



MEMORANDUM

Date: November 14, 2024

To: Honorable Mayor and Commissioners

Via: Todd Stoughton
Interim City Manager

From: Tina Burns
Housing & Community Development Director

Subject: **24-6597 Request to approve an amendment to the Declaration of Affordable Housing Restrictions by Bahama Village on Fort , Ltd as the Declarant and acknowledged by the City of Key West to amend and restate the Work Force Housing Code that governs the sale prices and future resale values for the homeownership units located at 710 Fort Street; Providing for an effective date.**

Introduction

Respectfully request the Naval Properties Local Redevelopment Authority of the City of Key West to approve the amendment to the Declaration of Affordable Housing Restrictions (Declaration) by Bahama Village on Fort , Ltd as the Declarant and acknowledged by the City of Key West to amend and restate the Work Force Housing Code that governs the sale prices and future resale values for the homeownership units located at 710 Fort Street; Providing for an effective date.

Background

The City of Key West owns the property with the assigned street addresses of 710, 750 and 810 Fort Street also commonly referred to as the 3.2 acres, located within the Historic Neighborhood Commercial District – Bahama Village Truman Waterfront. When completed the development will consist of 126 Work Force units, including rental and homeownership.

The City executed a 99-year Ground Lease and Declaration of Affordable Housing Restrictions with the Developer to construct affordable residences onsite. The residences will consist of 98 Work Force rental units located at 750 and 810 Front Street, that after construction will be managed by A.H. of Monroe County. Additionally, 28- Work Force “for sale” two- and three-bedroom Condos units will be available for purchase to eligible homebuyers.

The request for the amendment of Declaration of Affordable Housing Restrictions pertains to the property address of 710 First Street for the 28-unit Condominiums and affects the approved Declaration of Affordable Housing Restrictions recorded on 07/20/2022 in Book 3185, Page 113, in the Official Records of the Monroe County.

The City approved the Request for Proposal by the developer and the project plan included building 3-units of very low- income housing (60% AMI), 11-units of Median Income (80% AMI) housing and 14-units of Middle Income (140%) housing. Due to higher costs associated with the interest rates, insurance costs, more restrictive condo reserve regulations and current work force ordinance regulations the purchase prices of the homes increased significantly since the start of the project above what would be considered affordable for the very low to middle income households purchasing these units. The City Commission tasked staff to look into avenues for additional resources to assist and reduce the pricing of all 28-units.

Through a collaborative partnership with the Monroe County Comprehensive Land Plan Authority (Land Authority) the Key West City Commission made three (3) nominations of funding for Land Authority dollars totaling \$6,170,457.00 to be used towards construction subsidy to the developer that will subsidize all units and further increase the affordability for the homebuyers.

The Land Authority will issue construction funds in the amount of \$6,170,457.00 directly to the City of Key West to be released to the Developer, Bahama Village on Fort, Ltd., after the City has entered into a written agreement with developer outlining how funding will be disbursed.

By utilizing the Land Authority funding all units will have a Land Use Restriction Agreement recorded against each individual unit by the Land Authority memorializing each the individual per unit subsidy and will run with the property in perpetuity and will be binding on upon the Grantor, City and Naval Redevelopment Authority and their respective successors and or assigns.

The Land Authority approved the provision of construction subsidy for the development on October 16, 2024, to decrease the maximum sale price for the twenty-eight (28) affordable housing units that are subject to the Declaration.

To keep the units affordable after the initial sales, the amendment also reduces the multipliers that are used in the definitions of the work force housing codes to reflect lower multipliers that will keep the resale values of these units affordable in perpetuity.

The current code allows the properties to sell for the following multiplier based on their income determinations; Very- Low 60% AMI means a dwelling whose sales price does not exceed **one and one-half times (1.5)** the annual median household income (adjusted for family size) for Monroe County; Low Income 80% AMI means a dwelling whose sales price does not exceed **two and one-half times (2.5)** the annual median household income (adjusted for family size) for Monroe County; and Middle Income 140% AMI means a dwelling whose sales price does not exceed **six and one-half times (6.5)** the annual median household income (adjusted for family size) for Monroe County.

The amendment to the Declaration will reduce those multipliers shown above and maintain the properties as affordable going forward. The amended housing restrictions for the resale multipliers will be as follows; Very- Low 60% AMI means a dwelling whose sales price does not exceed **seventy-five percent (.75)** of the annual median household income (adjusted for family size) for Monroe County; Low Income 80% AMI means a dwelling whose sales price does not exceed **one and one-half times (1.5)** the annual median household income (adjusted for family size) for Monroe County; and Middle Income 140% AMI means a dwelling whose sales price does not exceed **three and one-half times (3.5)** the annual median household income (adjusted for family size) for Monroe County. The Maximum sales price will be adjusted annually based upon the then prevailing area median household income (adjusted for family size) for Monroe County.

Multiplier Comparison Chart:

	Current Code Resale Multiplier	Revised Lofts of Bahama Village Resale Multiplier
Very Low 60%	1.5 X	.75 X
Low 80%	2.5 X	1.5 X
Middle 140%	6.5 X	3.5 X

Comparison Chart for Resale Values:**Current Code Resale Multipliers:**

	Very Low 60% and below	Low 61 % - 80%	Median to Middle 81% - 140%
Multiplier	1.5 X	2.5 X	6.5 X
2 Bedroom Units	\$161,156	\$268,594	\$698,344
3 Bedroom Units	\$178,969	\$298,281	\$775,531

Revised Lofts of Bahama Village Resale Multipliers:

	Very Low 60% and below	Low 61 % - 80%	Median to Middle 81% - 140%
Multiplier	.75 X	1.5 X	3.5 X
2 Bedroom Units	\$80,578.00	\$161,156.00	\$376,031.00
3 Bedroom Units	\$89,484.00	\$178,969.00	\$417,594.00

Procurement

There are no costs or related expenses associated with this request that will affect the City's approved budget for FY25. The money from the Land Authority will flow through the City directly to the developer for construction subsidy to reduce the sales prices of each unit being sold. Once a Certificate of Occupancy or Temporary Certificate of Occupancy (or other similar documentation) for each unit has been completed, the developer or their representatives may send written notice to the then-current City Attorney and City Manager of the City notifying of the receipt of the Certificate of Occupancy or Temporary Certificate of Occupancy for the Units and the City will disburse for that identified unit.

Recommendation

Respectfully request the Naval Properties Local Redevelopment Authority of the City of Key West to approve the amendment to the Declaration of Affordable Housing Restrictions (Declaration) by Bahama Village on Fort, Ltd as the Declarant and acknowledged by the City of Key West to amend and restate the Work Force Housing Code that governs the sale prices and future resale values for the homeownership units located at 710 Fort Street; Providing for an effective date.