



## **Executive Summary**

**To:** Mayor and Commissioners

**From:** Jim Scholl, City Manager

**Date:** June 4, 2010

**Subject:** A Resolution of the Naval Properties Local Redevelopment Authority of the City of Key West authorizing the City Manager of the City of Key West to execute a Mortgage Lien and Security Agreement to enable Samuel's House, Inc., to receive a state grant to construct housing in the area set aside for housing for the homeless in Poinciana Plaza

### **Action Statement:**

This is a request for the LRA to consider and approve a Resolution authorizing the City Manager to execute a mortgage document to facilitate the receipt of a state grant by Samuel's House, Inc., to construct housing for the homeless in Poinciana Plaza.

### **Background and History:**

On September 13, 2000, the City of Key West received a no cost conveyance in the form of a Quitclaim deed from the Department of the Navy for 7.66 acres of land located in the Poinciana Plaza housing complex to assist with homelessness. The 7.66 acre parcel is part of the property subject to a long-term lease to the Key West Housing Authority (KWH). On December 3, 2009, the LRA passed Resolution No. 09-323, approving the sublease of a 5,000 square foot portion of the 7.66 acres to Samuel's House, Inc., for the purpose of constructing and providing housing at the site pursuant to the Federal Base Closure Community Redevelopment and Homeless Assistance Act of 1994. On May 18, 2010, the City Commission passed Resolution No. 10-168, approving a major development plan and conditional use to construct a 16-bed managed-care facility in the Poinciana Housing Special Need Area to provide managed care to chronically homeless women, or women recovering from substance abuse, and, in both cases, their children.

Samuel's House, Inc., has obtained a \$750,000.00 Homelessness Assistance Grant from the Department of Children and Family Services (DCF) and administered through the Southernmost Homeless Assistance League, Inc., (SHAL), for the construction of the facility referred to above. The grant will be secured by a mortgage lien and security agreement in favor of DCF. In that the City of Key West holds title to the subject property, DCF requires the City to execute the mortgage along with KWH, SHAL, and Samuel's House, Inc. However, pursuant to the language in the mortgage document, only SHAL and Samuel's House, Inc., are liable for the obligations of the grant and mortgage. KWH and the City are required to execute the mortgage solely to subordinate their interests in the property, and "are not personally liable for or obligated to pay or perform any obligations and sums provided for under" the mortgage.

### **Fiscal Impact:**

The execution of the mortgage would have no fiscal impact on the City.

**Recommendation:**

Staff recommends approval of the Resolution.

**Attachments:**

Mortgage Lien and Security Agreement

Quitclaim deed

Resolution No. 09-323 with attached sublease from KWHH to Samuel' House, Inc.

Resolution No. 10-168