Truman Avenue to create three workforce units that will be deed restricted as affordable for residents in and between the 60 to 80% AMI demographics. This funding will be leveraged by Habitat with other sources to complete the acquisition and renovation. The Land Authority funds will be protected by the deed restrictions Habitat will place on the three units.

The City Commission supports the expenditure of \$60,000 for the reconstruction expenses in the critical home repair of 209 Olivia St. This funding will leverage the several other sources of funding Habitat has located to keep seniors safe as they age in place. This funding will be protected for at least 10 years by deed restrictions and promissory notes executed by the family.

This funding will protect and build 26 total affordable units that serve the Key West community.

Habitat for Humanity of Key West & the Lower Keys' experience in affordable housing involves these three areas;

- Affordable home ownership that we build (35 done and 10 pending)
- Home repairs focused on seniors (almost 25 in 10 years)
- Affordable rental properties (we have 24 units)

Our demonstrated capability in each of these areas yields important and effective results in our service area. Our approaches to creating affordable housing is small scale but effective. Our entire and permanent mission focus is families served in Key West and the Lower Keys. Every year we serve the 35 home owner families; 6 to 10 repair families and 24 renter families.

We are a one stop shop. We build, finance and sell affordable homes. We qualify families and individuals in accordance with government rules. We monitor and enforce deed compliance and lease restrictions. We build, repair and manage construction. We are a small yet complex and steady provider.

With your support, Habitat will seek funding for three Key West affordable housing projects from the 2016-17 funds of the Land Authority. Our understanding is that in October, 2016 the new pool of funds generated from the half penny sales tax will be available. Our requests for Land Authority funding seek to;

- Renovate 1116 Truman Avenue, a three unit vacant structure for permanently affordable housing, either rental or ownership in our target goal of low to very low AMI.
- Pay off the acquisition debt of \$400,000 Habitat has for the twelve unit affordable rentals at 716 Eisenhower Drive.
- Fund \$60,000 to leverage other sources for the critical home repair Habitat is committed to with the Campbell Family at 209 Olivia St. in the Bahama Village CRA. Our variance application and HARC approvals are granted.

These three requests will have direct and indirect benefits for many families who need affordable housing. We calculate a minimum of 67 individuals will benefit while 26 affordable housing units are involved in this nomination.

209 Olivia St.: There are five people in the family household at 209 Olivia who will have safe and decent housing that meets their needs while eliminating potential blight in the neighborhood. This renovated home will contribute property tax income to the CRA. This renovation transforms older and worn out housing into a newer structure that will allow its senior married couple, sister in law and two other relatives to age in place. Refer to our construction budget and sources attached.

The several funds and grants will be protected by a promissory note (and mortgage if needed). The family will deed restrict their home for the time required to further protect this affordable housing.

716 Eisenhower Drive: When the acquisition debt is paid, Habitat will be able to do two significant things; use the property as collateral for the construction loan needed to build the 10 new homes on Big Coppitt, and retain the ability to adjust the rents for our current and future tenants to less than the required 80%AMI level. This will allow the cost burden for these families to be adjusted by shifting rents from the low income level to the very low income level where appropriate, according to their individual documented resources.

We have a total of \$1.2 million in rental acquisition debt for our two properties (716 Eisenhower Drive and 5530 3rd Ave., Stock Island). We have a loan for \$840,000 for the Latitude 24 apartments in addition to the \$400,000 loan at Eisenhower Drive. We also invested another \$840,000 in renovations and repairs of our own cash in these two complexes in the past six years. We have spent or borrowed \$2 million to create 24 units. This leveraged \$1.2 million in funds from the Land Authority. We have fulfilled our promise to leverage the assets of the Land Authority to create quality workforce housing.

This request to pay off the \$400,000 in acquisition debt for 716 Eisenhower Drive replenishes our limited capital and provides a significant resource for financing our 10 home build on Big Coppitt. This need would not be so urgent if Sadowski Funds were available to subsidize our building effort.

1116 Truman Avenue: The request for this nomination is for \$400,000. The funds will be used for the construction expenses of rebuilding this three unit property which has been vacant for 10 years and is a blighted mess. Habitat was able to acquire it from Deutsche Bank for \$330,000 with \$67,000 of our own funds securing temporary financing. The property appraised for \$500,000 and has great potential to provide accessible (walkable) units that working people can afford to live in while being centrally located. The unit mix will be diverse, accommodating families and single individuals. The units will be built to be fire resistant, historically contributing and energy efficient.

We do not have the capital to acquire and renovate this property on our own. This is a good opportunity to create permanently affordable housing with decent sized units, perhaps with a range of affordability, which may be rental or ownership, depending upon the available subsidies. Habitat would agree to deed restrict the residential use of the property to the 80%AMI (low income) level. However, our goal would be seek a mix of subsidies, unit density and type to provide some units in the very low AMI demographic. The property must carry its insurance and tax costs and so a market rate or commercial unit may be necessary, depending upon other subsidies' availability.

Our plan would be to build to code for ownership with fire separation walls and other features. We will consult with the Planning Department for the HARC, density, setbacks and potential commercial use discussions. The goal is to build a green, energy efficient, historically compatible and wind code standard structure that is low cost to own, operate and to insure. We have been approved for a predevelopment loan at zero per cent with the Florida Housing Finance Corporation.

Summary: Habitat seeks the nomination of three properties to the Land Authority for its consideration in the 2016-17 budget for a total of:

- \$400,000 to retire the acquisition debt at 716 Eisenhower Drive
- \$60,000 for the critical home repair project at 209 Olivia Street
- \$400,000 to acquire and renovate a three unit structure at 1116 Truman Avenue.
- Total proposed ask is \$860,000.
- This request will provide 12 (more) affordable rentals, create three new affordable units and provide collateral of \$1.2 million for Habitat to borrow

against in building 10 new homes on Big Coppitt.

- This request will also leverage multiple sources of funding to completely renovate a contributing structure in the Bahama Village to meet the goals of the CRA and permit a veteran, his spouse and their developmentally disabled relative to age safely in place.

This request of \$860,000 for 26 affordable units is \$33,076 per unit. This request of \$860,000 will serve 67 people, or \$12,835 per person.

Thank you for considering these affordable housing projects.

D. Mark Moss

Mark Moss

Executive Director



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Habitat for Humanity of Key West and the Lower Florida Keys has been a provider of work force housing for Key West for many years. We provide 24 rental units and have sold 18 townhomes in order to keep working families in the city. Currently we're providing affordable housing for 129 people in the Key West area. These people are teachers, medical professionals, city employees, law enforcement and service industry workers. They are the people who make up our diverse and vibrant community.

We are seeking your approval to spend \$860,000 of Land Authority funds to create truly affordable and permanently deed restricted housing that serves 67 people in 26 units. This is \$33,076 per unit, or \$12,836 per person.

To recap, we are requesting your nomination to the Land Authority for:

- Financial assistance of \$400,000 to renovate 1116 Truman Avenue, a three unit vacant structure to provide housing to those falling in the low (\$48,000) and very low (\$34,000) income range (60 to 80% AMI)
- Pay off the acquisition debt of \$400,000 Habitat has for the 12 unit affordable rentals at 716 Eisenhower Drive in order to leverage the property as collateral for a construction loan to build 10 new homes on Big Coppitt in 2017 while continuing to keep rents affordable for those at 80% AMI or below. The property has been appraised at \$2.2 million.
- \$60,000 to be leveraged with other funds to provide critical home repair for the Campbell family at 209 Olivia Street in the Bahama Village CRA. This family has three senior citizens, one Navy veteran and one special needs person and two adult relatives in the household of five Key Westers. The funds will be protected by a promissory note. The family members will donate sweat equity to Habitat.

This request is modest when measured by its cost per unit or per person served. The workforce affordable units provided are truly affordable, meant to help working citizens of modest or low income means. The units this funding creates will be permanently affordable, protected by deeds or a promissory note.

This request is for 39% of the funds generated in Key West in this fiscal year (\$860,000/2,200,000).

As requested by city commissioners we are providing a more detailed inventory on our properties and clients. The city and county has been working tirelessly to make a dent in the affordable housing issue. We have been serving the city and county's needs by providing housing to our vulnerable population and are asking for your support to continue to do so.

We have prepared draft resolution language for the City Commission to consider for adoption to move these nominations forward.

Key West

Habitat provides 12 affordable rental units in Key West through a partnership with the Housing Authority. These units are deed restricted to 120% of AMI although Habitat has restricted the rentals to singles and families at or below 80% AMI. We have made a substantial contribution to the property's rehabilitation acquiring \$400k in debt.

An inventory of units is below:

Eisenhower					
Unit	Bedrooms	Rent	Employer(s)	Adults	Children
712 Eisenhower	Efficiency	\$550	The Citizen	2	0
716 Eisenhower 101	Efficiency	\$750	Massage Therapist	1	0
709 Pearl 201	Efficiency	\$750	Teacher	2	1
703 Pearl	Efficiency	\$900	Key West Wildlife Center	1	0
705 Pearl	1 Bedroom	\$900	Charter Captain & Waitstaff	2	0
716 Eisenhower 104	1 Bedroom	\$1,000	Key West High Teacher	1	1
716 Eisenhower 102	1 Bedroom	\$1,100	Casa Marina	1	0
716 Eisenhower 103	1 Bedroom	\$1,100	Blue Marlin Hotel	1	0
716 Eisenhower 105	1 Bedroom	\$1,200	Local Musician	1	0
709 Pearl 101	1 Bedroom	\$1,200	Massage Therapist	1	0
707 Pearl	2 Bedroom	\$1,400	Salon Owners	2	2
714 Eisenhower	2 Bedroom	\$1,400	Sheriff's Department & Zale's	2	1
				17	5
Total people served: 22					

As you can see by the deed restriction guidelines enacted by the city of Key West, our units fall well under the maximum levels allowed.

City of Key West 2016 Work Force Housing Rental Limits				
Unit Size	Low 80%	Median 100%	Moderate 120%	Middle 140%
Efficiency	\$1,203	\$1,505	\$1,806	\$2,107
1 Bedroom	\$1,375	\$1,720	\$2,064	\$2,408
2 Bedroom	\$1,546	\$1,935	\$2,322	\$2,709

A recent inventory provided by Roe Minor Realty Consultants, Inc., of comparable deed restricted properties shows that other than the property at Samaritan Lane, Habitat was the only provider of work force rentals identified in the area meeting the guidelines for 80% AMI residents.

Comparable Apartment Rentals			Average Rent
500 Truman Ave	Efficiencies		\$1,400
508 Southard Street	1 Bedroom		\$1,400-\$1,575
508 Southard Street	2 Bedroom		\$1,665
717 Samaritan Lane	2 Bedroom		\$1,515-\$1,600
604 Greene Street	2 Bedroom		\$1,450
124 Simonton Street	2 Bedroom		\$1,650-\$1,700
Peary Court	2 Bedroom		\$2,358-\$2,751

Stock Island

Habitat for Humanity of Key West and the Lower FL Keys provides 12 rental units on Stock Island providing affordable housing for 36 people. These are all 2 bedrooms rented to residents falling at or below 80% of AMI at a rate of \$1,200. Our current liabilities are just over \$800k.

An inventory of units is below:

Latitude 24					
Unit	Bedrooms	Rent	Employer(s)	Adults	Children
1	2 Bedrooms	\$1,200	Dion's	2	0
2	2 Bedrooms	\$1,200	Lower Keys Medical Center	1	4
3	2 Bedrooms	\$1,200	Music Store Owners	2	2
4	2 Bedrooms	\$1,200	Wesley House	2	0
5	2 Bedrooms	\$1,200	Lower Keys Plumbing	1	1
6	2 Bedrooms	\$1,200	Sheraton & Caroline's	2	1
7	2 Bedrooms	\$1,200	Waste Management	2	2
8	2 Bedrooms	\$1,200	Hyatt & A&B Lobster House	2	1
9	2 Bedrooms	\$1,200	Fishbusterz, LKMC, State Trooper	4	0
10	2 Bedrooms	\$1,200	Disabled	2	0
11	2 Bedrooms	\$1,200	Outback Steakhouse	1	2
12	2 Bedrooms	\$1,200	Chevron & Disabled	2	0
				23	13
Total people served: 36					

Monroe County 2016 Maximum Monthly Rental Rates				
Unit Size	Very Low 50%	Low 80%	Median 100%	Moderate 120%
2 Bedrooms	\$968	\$1,546	\$1,935	\$2,322

Although Habitat is not requesting funding related to the Stock Island property we feel it is important housing for Key West's work force and would like the commissioners to be aware.

Big Coppitt

Habitat for Humanity built and sold at affordable mortgage rates 18 townhomes on Big Coppitt. These homeowners have never owned a home, primarily resided in the Key West area for many years and fell below 80% of AMI. They received extensive homeowner training in order to support their successful transition from renting to owning their own property. In order to complete the Bayside Landing project Habitat sold many of the 0% interest mortgages to First State Bank. This restricted cash flow and income needed to complete additional projects.

The majority of the homeowners work in the city of Key West.

Bayside Landing Homeowners				
Unit	Bedrooms	Adults	Children	Employer(s)
1	3	3	1	Lower Keys Medical Center
2	3	2	2	Friendly Cab and Island Plant Products
3	3	1	2	Sugarloaf School
4	2	1	1	Wells Fargo Bank
5	2	2	2	City of Key West
6	3	2	2	LKMC/DePoo Hospital, Lower Keys Medical Center
7	2	1	1	First State Bank
8	3	1	2	Florida Courts
9	3	2	4	Publix
10	2	1	1	Salon Owner
11	3	2	2	Pepsi
12	3	2	3	Margaritaville and Bobalu's
13	2	2	0	Urgent Care Clinic, Murray Marine
14	2	1	1	House cleaner
15	2	1	1	Comcast
16	3	1	2	Unity of the Keys Church
17	3	2	2	Accountant/Key West High Coach and Artist
18	2	1	1	City of Key West
		28	30	
Total people served 58				

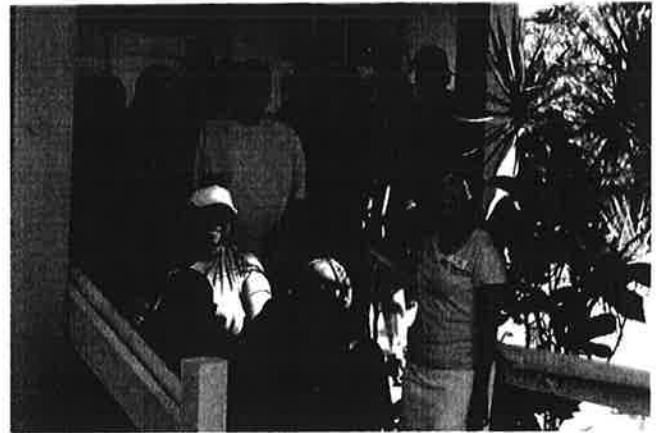
In addition to tangible financial benefits, research has shown that homeownership offers substantial social benefits for families, communities and the country. Some of the benefits include:

- Increase in charitable activity
- Civic participation in local and national issues
- Greater attachment to neighbors
- Lower teen pregnancy
- Higher rate of high school graduation
- General increase in positive outlook to live
- Better physical and psychological health
- Less likely to become victims of crime

Helping families climb out of poverty builds healthier, stronger communities and cuts down on health care, policing and many other costs paid for by our taxes. Habitat families own their own home and no longer rely on rental assistance from the county, they contribute property taxes each year and turn a substantial taxpayer burden into a positive community impact.

Habitat would like the city of Key West's support in building 10 new homes on Big Coppitt.

209 Olivia Street



Proposed Funding Sources for Project

May 2016

209 Olivia Project

Base Cost Estimate

- \$255,000

Dedicated Funding Sources

- \$54,000 +/- TIF
- \$5,000 OIRF
- \$5,000 Home Depot Community Impact

Total: \$64,000

Pending Funding Sources

- \$30,000 Weatherization Assistance Program/SHIP
- \$40,000 Klaus Murphy Foundation
- \$15,000 Federal Home Loan Bank Atlanta
- \$35,000 Bank of America
- \$ 5,000 Wells Fargo

Total pending \$ 125,000

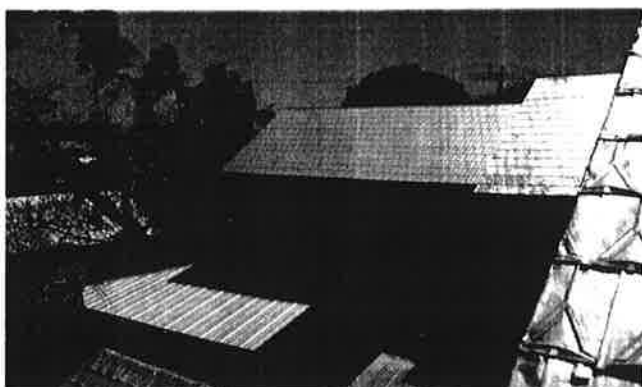
Total dedicated and pending is \$189,000.00

- TIF additional request (if permission is granted)
- Land Authority funds for repairs (\$35,000 request)

Total projected Deficit: \$255,000- \$189,000 = \$66,000

New Foundation	\$10,000.00
Raise House	\$25,000.00
Demolition	\$5,000.00
Remodel @ \$130/sq.ft	\$169,000.00
Housing Expense for Family	\$4,000.00
Storage	\$2,000.00
Architectural fees	\$24,000.00
Contingency	\$16,000.00
Total	\$255,000.00

1116 Truman Avenue



Eisenhower Drive, Key West

