

RESOLUTION NO. 19-086

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF KEY WEST, FLORIDA, AUTHORIZING THE CITY MANAGER TO PROCEED WITH THE PROPOSED DEVELOPMENT OF COLLEGE ROAD AFFORDABLE HOUSING RENTAL COMPLEX PROJECT AND THE FUNDING PLAN AS DESCRIBED IN THE EXECUTIVE SUMMARY ATTACHED TO THIS RESOLUTION; AUTHORIZING THE CITY MANAGER TO EXECUTE NECESSARY CONTRACT DOCUMENTS UPON ADVICE AND CONSENT OF THE CITY ATTORNEY; PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, the need for affordable workforce housing in and around the City of Key West was exacerbated by the destruction of housing by Hurricane Irma; and

WHEREAS, in Resolution 18-126 the City Commission directed the City Manager to expedite the College Road Workforce Housing project; and

WHEREAS, in Resolution 19-047 approved on February 5, 2019, the City Commission nominated to the Monroe County Land Authority the allocation of partial funding for the College Road Workforce Housing project; and

WHEREAS, by separate resolution approved concurrent with this Resolution the City Commission has requested the Monroe County Land Authority designate an additional \$400,00.00 to the College Road Workforce Housing Project; and

WHEREAS, the City Commission recognizes that the project is both complex and crucial, and that the Key West Housing

Authority (KWA) has expertise and the authority to apply for and accept certain federal Community Development Block Grant Disaster Relief (CDBG-DR) funding for acquisition and development of low and very low income housing; and

WHEREAS, pursuant to Section 7.03(a) of the City Charter, the conveyance of City property to another government agency does not require a referendum.

WHEREAS, the City Commission finds that authorizing the conveyance of the College Road property to the KWA, for the purpose of constructing low and very low income housing, conditioned upon the receipt of acquisition funding through the CDBG-DR program, would expedite this important project and expand funding/finance options for development of 104 units of affordable housing; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF KEY WEST, FLORIDA AS FOLLOWS:

Section 1: That the City Manager is authorized to proceed with the proposed development of the College Road Affordable Housing Rental Complex Project and the funding plan as described in the executive summary attached to this ordinance.

Section 2: That the City Manager is authorized to execute necessary contract documents required for the sale of the

College Road property to the Key West Housing Authority, upon the advice and consent of the City Attorney.

Section 3: That this Resolution shall go into effect immediately upon its passage and adoption and authentication by the signature of the Presiding Officer and the Clerk of the Commission.

Passed and adopted by the City Commission at a meeting held this 5th day of March, 2019.

Authenticated by the Presiding Officer and Clerk of the Commission on 6th day of March, 2019.

Filed with the Clerk on March 6th, 2019.

Mayor Teri Johnston	<u>Yes</u>
Vice Mayor Sam Kaufman	<u>Yes</u>
Commissioner Gregory Davila	<u>Yes</u>
Commissioner Mary Lou Hoover	<u>Yes</u>
Commissioner Clayton Lopez	<u>Yes</u>
Commissioner Billy Wardlow	<u>Yes</u>
Commissioner Jimmy Weekley	<u>Yes</u>


TERI JOHNSTON, MAYOR

ATTEST:


CHERYL SMITH, CITY CLERK

Commercial Contract

1 **1. PARTIES AND PROPERTY:** The Housing Authority of the City of Key West, Florida ("Buyer")
 2 agrees to buy and City of Key West, Florida ("Seller")
 3 agrees to sell the property at:

4 Street Address: 5220, 5224, 5228, and 5230 College Road, Key West, Florida 33040
 5 _____

6 Legal Description: See Exhibit A
 7 _____

8 and the following Personal Property: NONE
 9 _____

10 (all collectively referred to as the "Property") on the terms and conditions set forth below.

11 **2. PURCHASE PRICE:** \$ 3,640,000.00

12 (a) Deposit held in escrow by: _____ \$ _____
 13 ("Escrow Agent") (checks are subject to actual and final collection)

14 Escrow Agent's address: _____ Phone: _____

15 (b) Additional deposit to be made to Escrow Agent
 16 within ____ days (3 days, if left blank) after completion of Due Diligence Period or
 17 within ____ days after Effective Date _____ \$ _____

18 (c) Additional deposit to be made to Escrow Agent
 19 within ____ days (3 days, if left blank) after completion of Due Diligence Period or
 20 within ____ days after Effective Date _____ \$ _____

21 (d) Total financing (see Paragraph 5) _____ \$ See Addendum

22 (e) Other _____ \$ _____

23 (f) All deposits will be credited to the purchase price at closing.
 24 Balance to close, subject to adjustments and prorations, to be paid
 25 via wire transfer. _____ \$ _____

26 For the purposes of this paragraph, "completion" means the end of the Due Diligence Period or upon delivery of
 27 Buyer's written notice of acceptability.

28 **3. TIME FOR ACCEPTANCE; EFFECTIVE DATE; COMPUTATION OF TIME:** Unless this offer is signed by Seller
 29 and Buyer and an executed copy delivered to all parties on or before March 15, 2019, this offer
 30 will be withdrawn and the Buyer's deposit, if any, will be returned. The time for acceptance of any counter offer will be
 31 3 days from the date the counter offer is delivered. **The "Effective Date" of this Contract is the date on which the**
 32 **last one of the Seller and Buyer has signed or initialed and delivered this offer or the final counter offer or**
 33 _____ . Calendar days will be used when computing time periods, except time periods of 5
 34 days or less. Time periods of 5 days or less will be computed without including Saturday, Sunday, or national legal
 35 holidays. Any time period ending on a Saturday, Sunday, or national legal holiday will extend until 5:00 p.m. of the next
 36 business day. **Time is of the essence in this Contract.**

37 **4. CLOSING DATE AND LOCATION:**
 38 (a) **Closing Date:** This transaction will be closed on See Addendum (Closing Date), unless
 39 specifically extended by other provisions of this Contract. The Closing Date will prevail over all other time periods
 40 including, but not limited to, Financing and Due Diligence periods. In the event insurance underwriting is suspended

Buyer [Signature] (____) and Seller [Signature] (____) acknowledge receipt of a copy of this page, which is Page 1 of 8 Pages.

41 on Closing Date and **Buyer** is unable to obtain property insurance, **Buyer** may postpone closing up to 5 days after
42 the insurance underwriting suspension is lifted.

43 (b) **Location:** Closing will take place in Monroe County, Florida. (If left blank, closing will take place in the
44 county where the property is located.) Closing may be conducted by mail or electronic means.

45 **5. THIRD PARTY FINANCING:**

46 **BUYER'S OBLIGATION:** On or before _____ days (5 days if left blank) after Effective Date, **Buyer** will apply for third
47 party financing in an amount not to exceed _____% of the purchase price or \$ _____, with a fixed
48 interest rate not to exceed _____% per year with an initial variable interest rate not to exceed _____%, with points or
49 commitment or loan fees not to exceed _____% of the principal amount, for a term of _____ years, and amortized
50 over _____ years, with additional terms as follows:

51 See Addendum

52 **Buyer** will timely provide any and all credit, employment, financial and other information reasonably required by any
53 lender. **Buyer** will use good faith and reasonable diligence to (i) obtain Loan Approval within _____ days (45 days if left
54 blank) from Effective Date (Loan Approval Date), (ii) satisfy terms and conditions of the Loan Approval, and (iii) close
55 the loan. **Buyer** will keep **Seller** and Broker fully informed about loan application status and authorizes the mortgage
56 broker and lender to disclose all such information to **Seller** and Broker. **Buyer** will notify **Seller** immediately upon
57 obtaining financing or being rejected by a lender. **CANCELLATION:** If **Buyer**, after using good faith and reasonable
58 diligence, fails to obtain Loan Approval by Loan Approval Date, **Buyer** may within _____ days (3 days if left blank)
59 deliver written notice to **Seller** stating **Buyer** either waives this financing contingency or cancels this Contract.
60 If **Buyer** does neither, then **Seller** may cancel this Contract by delivering written notice to **Buyer** at any time thereafter.
61 Unless this financing contingency has been waived, this Contract shall remain subject to the satisfaction, by closing, of
62 those conditions of Loan Approval related to the Property. **DEPOSIT(S) (for purposes of Paragraph 5 only):** If **Buyer**
63 has used good faith and reasonable diligence but does not obtain Loan Approval by Loan Approval Date and
64 thereafter either party elects to cancel this Contract as set forth above or the lender fails or refuses to close on or
65 before the Closing Date without fault on **Buyer's** part, the Deposit(s) shall be returned to **Buyer**, whereupon both
66 parties will be released from all further obligations under this Contract, except for obligations stated herein as surviving
67 the termination of this Contract. If neither party elects to terminate this Contract as set forth above or **Buyer** fails to use
68 good faith or reasonable diligence as set forth above, **Seller** will be entitled to retain the Deposit(s) if the transaction
69 does not close. For purposes of this Contract, "Loan Approval" means a statement by the lender setting forth the terms
70 and conditions upon which the lender is willing to make a particular mortgage loan to a particular buyer. Neither a pre-
71 approval letter nor a prequalification letter shall be deemed a Loan Approval for purposes of this Contract.

72 **6. TITLE:** **Seller** has the legal capacity to and will convey marketable title to the Property by statutory warranty
73 deed special warranty deed other _____, free of liens, easements and
74 encumbrances of record or known to **Seller**, but subject to property taxes for the year of closing; covenants,
75 restrictions and public utility easements of record; existing zoning and governmental regulations; and (list any other
76 matters to which title will be subject) none

77 _____;
78 provided there exists at closing no violation of the foregoing and none of them prevents **Buyer's** intended use of the
79 Property as affordable housing development

80 (a) **Evidence of Title:** The party who pays the premium for the title insurance policy will select the closing agent
81 and pay for the title search and closing services. **Seller** will, at (check one) **Seller's** **Buyer's** expense and
82 within _____ days after Effective Date or at least 45 days before Closing Date deliver to **Buyer** (check one)
83 (i) a title insurance commitment by a Florida licensed title insurer setting forth those matters to be discharged by
84 **Seller** at or before Closing and, upon **Buyer** recording the deed, an owner's policy in the amount of the purchase
85 price for fee simple title subject only to exceptions stated above. If **Buyer** is paying for the evidence of title and
86 **Seller** has an owner's policy, **Seller** will deliver a copy to **Buyer** within 15 days after Effective Date. (ii.) an
87 abstract of title, prepared or brought current by an existing abstract firm or certified as correct by an existing firm.
88 However, if such an abstract is not available to **Seller**, then a prior owner's title policy acceptable to the proposed
89 insurer as a base for reissuance of coverage may be used. The prior policy will include copies of all policy
90 exceptions and an update in a format acceptable to **Buyer** from the policy effective date and certified to **Buyer** or

Buyer JMC (_____) and Seller [Signature] (_____) acknowledge receipt of a copy of this page, which is Page 2 of 8 Pages.

91 **Buyer's** closing agent together with copies of all documents recited in the prior policy and in the update. If such
92 an abstract or prior policy is not available to **Seller** then (i.) above will be the evidence of title.

93 **(b) Title Examination:** **Buyer** will, within 15 days from receipt of the evidence of title deliver written notice to **Seller**
94 of title defects. Title will be deemed acceptable to **Buyer** if (1) **Buyer** fails to deliver proper notice of defects or (2)
95 **Buyer** delivers proper written notice and **Seller** cures the defects within 90 days from receipt of the notice
96 ("Curative Period"). **Seller** shall use good faith efforts to cure the defects. If the defects are cured within the
97 Curative Period, closing will occur on the latter of 10 days after receipt by **Buyer** of notice of such curing or the
98 scheduled Closing Date. **Seller** may elect not to cure defects if **Seller** reasonably believes any defect cannot be
99 cured within the Curative Period. If the defects are not cured within the Curative Period, **Buyer** will have 10 days
100 from receipt of notice of **Seller's** inability to cure the defects to elect whether to terminate this Contract or accept
101 title subject to existing defects and close the transaction without reduction in purchase price.

102 **(c) Survey:** (check applicable provisions below)

103 (i.) **Seller** will, within _____ days from Effective Date, deliver to **Buyer** copies of prior surveys,
104 plans, specifications, and engineering documents, if any, and the following documents relevant to this
105 transaction:

106 _____
107 prepared for **Seller** or in **Seller's** possession, which show all currently existing structures. In the event this
108 transaction does not close, all documents provided by **Seller** will be returned to **Seller** within 10 days from the
109 date this Contract is terminated.

110 **Buyer** will, at **Seller's** **Buyer's** expense and within the time period allowed to deliver and examine
111 title evidence, obtain a current certified survey of the Property from a registered surveyor. If the survey reveals
112 encroachments on the Property or that the improvements encroach on the lands of another, **Buyer** will
113 accept the Property with existing encroachments such encroachments will constitute a title defect to be
114 cured within the Curative Period.

115 **(d) Ingress and Egress:** **Seller** warrants that the Property presently has ingress and egress.

116 **7. PROPERTY CONDITION:** **Seller** will deliver the Property to **Buyer** at the time agreed in its present "as is" condition,
117 ordinary wear and tear excepted, and will maintain the landscaping and grounds in a comparable condition. **Seller**
118 makes no warranties other than marketability of title. In the event that the condition of the Property has materially
119 changed since the expiration of the Due Diligence Period, **Buyer** may elect to terminate the Contract and receive a
120 refund of any and all deposits paid, plus interest, if applicable, or require **Seller** to return the Property to the required
121 condition existing as of the end of Due Diligence period, the cost of which is not to exceed \$ _____ (1.5% of
122 the purchase price, if left blank). By accepting the Property "as is", **Buyer** waives all claims against **Seller** for any
123 defects in the Property. (Check (a) or (b))

124 **(a) As Is:** **Buyer** has inspected the Property or waives any right to inspect and accepts the Property in its "as is"
125 condition.

126 **(b) Due Diligence Period:** **Buyer** will, at **Buyer's** expense and within 180 days from Effective Date ("Due
127 Diligence Period"), determine whether the Property is suitable, in **Buyer's** sole and absolute discretion. During the
128 term of this Contract, **Buyer** may conduct any tests, analyses, surveys and investigations ("Inspections") which
129 **Buyer** deems necessary to determine to **Buyer's** satisfaction the Property's engineering, architectural,
130 environmental properties; zoning and zoning restrictions; flood zone designation and restrictions; subdivision
131 regulations; soil and grade; availability of access to public roads, water, and other utilities; consistency with local,
132 state and regional growth management and comprehensive land use plans; availability of permits, government
133 approvals and licenses; compliance with American with Disabilities Act; absence of asbestos, soil and ground
134 water contamination; and other inspections that **Buyer** deems appropriate. **Buyer** will deliver written notice to
135 **Seller** prior to the expiration of the Due Diligence Period of **Buyer's** determination of whether or not the Property
136 is acceptable. **Buyer's** failure to comply with this notice requirement will constitute acceptance of the Property in
137 its present "as is" condition. **Seller** grants to **Buyer**, its agents, contractors and assigns, the right to enter the
138 Property at any time during the term of this Contract for the purpose of conducting Inspections, upon reasonable
139 notice, at a mutually agreed upon time; provided, however, that **Buyer**, its agents, contractors and assigns enter
140 the Property and conduct Inspections at their own risk. **Buyer** will indemnify and hold **Seller** harmless from
141 losses, damages, costs, claims and expenses of any nature, including attorneys' fees at all levels, and from
142 liability to any person, arising from the conduct of any and all inspections or any work authorized by **Buyer**. **Buyer**
143 will not engage in any activity that could result in a mechanic's lien being filed against the Property without
144 **Seller's** prior written consent. In the event this transaction does not close, (1) **Buyer** will repair all damages to the

Buyer Juc (____) and Seller [Signature] (____) acknowledge receipt of a copy of this page, which is Page 3 of 8 Pages.

145 Property resulting from the Inspections and return the Property to the condition it was in prior to conduct of the
146 Inspections, and (2) **Buyer** will, at **Buyer's** expense release to **Seller** all reports and other work generated as a
147 result of the Inspections. Should **Buyer** deliver timely notice that the Property is not acceptable, **Seller** agrees that
148 **Buyer's** deposit will be immediately returned to **Buyer** and the Contract terminated.

149 **(c) Walk-through Inspection:** **Buyer** may, on the day prior to closing or any other time mutually agreeable to the
150 parties, conduct a final "walk-through" inspection of the Property to determine compliance with this paragraph and
151 to ensure that all Property is on the premises.

152 **8. OPERATION OF PROPERTY DURING CONTRACT PERIOD:** **Seller** will continue to operate the Property and any
153 business conducted on the Property in the manner operated prior to Contract and will take no action that would
154 adversely impact the Property after closing, as to tenants, lenders or business, if any. Any changes, such as renting
155 vacant space, that materially affect the Property or **Buyer's** intended use of the Property will be permitted only with
156 **Buyer's** consent without **Buyer's** consent.

157 **9. CLOSING PROCEDURE:** Unless otherwise agreed or stated herein, closing procedure shall be in accordance with
158 the norms where the Property is located.

159 **(a) Possession and Occupancy:** **Seller** will deliver possession and occupancy of the Property to **Buyer** at
160 closing. **Seller** will provide keys, remote controls, and any security/access codes necessary to operate all locks,
161 mailboxes, and security systems.

162 **(b) Costs:** **Buyer** will pay **Buyer's** attorneys' fees, taxes and recording fees on notes, mortgages and financing
163 statements and recording fees for the deed. **Seller** will pay **Seller's** attorneys' fees, taxes on the deed and
164 recording fees for documents needed to cure title defects. If **Seller** is obligated to discharge any encumbrance at or
165 prior to closing and fails to do so, **Buyer** may use purchase proceeds to satisfy the encumbrances.

166 **(c) Documents:** **Seller** will provide the deed; bill of sale; mechanic's lien affidavit; originals of those assignable
167 service and maintenance contracts that will be assumed by **Buyer** after the Closing Date and letters to each
168 service contractor from **Seller** advising each of them of the sale of the Property and, if applicable, the transfer of its
169 contract, and any assignable warranties or guarantees received or held by **Seller** from any manufacturer,
170 contractor, subcontractor, or material supplier in connection with the Property; current copies of the condominium
171 documents, if applicable; assignments of leases, updated rent roll; tenant and lender estoppels letters (if
172 applicable); tenant subordination, non-disturbance and attornment agreements (SNDAs) required by the **Buyer** or
173 **Buyer's** lender; assignments of permits and licenses; corrective instruments; and letters notifying tenants of the
174 change in ownership/rental agent. If any tenant refuses to execute an estoppels letter, **Seller**, if requested by the
175 **Buyer** in writing, will certify that information regarding the tenant's lease is correct. If **Seller** is an entity, **Seller** will
176 deliver a resolution of its governing authority authorizing the sale and delivery of the deed and certification by the
177 appropriate party certifying the resolution and setting forth facts showing the conveyance conforms to the
178 requirements of local law. **Seller** will transfer security deposits to **Buyer**. **Buyer** will provide the closing statement,
179 mortgages and notes, security agreements, and financing statements.

180 **(d) Taxes and Prorations:** Real estate taxes, personal property taxes on any tangible personal property, bond
181 payments assumed by **Buyer**, interest, rents (based on actual collected rents), association dues, insurance
182 premiums acceptable to **Buyer**, and operating expenses will be prorated through the day before closing. If the
183 amount of taxes for the current year cannot be ascertained, rates for the previous year will be used with due
184 allowance being made for improvements and exemptions. Any tax proration based on an estimate will, at request
185 of either party, be readjusted upon receipt of current year's tax bill; this provision will survive closing.

186 **(e) Special Assessment Liens:** Certified, confirmed, and ratified special assessment liens as of the Closing Date
187 will be paid by **Seller**. If a certified, confirmed, and ratified special assessment is payable in installments, **Seller** will
188 pay all installments due and payable on or before the Closing Date, with any installment for any period extending
189 beyond the Closing Date prorated, and **Buyer** will assume all installments that become due and payable after the
190 Closing Date. **Buyer** will be responsible for all assessments of any kind which become due and owing after Closing
191 Date, unless an improvement is substantially completed as of Closing Date. If an improvement is substantially
192 completed as of the Closing Date but has not resulted in a lien before closing, **Seller** will pay the amount of the last
193 estimate of the assessment. This subsection applies to special assessment liens imposed by a public body and
194 does not apply to condominium association special assessments.

195 **(f) Foreign Investment in Real Property Tax Act (FIRPTA):** If **Seller** is a "foreign person" as defined by FIRPTA,
196 **Seller** and **Buyer** agree to comply with Section 1445 of the Internal Revenue Code. **Seller** and **Buyer** will
197 complete, execute, and deliver as directed any instrument, affidavit, or statement reasonably necessary to comply

Buyer  (____) and Seller  (____) acknowledge receipt of a copy of this page, which is Page 4 of 8 Pages.

198 with the FIRPTA requirements, including delivery of their respective federal taxpayer identification numbers or
199 Social Security Numbers to the closing agent. If **Buyer** does not pay sufficient cash at closing to meet the
200 withholding requirement, **Seller** will deliver to **Buyer** at closing the additional cash necessary to satisfy the
201 requirement.

202 **10. ESCROW AGENT:** **Seller** and **Buyer** authorize Escrow Agent or Closing Agent (collectively "Agent") to receive,
203 deposit, and hold funds and other property in escrow and, subject to collection, disburse them in accordance with the
204 terms of this Contract. The parties agree that Agent will not be liable to any person for misdelivery of escrowed items to
205 **Seller** or **Buyer**, unless the misdelivery is due to Agent's willful breach of this Contract or gross negligence. If Agent
206 has doubt as to Agent's duties or obligations under this Contract, Agent may, at Agent's option, (a) hold the escrowed
207 items until the parties mutually agree to its disbursement or until a court of competent jurisdiction or arbitrator
208 determines the rights of the parties or (b) deposit the escrowed items with the clerk of the court having jurisdiction over
209 the matter and file an action in interpleader. Upon notifying the parties of such action, Agent will be released from all
210 liability except for the duty to account for items previously delivered out of escrow. If Agent is a licensed real estate
211 broker, Agent will comply with Chapter 475, Florida Statutes. In any suit in which Agent interpleads the escrowed items
212 or is made a party because of acting as Agent hereunder, Agent will recover reasonable attorney's fees and costs
213 incurred, with these amounts to be paid from and out of the escrowed items and charged and awarded as court costs
214 in favor of the prevailing party.

215 **11. CURE PERIOD:** Prior to any claim for default being made, a party will have an opportunity to cure any alleged
216 default. If a party fails to comply with any provision of this Contract, the other party will deliver written notice to the non-
217 complying party specifying the non-compliance. The non-complying party will have 30 days (5 days if left blank) after
218 delivery of such notice to cure the non-compliance. Notice and cure shall not apply to failure to close.

219 **12. FORCE MAJEURE:** **Buyer** or **Seller** shall not be required to perform any obligation under this Contract or be liable
220 to each other for damages so long as performance or non-performance of the obligation, or the availability of services,
221 insurance, or required approvals essential to Closing, is disrupted, delayed, caused or prevented by Force Majeure.
222 "Force Majeure" means: hurricanes, floods, extreme weather, earthquakes, fire, or other acts of God, unusual
223 transportation delays, or wars, insurrections, or acts of terrorism, which, by exercise of reasonable diligent effort, the
224 non-performing party is unable in whole or in part to prevent or overcome. All time periods, including Closing Date, will
225 be extended a reasonable time up to 7 days after the Force Majeure no longer prevents performance under this
226 Contract, provided, however, if such Force Majeure continues to prevent performance under this Contract more than
227 30 days beyond Closing Date, then either party may terminate this Contract by delivering written notice to the other
228 and the Deposit shall be refunded to **Buyer**, thereby releasing **Buyer** and **Seller** from all further obligations under this Contract.

229 **13. RETURN OF DEPOSIT:** Unless otherwise specified in the Contract, in the event any condition of this Contract is
230 not met and **Buyer** has timely given any required notice regarding the condition having not been met, **Buyer's** deposit
231 will be returned in accordance with applicable Florida Laws and regulations.

232 **14. DEFAULT:**

233 (a) In the event the sale is not closed due to any default or failure on the part of **Seller** other than failure to make
234 the title marketable after diligent effort, **Buyer** may elect to receive return of Buyer's deposit without thereby
235 waiving any action for damages resulting from Seller's breach and may seek to recover such damages or seek
236 specific performance. If Buyer elects a deposit refund, Seller may be liable to Broker for the full amount of the
237 brokerage fee.

238 (b) In the event the sale is not closed due to any default or failure on the part of **Buyer**, **Seller** may ~~either (1)~~
239 retain all deposit(s) paid or agreed to be paid by **Buyer** as agreed upon liquidated damages, consideration for the
240 execution of this Contract, and in full settlement of any claims, upon which this Contract will terminate ~~or (2) seek~~
241 ~~specific performance~~. If **Buyer** fails to timely place a deposit as required by this Contract, **Seller** may either (1)
242 terminate the Contract and seek the remedy outlined in this subparagraph or (2) proceed with the Contract without
243 waiving any remedy for **Buyer's** default.

244 **15. ATTORNEY'S FEES AND COSTS:** In any claim or controversy arising out of or relating to this Contract, the
245 prevailing party, which for purposes of this provision will include **Buyer**, **Seller** and Broker, will be awarded reasonable
246 attorneys' fees, costs, and expenses.

247 **16. NOTICES:** All notices will be in writing and may be delivered by mail, overnight courier, personal delivery, or
248 electronic means. Parties agree to send all notices to addresses specified on the signature page(s). Any notice,
249 document, or item given by or delivered to an attorney or real estate licensee (including a transaction broker)
250 representing a party will be as effective as if given by or delivered to that party.

Buyer  (____) and Seller  (____) acknowledge receipt of a copy of this page, which is Page 5 of 8 Pages.

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17. DISCLOSURES:

(a) Commercial Real Estate Sales Commission Lien Act: The Florida Commercial Real Estate Sales Commission Lien Act provides that a broker has a lien upon the owner's net proceeds from the sale of commercial real estate for any commission earned by the broker under a brokerage agreement. The lien upon the owner's net proceeds is a lien upon personal property which attaches to the owner's net proceeds and does not attach to any interest in real property. This lien right cannot be waived before the commission is earned.

(b) Special Assessment Liens Imposed by Public Body: The Property may be subject to unpaid special assessment lien(s) imposed by a public body. (A public body includes a Community Development District.) Such liens, if any, shall be paid as set forth in Paragraph 9(e).

(c) Radon Gas: Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county public health unit.

(d) Energy-Efficiency Rating Information: Buyer acknowledges receipt of the information brochure required by Section 553.996, Florida Statutes.

18. RISK OF LOSS:

(a) If, after the Effective Date and before closing, the Property is damaged by fire or other casualty, Seller will bear the risk of loss and Buyer may cancel this Contract without liability and the deposit(s) will be returned to Buyer. Alternatively, Buyer will have the option of purchasing the Property at the agreed upon purchase price and Seller will credit the deductible, if any and transfer to Buyer at closing any insurance proceeds, or Seller's claim to any insurance proceeds payable for the damage. Seller will cooperate with and assist Buyer in collecting any such proceeds. Seller shall not settle any insurance claim for damage caused by casualty without the consent of the Buyer.

(b) If, after the Effective Date and before closing, any part of the Property is taken in condemnation or under the right of eminent domain, or proceedings for such taking will be pending or threatened, Buyer may cancel this Contract without liability and the deposit(s) will be returned to Buyer. Alternatively, Buyer will have the option of purchasing what is left of the Property at the agreed upon purchase price and Seller will transfer to the Buyer at closing the proceeds of any award, or Seller's claim to any award payable for the taking. Seller will cooperate with and assist Buyer in collecting any such award.

19. ASSIGNABILITY; PERSONS BOUND: This Contract may be assigned to a related entity, and otherwise is not assignable is assignable. If this Contract may be assigned, Buyer shall deliver a copy of the assignment agreement to the Seller at least 5 days prior to Closing. The terms "Buyer," "Seller" and "Broker" may be singular or plural. This Contract is binding upon Buyer, Seller and their heirs, personal representatives, successors and assigns (if assignment is permitted).

20. MISCELLANEOUS: The terms of this Contract constitute the entire agreement between Buyer and Seller. Modifications of this Contract will not be binding unless in writing, signed and delivered by the party to be bound. Signatures, initials, documents referenced in this Contract, counterparts and written modifications communicated electronically or on paper will be acceptable for all purposes, including delivery, and will be binding. Handwritten or typewritten terms inserted in or attached to this Contract prevail over preprinted terms. If any provision of this Contract is or becomes invalid or unenforceable, all remaining provisions will continue to be fully effective. This Contract will be construed under Florida law and will not be recorded in any public records.

21. BROKERS: Neither Seller nor Buyer has used the services of, or for any other reason owes compensation to, a licensed real estate Broker other than:

(a) Seller's Broker: N/A (Company Name) _____ (Licensee) _____

_____ (Address, Telephone, Fax, E-mail)
who is a single agent is a transaction broker has no brokerage relationship and who will be compensated by
 Seller Buyer both parties pursuant to a listing agreement other (specify) _____

(b) Buyer's Broker: N/A (Company Name) _____ (Licensee) _____

_____ (Address, Telephone, Fax, E-mail)

Buyer (Signature) () and Seller (Signature) () acknowledge receipt of a copy of this page, which is Page 6 of 8 Pages.

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302 who is a single agent is a transaction broker has no brokerage relationship and who will be compensated by
303 Seller's Broker Seller Buyer both parties pursuant to an MLS offer of compensation other (specify)
304

305 (collectively referred to as "Broker") in connection with any act relating to the Property, including but not limited to
306 inquiries, introductions, consultations, and negotiations resulting in this transaction. Seller and Buyer agree to
307 indemnify and hold Broker harmless from and against losses, damages, costs and expenses of any kind, including
308 reasonable attorneys' fees at all levels, and from liability to any person, arising from (1) compensation claimed which is
309 inconsistent with the representation in this Paragraph, (2) enforcement action to collect a brokerage fee pursuant to
310 Paragraph 10, (3) any duty accepted by Broker at the request of Seller or Buyer, which is beyond the scope of
311 services regulated by Chapter 475, Florida Statutes, as amended, or (4) recommendations of or services provided and
312 expenses incurred by any third party whom Broker refers, recommends, or retains for or on behalf of Seller or Buyer.

313 **22. OPTIONAL CLAUSES:** (Check if any of the following clauses are applicable and are attached as an addendum to
314 this Contract):

- | | | |
|---|--|---|
| 315 <input type="checkbox"/> Arbitration | <input type="checkbox"/> Seller Warranty | <input type="checkbox"/> Existing Mortgage |
| 316 <input type="checkbox"/> Section 1031 Exchange | <input type="checkbox"/> Coastal Construction Control Line | <input type="checkbox"/> Buyer's Attorney Approval |
| 317 <input type="checkbox"/> Property Inspection and Repair | <input type="checkbox"/> Flood Area Hazard Zone | <input type="checkbox"/> Seller's Attorney Approval |
| 318 <input type="checkbox"/> Seller Representations | <input type="checkbox"/> Seller Financing | <input checked="" type="checkbox"/> Other <u>Addendum</u> |

319 **23. ADDITIONAL TERMS:**

320 _____

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342 **THIS IS INTENDED TO BE A LEGALLY BINDING CONTRACT. IF NOT FULLY UNDERSTOOD, SEEK THE**
343 **ADVICE OF AN ATTORNEY PRIOR TO SIGNING. BROKER ADVISES BUYER AND SELLER TO VERIFY ALL**
344 **FACTS AND REPRESENTATIONS THAT ARE IMPORTANT TO THEM AND TO CONSULT AN APPROPRIATE**
345 **PROFESSIONAL FOR LEGAL ADVICE (FOR EXAMPLE, INTERPRETING CONTRACTS, DETERMINING THE**
346 **EFFECT OF LAWS ON THE PROPERTY AND TRANSACTION, STATUS OF TITLE, FOREIGN INVESTOR**
347 **REPORTING REQUIREMENTS, ETC.) AND FOR TAX, PROPERTY CONDITION, ENVIRONMENTAL AND OTHER**

Buyer JMG (____) and Seller [Signature] (____) acknowledge receipt of a copy of this page, which is Page 7 of 8 Pages.

348 **ADVICE. BUYER ACKNOWLEDGES THAT BROKER DOES NOT OCCUPY THE PROPERTY AND THAT ALL**
349 **REPRESENTATIONS (ORAL, WRITTEN OR OTHERWISE) BY BROKER ARE BASED ON SELLER**
350 **REPRESENTATIONS OR PUBLIC RECORDS UNLESS BROKER INDICATES PERSONAL VERIFICATION OF**
351 **THE REPRESENTATION. BUYER AGREES TO RELY SOLELY ON SELLER, PROFESSIONAL INSPECTORS AND**
352 **GOVERNMENTAL AGENCIES FOR VERIFICATION OF THE PROPERTY CONDITION, SQUARE FOOTAGE AND**
353 **FACTS THAT MATERIALLY AFFECT PROPERTY VALUE.**

354 Each person signing this Contract on behalf of a party that is a business entity represents and warrants to the other
355 party that such signatory has full power and authority to enter into and perform this Contract in accordance with its
356 terms and each person executing this Contract and other documents on behalf of such party has been duly authorized
357 to do so.

The Housing Authority of the City of Key West, Florida

358  Date: May 2, 2019
(Signature of Buyer)

359 J. MANUEL CASTILLO, SR Tax ID No.: _____
(Typed or Printed Name of Buyer)

360 Title: EXEC DIR Telephone: _____

361 _____ Date: _____
(Signature of Buyer)

362 _____ Tax ID No.: _____
(Typed or Printed Name of Buyer)

363 Title: _____ Telephone: _____

364 Buyer's Address for purpose of notice _____

365 Facsimile: _____ Email: _____

City of Key West, Florida

366  Date: 12 MARCH 2019
(Signature of Seller)

367 _____ Tax ID No.: _____
(Typed or Printed Name of Seller)

368 Title: _____ Telephone: _____

369 _____ Date: _____
(Signature of Seller)

370 _____ Tax ID No.: _____
(Typed or Printed Name of Seller)

371 Title: _____ Telephone: _____

372 Seller's Address for purpose of notice: _____

373 Facsimile: _____ Email: _____

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Buyer  () and Seller  () acknowledge receipt of a copy of this page, which is Page 8 of 8 Pages.

ADDENDUM TO COMMERCIAL CONTRACT

THIS ADDENDUM to the Commercial Contract dated MARCH 12TH 2019, (hereinafter the "Contract") between City of Key West, Florida ("Seller") and The Housing Authority of the City of Key West, Florida, a body politic organized under Chapter 421 of the Florida Statutes ("Buyer"), concerning the real property located at 5220, 5224, 5228, and 5230 College Road, Key West, Florida 33040 (the "Real Property").

IT IS HEREBY AGREED AS FOLLOWS:

1. Real Property. Seller acknowledges that the Real Property shall include a) all of Seller's right, title and interest, if any, in and to any and all easements, rights, privileges, air rights, and other rights, tenements, hereditaments, and appurtenances in any way belonging or appertaining to, or otherwise inuring to the benefit of, the Real Property or the improvements; and (b) all of Seller's right, title, and interest, if any, to the air space above the Real Property, and zoning entitlements, development rights, and appurtenances accruing to the Real Property, and/or related to the proposed development thereof, under, or by reason of, any applicable zoning ordinance or other law, rule, regulation, or ordinance (the "Development Rights"); and (ii) any and all tangible and intangible personal property of Seller located on, or related to, the Real Property, including, without limitation (a) all development rights for the Real Property, or any part thereof, which Seller has, including, without limitation, those relating to utilities, prepaid water and sewer connection fees, reservation fees and impact fees; (b) all right, title and interest of Seller in any approved site plans, development plans, development orders or development agreements as they relate to the Real Property; (c) all environmental, water, sewer, drainage, road, excavation, fill and all other construction and development applications, permits, licenses, and rights, contractual or otherwise, relating to the Real Property; (d) all rights and interests of Seller under any agreements relating to flood control, drainage, roads, water or sewer facilities or other infrastructure, construction and development for the Real Property; and (e) any and all right, title and interest of Seller in any environmental and/or wetlands mitigation relating to the Real Property, or any portion thereof.
2. Intentionally deleted.
3. Financing. This Contract is contingent upon Buyer obtaining financing in amount to be determined by Buyer, in Buyer's sole and absolute discretion, from Monroe County Land Authority, Florida Housing Finance Corporation and/or any other financial institutions that may be necessary to finance the purchase of the Real Property.
4. Closing Date. The Closing Date shall be ninety (90) days after approval of all necessary financing (with all time to appeal the Florida Housing Finance Corporation allocation(s) having expired and with no appeal then pending and no appeal instituted or petition filed) referenced in Paragraph 2; provided however, in no event shall the Closing Date be less than six (6) months from the Application Deadline (as defined in that certain RFA 2019-101-CDBG-DR Request for

Applications).

5. Closing Conditions. Seller and Buyer acknowledge and agree that the obligation of Buyer to consummate the transaction contemplated hereby is also subject to the satisfaction of the following conditions (the "Closing Conditions"), unless waived in writing by Buyer prior to Closing:

(a) At Closing, there shall have been no material, adverse change to the condition of the Real Property from the condition existing on the Effective Date, including, without limitation, any adverse change to the environmental condition of the Real Property.

(b) By Closing, Buyer shall have satisfied or waived in writing the "Florida Housing Finance Corporation Contingency." For purposes of this Agreement, the term "Florida Housing Finance Corporation Contingency" means, collectively: (i) an award from Florida Housing Finance Corporation ("FHFC") in connection with a Request for Applications (RFA 2019-101) issued by FHFC, for Community Development Block Grant-Disaster Recovery Financing (the "CDBG-DR") in an amount sufficient, in Buyer's sole and absolute discretion, to enable Buyer to acquire the Real Property and construct its intended improvements on the Real Property, with all time to appeal such award having expired and with no appeal then pending and no appeal instituted or petition filed. If Buyer has not satisfied the Florida Housing Finance Corporation Contingency, as a result of not receiving an allocation of CDBG-DR for the acquisition and development of the Real Property, Buyer shall have the right to terminate this Contract upon delivering written notice thereof to Seller.

(c) By Closing, Seller shall have cured and/or closed, as applicable, any violations of applicable laws, ordinances, rules, requirements, or zoning, building, fire or other codes of any governmental agency, body or subdivision thereof with respect to the Property (collectively, "Code Violations") and closed any open permits with respect to the Property (the "Open Permits"), and provide to Buyer documentation reasonably satisfactory to Buyer confirming that the Code Violations have been completely remedied and any Open Permits have been closed.

(d) In addition to any rights or remedies that Buyer may be entitled to under this Agreement, if any of the Closing Conditions are not satisfied by Closing, Buyer shall have the right to terminate this Agreement upon delivering written notice to Seller, in which event the escrow deposit, to the extent a deposit was paid, shall be returned to Buyer and all further obligations of the parties hereunder shall terminate, except those that expressly survive termination hereof.

5. Notices. All notices shall be in writing unless provided for elsewhere in the Contract, and shall be deemed delivered and received (i) on the date when personally delivered; (ii) on the date sent by email transmission sent to the party to receive such notice, provided, in either instance, that a copy is also sent via a nationally recognized carrier for delivery the next business day; (iii) on the date when actually received when delivered by a commercial express delivery service who obtains a receipt; or (iv) three (3) days after deposit in any post office or mail receptacle maintained or authorized by the United States Postal Service, certified or registered mail, return receipt requested, postage prepaid, addressed as follows:

As to Seller: City of Key West, Florida
ATTN: James K. Scholl
1300 White Street
jscholl@cityofkeywest-fl.gov

With a copy to: Shawn Smith
1300 White Street
Key West, FL 33040
sdsmith@cityofkeywest-fl.gov

As to Buyer: The Housing Authority of the City of Key West, Florida
ATTN: Manuel Castillo
1400 Kennedy Drive
Key West, Florida 33040
castillom@kwha.org

With a copy to: Spottswood, Spottswood, Spottswood & Sterling, PLLC
ATTN: Jack Spottswood
500 Fleming Street
Key West, FL 33040
jack@spottswood.com

6. Addendum Provisions to Control. To the extent that there is any inconsistency or conflict with any of the provisions contained in this Addendum with the Commercial Contract, the provisions set forth in this Addendum shall govern the understanding between the Seller and Buyer. All terms and conditions in the Commercial Contract not specifically referenced in or amended by this Addendum shall and do remain in full force and effect and are hereby ratified and confirmed by Seller and Buyer in all other respects.

*The remainder of this page has intentionally been left blank.
Signature page to follow.*

SELLER: CITY OF KEY WEST, FLORIDA

By: J. K. Scholl
Printed Name: J. K. SCHOLL
Its: CITY MANAGER
DATE: 12 MAR 2019

BUYER: THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA

By: [Signature]
Printed Name: J. Manuel Castillo, Sr.
Its: Executive Director
DATE: May 21 2019

EXHIBIT A

Legal Description for 5220, 5224, 5228, and 5230 College Road, Key West, Florida

A PARCEL OF LAND LOCATED ON STOCK ISLAND WITHIN SECTIONS TWENTY-SEVEN (27) AND THIRTY-FOUR (34), TOWNSHIP SIXTY-SEVEN (67) SOUTH, RANGE TWENTY-FIVE (25) EAST, MONROE COUNTY, STATE OF FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS, TO-WIT:

COMMENCING AT THE POINT OF CURVATURE (PC) OF THE SURVEY BASELINE OF U.S. HIGHWAY 1, HAVING A STATE OF FLORIDA DEPARTMENT OF TRANSPORTATION SURVEY BASELINE STATION OF 63+33.59 AS SHOWN ON THE SPECIFIC PURPOSE SURVEY COMPLETED BY FRANCISCO L. NUNEZ, JR. AND DATED AUGUST 21, 2013, THENCE S70°53'51"W ALONG THE SAID SURVEY BASELINE OF U.S. HIGHWAY 1 FOR A DISTANCE OF 2,740.26 FEET TO THE POINT OF INTERSECTION (PI) OF THE CENTERLINE OF COLLEGE ROAD AS SHOWN ON THE STATE OF FLORIDA DEPARTMENT OF TRANSPORTATION RIGHT OF WAY MAP SECTION 90550-2612, HAVING A TRACED DATE OF JANUARY 23, 1973 AND THE SAID SURVEY BASELINE OF U.S. HIGHWAY 1; THENCE TRAVERSING ALONG THE SAID CENTERLINE OF COLLEGE ROAD AS SHOWN ON THE STATE OF FLORIDA DEPARTMENT OF TRANSPORTATION RIGHT OF WAY MAP SECTION 90550-2612, HAVING A TRACED DATE OF JANUARY 23, 1973, FOR THE FOLLOWING SEVEN COURSES AND DISTANCES: N19°06'09"W FOR A DISTANCE OF 136.16 FEET TO A POINT OF CURVATURE (PC); THENCE ALONG A CURVE TO THE LEFT, HAVING A RADIUS OF 225.00 FEET, A CENTRAL ANGLE OF 35°06'00", FOR AN ARC LENGTH OF 137.84 FEET TO A POINT OF TANGENCY (PT); THENCE N54°12'09"W FOR A DISTANCE OF 272.56 FEET TO A POINT OF CURVATURE (PC); THENCE ALONG A CURVE TO THE RIGHT, HAVING A RADIUS OF 401.02 FEET, A CENTRAL ANGLE OF 14°25'40", FOR AN ARC LENGTH OF 100.98 FEET TO A POINT OF TANGENCY (PT); THENCE N39°46'29"W FOR A DISTANCE OF 273.51 FEET TO A POINT OF CURVATURE (PC); THENCE ALONG A CURVE TO THE RIGHT, HAVING A RADIUS OF 486.85 FEET, A CENTRAL ANGLE OF 62°35'30", FOR AN ARC LENGTH OF 531.85 FEET TO A POINT OF TANGENCY (PT); THENCE N22°49'01"E FOR A DISTANCE OF 442.74 FEET TO A POINT; THENCE S67°10'59"E AND LEAVING SAID CENTERLINE OF COLLEGE ROAD FOR A DISTANCE OF 40.00 FEET TO A POINT ON THE EAST RIGHT OF WAY LINE OF SAID COLLEGE ROAD AND THE SOUTHERLY LINE OF THE KEY WEST GOLF COURSE LEASE AREA, SAID POINT BEING THE POINT OF BEGINNING; THENCE S22°49'01"W ALONG SAID EAST RIGHT OF WAY LINE OF COLLEGE ROAD FOR A DISTANCE OF 442.74 FEET TO A POINT OF CURVATURE(PC); THENCE CONTINUING ALONG SAID EAST RIGHT OF WAY LINE OF COLLEGE ROAD ON A CURVE TO THE LEFT, HAVING A RADIUS OF 446.85 FEET, A CENTRAL ANGLE OF 23°06'07", FOR AN ARC LENGTH OF 180.17 FEET TO A POINT ON THE SOUTH LINE OF A 30 FEET WIDE EASEMENT AS RECORDED IN OFFICIAL RECORDS BOOK 130 AT PAGE 168 OF MONROE COUNTY PUBLIC RECORDS; THENCE N67°36'25"E AND LEAVING SAID EAST RIGHT OF WAY LINE OF COLLEGE ROAD AND ALONG THE SOUTH LINE OF SAID 30 FEET WIDE EASEMENT FOR A DISTANCE OF 344.92 FEET TO THE SOUTHWEST CORNER OF THE LAND DESCRIBED IN OFFICIAL RECORDS BOOK 148 AT PAGE 425 OF MONROE COUNTY PUBLIC RECORDS; THENCE N19°39'24"E ALONG THE WEST LINE OF SAID LAND DESCRIBED IN OFFICIAL RECORDS BOOK 148 AT PAGE 425 OF MONROE COUNTY PUBLIC RECORDS FOR A DISTANCE OF 238.08 FEET TO THE SOUTHEAST CORNER OF THE LAND DESCRIBED IN OFFICIAL RECORDS BOOK 365 AT PAGE 324 OF MONROE COUNTY PUBLIC RECORDS; THENCE N70°20'35"W AND ALONG THE SOUTH LINE OF SAID LAND DESCRIBED IN OFFICIAL RECORDS BOOK 365 AT PAGE 324 OF MONROE COUNTY PUBLIC RECORDS FOR A DISTANCE OF 150.00 FEET TO A POINT; THENCE N19°39'25"E ALONG THE WEST LINE OF SAID LAND DESCRIBED IN OFFICIAL RECORDS BOOK 365 AT PAGE 324 OF MONROE COUNTY PUBLIC RECORDS FOR A DISTANCE OF 150.00 FEET TO A POINT ON THE SOUTHERLY LINE OF THE KEY WEST GOLF COURSE LEASE AREA; THENCE N70°20'35"W

ALONG THE SAID SOUTH LINE OF THE KEY WEST GOLF COURSE LEASE AREA FOR A DISTANCE OF 107.83 FEET BACK TO THE POINT OF BEGINNING.

OFFICE OF THE CITY ATTORNEY



PHONE: (305) 809-3770
FAX: (305) 809-3771

THE CITY OF KEY WEST

POST OFFICE BOX 1409
KEY WEST, FL 33041-1409
WWW.KEYWESTCITY.COM

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.

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.

**DRAFT
COLLEGE ROAD CITY PROPERTY
15 YEAR PRO-FORMA - A**

SCHEDULE OF DEBT SERVICE
 1st Mortgage Amt. Mo. P & I \$19,097
 \$4,000,000
ANNUAL DEBT SERVICE
 First Mortgage Assumption: 229,159
 Rate: 4.00%
 Constant: 0.0373
 Amort./Term: 30 years
 Blank Qualified Tax Exempt Financing
 2nd Mortgage Amt. Interest Only #REF!
 2nd Mtg Annual Debt Service
 Second Mortgage Assumption: 0.00%
 Rate: 0.00%
 Term: 0 years

ASSUMPTIONS:
 a. Annual Rental Increases: 3%
 b. Vacancy -5% of gross rates 5%
 c. Annual Expense Increase: 5%
 d. Management Fees 4%
 e. Replacement Reserve: \$250/unit

Preliminary Cost Estimates = \$25,500,000

229,159

229,159

Maximum Monthly Rental Rates Based on 25% of 2018 Income Limits	Y-Low-60%	Low-80%	Med-100%	Med-120%
1 Bedroom	883	1,176	1,323	1,508
Rent Based on 25% of 2018 Income Limits as Published by HUD on March 30, 2018				
SCHEDULE OF RENTAL/OTHER INCOME				
Market Income	# Units	Rents	Total	Annual Income
1BR-1BA @ 80% AMI	93	\$1,176	\$109,368	\$1,312,416
1BR-1BA @ 60% AMI		\$883	\$0	\$0
1BR-1BA @ 25% AMI	11	\$413	\$4,543	\$54,516
Subtotal	104		\$113,911	\$1,366,932
TOTAL	104		\$113,911	\$1,366,932
Interest Income				
Miscellaneous Income & Excess Utilities				\$0
TOTAL OTHER INCOME				\$1,366,932
TOTAL INCOME				\$1,366,932

**DRAFT
COLLEGE ROAD CITY PROPERTY
15 YEAR PRO-FORMA - A**

	104 Units PRELIMINARY FIFTEEN (15) YEAR OPERATING PROFORMA - A															15 th Year
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Per Unit
INCOME																
Gross Rental Income	1,366,932	1,407,940	1,450,178	1,493,684	1,538,494	1,584,649	1,632,188	1,681,154	1,731,589	1,783,536	1,837,042	1,892,154	1,948,918	2,007,386	2,067,607	13,144
Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SUBTOTAL	1,366,932	1,407,940	1,450,178	1,493,684	1,538,494	1,584,649	1,632,188	1,681,154	1,731,589	1,783,536	1,837,042	1,892,154	1,948,918	2,007,386	2,067,607	13,144
Minus Vacancy (5%)	(68,347)	(70,397)	(72,509)	(74,684)	(76,925)	(79,232)	(81,609)	(84,058)	(86,579)	(89,177)	(91,852)	(94,608)	(97,446)	(100,369)	(103,380)	-657
(A) Income	1,298,585	1,337,543	1,377,669	1,418,999	1,461,569	1,505,416	1,550,579	1,597,096	1,645,009	1,694,359	1,745,190	1,797,546	1,851,472	1,907,016	1,964,227	12,486
OPERATING EXPENSES																
Payroll	74,000	77,700	81,585	85,664	89,947	94,445	99,167	104,125	109,332	114,798	120,538	126,565	132,893	139,538	146,515	712
Utilities	25,680	26,964	28,312	29,728	31,214	32,775	34,414	36,134	37,941	39,838	41,830	43,922	46,118	48,423	50,845	247
Grounds	36,000	37,800	39,690	41,675	43,758	45,946	48,243	50,656	53,188	55,848	58,640	61,572	64,651	67,883	71,278	346
Repairs & Maintenance	120,000	126,000	132,000	138,015	145,061	153,154	160,811	168,852	177,295	186,159	195,467	205,241	215,503	226,278	237,592	1,154
Advertising/Marketing	2,000	2,100	2,205	2,315	2,431	2,553	2,680	2,814	2,955	3,103	3,258	3,421	3,592	3,771	3,960	19
Administrative	25,972	27,270	28,634	30,065	31,569	33,147	34,805	36,545	38,372	40,291	42,305	44,420	46,641	48,974	51,422	250
Management Fees - 5%	64,929	53,502	55,107	56,760	58,463	60,217	62,023	63,884	65,800	67,774	69,808	71,902	74,059	76,281	78,569	624
PILOT/Grd. Lease	54,600	57,330	60,197	63,206	66,367	69,685	73,169	76,828	80,669	84,703	88,938	93,385	98,054	102,956	108,104	525
Insurance	212,000	222,600	233,730	245,417	257,687	270,572	284,100	298,305	313,221	328,882	345,326	362,592	380,722	399,758	419,745	2,038
Replacement Reserve	36,400	39,250	39,250	39,250	39,250	39,250	39,250	39,250	39,250	39,250	39,250	39,250	39,250	39,250	39,250	350
(B) EXPENSES	651,581	670,516	701,809	732,995	766,547	801,743	838,663	877,393	918,023	960,645	1,005,360	1,052,269	1,101,482	1,153,112	1,207,280	6,265
Expense per unit	6,265	6,447	6,740	7,048	7,371	7,709	8,064	8,436	8,827	9,237	9,667	10,118	10,591	11,088	11,608	60
NET OPERATING INCOME																
(A) Income	1,298,585	1,337,543	1,377,669	1,418,999	1,461,569	1,505,416	1,550,579	1,597,096	1,645,009	1,694,359	1,745,190	1,797,546	1,851,472	1,907,016	1,964,227	12,486
(B) Expenses	(651,581)	(670,516)	(701,809)	(732,995)	(766,547)	(801,743)	(838,663)	(877,393)	(918,023)	(960,645)	(1,005,360)	(1,052,269)	(1,101,482)	(1,153,112)	(1,207,280)	-6,265
NET OPERATING INCOME	647,004	667,027	676,660	686,004	695,022	703,674	711,916	719,703	726,986	733,714	739,831	745,277	749,990	753,904	756,947	6,221
DEBT SERVICE COVERAGE																
(A) Net Operating Income	647,004	667,027	676,660	686,004	695,022	703,674	711,916	719,703	726,986	733,714	739,831	745,277	749,990	753,904	756,947	6,221
(B) Annual Debt Service	229,159	229,159	229,159	229,159	229,159	229,159	229,159	229,159	229,159	229,159	229,159	229,159	229,159	229,159	229,159	3,279
(C) NET INCOME	417,845	437,868	447,501	456,845	465,863	474,514	482,756	490,544	497,827	504,555	510,671	516,118	520,831	524,745	527,788	2,942
(D) Debt Service Coverage	2.82	2.91	2.95	2.99	3.03	3.07	3.11	3.14	3.17	3.20	3.23	3.25	3.27	3.29	3.30	0

**DRAFT
COLLEGE ROAD CITY PROPERTY
15 YEAR PRO-FORMA -B**

SCHEDULE OF DEBT SERVICE
 1st Mortgage Amt. M6, P & I \$28,645
 ANNUAL DEBT SERVICE 343,739
 First Mortgage Assumptions:
 Rate: 4.00%
 Constant: 0.0573
 Amort./Term: 30 years
 Bank Qualified Tax Exempt Financing
 2nd Mortgage Amt. Interest Only #REPI
 2nd Mtg Annual Debt Service
 Second Mortgage Assumptions:
 Rate: 0.00%
 Term: 0 years

ASSUMPTIONS:
 a. Annual Rental Increases: 3%
 b. Vacancy -5% of gross pots: 5%
 c. Annual Expense Increase: 5%
 d. Management Fees: 4%
 e. Replacement Reserve: \$250/unit

Preliminary Cost Estimates = \$25,500,000

Maximum Monthly Rental Rates Based on 25% of 2018 Income Limits				
Unit Size	V-Low-60%	Low-68%	Med-100%	Mod-128%
1 Bedroom	883	1,176	1,723	1,588

Rent Based on 25% of 2018 Income Limits as Published by HUD on March 30, 2018

SCHEDULE OF RENTAL/OTHER INCOME

Market Income	Unit Type	# Units	Rents	Total	Annual Income
IBR-IBA @ 80% AMI		93	\$1,176	\$109,368	\$1,312,416
IBR-IBA @ 60% AMI			\$883	\$0	\$0
IBR-IBA @ 25% AMI		11	\$413	\$4,543	\$4,316
	Subtotal	104		\$113,911	\$1,366,932
	TOTAL	104		\$113,911	\$1,366,932

Interest Income		
Miscellaneous Income & Excess Utilities		
TOTAL OTHER INCOME		\$0
TOTAL INCOME		\$1,366,932

TOTAL ANNUAL DEBT SERVICE:

343,739

**DRAFT
COLLEGE ROAD CITY PROPERTY
15 YEAR PRO-FORMA - B**

104 Units		PRELIMINARY FIFTEEN (15) YEAR OPERATING PROFORMA - B															185 Year
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Per Unit	
INCOME																	
Gross Rental Income	1,366,932	1,407,940	1,450,178	1,493,684	1,538,494	1,584,649	1,632,188	1,681,154	1,731,589	1,783,536	1,837,042	1,892,154	1,948,918	2,007,386	2,067,607	13,144	
Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
SUBTOTAL	1,366,932	1,407,940	1,450,178	1,493,684	1,538,494	1,584,649	1,632,188	1,681,154	1,731,589	1,783,536	1,837,042	1,892,154	1,948,918	2,007,386	2,067,607	13,144	
Mitiga Vacancy (5%)	(68,347)	(70,197)	(72,009)	(74,684)	(76,925)	(79,232)	(81,609)	(84,058)	(86,579)	(89,177)	(91,852)	(94,608)	(97,446)	(100,369)	(103,380)	-657	
(A) Income	1,298,585	1,337,743	1,377,669	1,418,999	1,461,569	1,505,416	1,550,579	1,597,096	1,645,009	1,694,359	1,745,190	1,797,546	1,851,472	1,907,016	1,964,227	12,486	
OPERATING EXPENSES																	
Payroll	74,000	77,700	81,485	85,664	89,947	94,445	99,167	104,125	109,332	114,798	120,518	126,565	132,893	139,538	146,515	712	
Utilities	25,680	26,964	28,312	29,728	31,214	32,775	34,414	36,134	37,941	39,838	41,830	43,922	46,118	48,423	50,845	247	
Grounds	36,000	37,800	39,690	41,675	43,758	45,946	48,243	50,656	53,188	55,848	58,640	61,572	64,651	67,883	71,278	346	
Repairs & Maintenance	120,000	126,000	132,000	138,915	145,861	153,154	160,811	168,852	177,295	185,159	193,467	202,241	211,503	221,278	231,592	1,154	
Advertising/Marketing	2,000	2,100	2,205	2,315	2,431	2,553	2,680	2,814	2,955	3,103	3,258	3,421	3,592	3,771	3,960	19	
Administrative	25,972	27,270	28,634	30,065	31,569	33,147	34,805	36,545	38,372	40,291	42,305	44,420	46,641	48,974	51,422	250	
Maintenance Fees - 5%	64,929	53,502	55,107	56,760	58,463	60,217	62,023	63,884	65,800	67,774	69,808	71,902	74,059	76,281	78,569	624	
PILOT/Ord. Lease	54,600	57,130	60,197	63,206	66,367	69,685	73,169	76,828	80,669	84,703	88,938	93,385	98,054	102,956	108,104	525	
Insurance	212,000	222,600	233,730	245,417	257,687	270,572	284,100	298,305	313,221	328,882	345,326	362,592	380,722	399,758	419,745	2,038	
Replacement Reserve	36,400	39,250	39,250	39,250	39,250	39,250	39,250	39,250	39,250	39,250	39,250	39,250	39,250	39,250	39,250	350	
(B) EXPENSES	651,591	670,516	701,009	732,995	766,547	801,743	838,663	877,393	918,023	960,645	1,005,360	1,052,269	1,101,482	1,153,112	1,207,280	6,265	
Expense per unit	6,265	6,447	6,740	7,048	7,371	7,709	8,064	8,436	8,827	9,237	9,667	10,118	10,591	11,088	11,608	60	
NET OPERATING INCOME																	
(A) Income	1,298,585	1,337,743	1,377,669	1,418,999	1,461,569	1,505,416	1,550,579	1,597,096	1,645,009	1,694,359	1,745,190	1,797,546	1,851,472	1,907,016	1,964,227	12,486	
(B) Expenses	(651,581)	(670,516)	(701,009)	(732,995)	(766,547)	(801,743)	(838,663)	(877,393)	(918,023)	(960,645)	(1,005,360)	(1,052,269)	(1,101,482)	(1,153,112)	(1,207,280)	-6,265	
NET OPERATING INCOME	647,004	667,027	676,660	686,004	695,022	703,674	711,916	719,703	726,986	733,714	739,831	745,277	749,990	753,904	756,947	6,221	
DEBT SERVICE COVERAGE																	
(A) Net Operating Income	647,004	667,027	676,660	686,004	695,022	703,674	711,916	719,703	726,986	733,714	739,831	745,277	749,990	753,904	756,947	6,221	
(B) Annual Debt Service	343,739	343,739	343,739	343,739	343,739	343,739	343,739	343,739	343,739	343,739	343,739	343,739	343,739	343,739	343,739	3,279	
(C) NET INCOME	303,265	323,288	332,921	342,265	351,283	359,935	368,177	375,964	383,247	389,975	396,092	401,538	406,251	410,165	413,208	2,942	
(D) Debt Service Coverage	1.88	1.94	1.97	2.00	2.02	2.05	2.07	2.09	2.11	2.13	2.15	2.17	2.18	2.19	2.20	0	