



MEMORANDUM

Date: August 8, 2024

To: Honorable Mayor and Commissioners

Via: Todd Stoughton
Interim City Manager

From: Tina Burns
Housing & Community Development Director

Subject: **24-6213 Request the Monroe County Comprehensive Plan Land Authority to allocate funding in the amount up to \$1,242,207.00, for the purpose of construction subsidy for the creation of affordable workforce housing units at the Lofts of Bahama Village located at 918 Fort Street (otherwise known as the 3.2 site); Authorizing the City Manager to execute necessary documents upon consent of the of the City Attorney.**

Introduction

Respectfully request the City Commission to approve an allocation of funding from the Monroe County Comprehensive Plan Land Authority in the amount up to \$1,242,207.00 to provide construction subsidy to create affordable housing and reduce the sales prices of the twenty-eight (28) workforce housing homeownership units at the Lofts at Bahama Village development at 918 Fort Street; authorizing the City Manager to execute all necessary documents upon consent of the City Attorney; providing for an effective date.

Background

The City of Key West owns the property at 918 Fort Street commonly referred to as 3.2 acres, located within the Historic Neighborhood Commercial District – Bahama Village Truman Waterfront. The City has executed a 99-year lease agreement with the Developer to construct affordable residences onsite. The residences will consist of 98 rental units that after construction will be managed by A.H. of Monroe County and an additional 28-affordable workforce homeownership units that will be sold to income eligible very-low to middle income homebuyers.

In December of 2022, the City Commission approved an initial allocation of Monroe County Comprehensive Plan Land Authority Funding in the amount of \$4,028,250.00 to provide for construction subsidy funding to reduce the purchase price of the fourteen (14) Middle-income units (140%) down to Median Income units (100%) to make them affordable for homebuyers whose income are between 81% and 140% .

In October of 2023 an additional allocation request of Monroe County Comprehensive Plan Land Authority Funding in the amount of \$900,000 was approved by the City Commission to cover gap funding needed to complete the project.

The two allocations of Monroe County Comprehensive Plan Land Authority Funding total \$4,928,250.00.

Due to the increasing costs of various elements including interest rates, insurance costs and condo HOA reserves the additional allocation of funding will help subsidize all the units and further increase the affordability for the homebuyers.

This request of Land Authority funds will be used as construction subsidy to reduce the sales prices for all three income levels on all twenty-eight units. See chart below for final pricing schedule:

Subsidizing only the 14 "Middle" Units to "Median" 6.5X to 3.5X				Subsidizing All 28 Units			
Income	Very low 60% and Below	Low 61%- 80%	Median 80% -140%	Income	Very low 60% and Below	Low 61%- 80%	Median / Middle 81% -140%
Purchase Price Multiplier	1.5X	2.5X	3.5X	Purchase Price Multiplier	.75X	1.5X	3.5X
Unit Size				Unit Size			
2 Bedroom	\$161,156.00	\$268,594.00	\$376,031.00	2 Bedroom	\$80,578.00	\$161,156.00	\$376,031.00
3 Bedroom	\$178,969.00	\$298,281.00	\$417,594.00	3 Bedroom	\$89,484.00	\$178,969.00	\$417,594.00
Project Costs to Subsidize all 28 Units							
Bedroom Size	Multiplier Change	Buydown	Costs Per Unit	Number of Units	Totals by Units		
2-Bedroom	Middle 6.5 to Median 3.5	698344-376031	\$322,313.00	9	\$2,900,817.00		
3-Bedroom	Middle 6.5 to Median 3.5	775531-417594	\$357,937.00	5	\$1,789,685.00		
2-Bedroom	Low 2.5X to 1.5X	268594-161156	\$107,438.00	7	\$752,066.00		
3-Bedroom	Low 2.5X to 1.5X	298281-178969	\$119,312.00	4	\$477,248.00		
2-Bedroom	Very-Low 1.5X to .75X	161156-80578	\$80,578.00	2	\$161,156.00		
3-Bedroom	Very-Low 1.5X to .75X	178969-89484	\$89,485.00	1	\$89,485.00		
Total to Buy Entire Project Down:					\$6,170,457.00		
1st Reso Nomination Request - CC Approved 12/2023:					\$4,028,250.00		
2nd Reso Nomination Request - CC Approved 09/2024:					\$900,000.00		
3rd Proposed Request to Balance Project Need:					\$1,242,207.00		
Total Land Authority Investment in Project:					\$6,170,457.00		

This project is listed as a priority 1 affordable housing goal 2 under new housing in the Key West Forward 3-year strategic plan.

Procurement

Approval of the requested disbursement would reduce the available funds balance of the Monroe County Comprehensive Plan Land Authority monies that are allocated for the City of Key West.

Recommendation

Request the City Commission to approve an allocation of funding up to \$1,242,207.00 from the Monroe County Comprehensive Plan Land Authority to provide construction subsidy to create affordable housing and reduce the sales prices of the workforce housing homeownership units at the Lofts at Bahama Village development at 918 Fort Street; authorizing the City Manager to execute all necessary documents upon consent of the City Attorney; providing for an effective date.