



## MEMORANDUM

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Date: November 14, 2024

To: Honorable Mayor and Commissioners

Via: Todd Stoughton  
Interim City Manager

From: Tina Burns  
Housing & Community Development Director

Subject: **24-6610 Request approval of the Agreement for Payment between the City of Key West and Bahama Village on Fort , Ltd, as the Developer of the twenty-eight (28) Work Force homeownership units located at 710 Fort Street known as the Lofts of Bahama Village Condominiums for the awarded funding through the Monroe County Comprehensive Land Plan Authority being used as construction subsidy to reduce the sale prices of the units for affordability ; and authorizing the City Manager to execute all documents consistent therein upon consent of the City Attorney; providing for an effective date.**

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### **Introduction**

Respectfully request the City Commission to approve the Agreement for Payment between the City of Key West and Bahama Village on Fort, Ltd. as the developer the twenty-eight (28) homeownership units located at 710 Fort Street and known as the Lofts of Bahama Village Condominiums for the funding approved by the Monroe County Comprehensive Land Plan Authority governing board that is being used as construction subsidy to reduce the sale prices of the units for affordability.

### **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.

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 to approve the Payment Agreement only pertains to the property located at the address of 710 First Street for the 28-unit Condominiums known as the Lofts of Bahama Village.

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 there (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 to 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 Monroe County Comprehensive Plan Land Authority approved the provision of construction subsidy for the development on October 16, 2024 in Resolution No MCLA 03-3025 to decrease the maximum sale price for the twenty-eight (28) affordable housing units.

**Construction Subsidy by Unit Chart:**

# of Units	Street	Initial Purchase Price/Unit	Subsidy Investment/Unit	Non-Subsidized Cost/Unit	Income Level	Maximum Purchase Price/Unit	Bedroom Size	Total Subsidy
2	710 Fort Street	\$80,578.00	\$80,578.00	\$161,156.00	Very-Low 60%	0.75 x AMI*	2-Bedroom	\$161,156
1	710 Fort Street	\$89,484.00	\$89,485.00	\$178,969.00	Very-Low 60%	0.75 x AMI*	3-Bedroom	\$89,485
7	710 Fort Street	\$161,156.00	\$107,438.00	\$268,594.00	Low 61%-80%	1.5 x AMI*	2-Bedroom	\$752,066
4	710 Fort Street	\$178,969.00	\$119,312.00	\$298,281.00	Low 61%-80%	1.5 x AMI*	3-Bedroom	\$477,248
9	710 Fort Street	\$376,031.00	\$322,313.00	\$698,344.00	Median / Middle 81%-140%	3.5 x AMI*	2-Bedroom	\$2,900,817
5	710 Fort Street	\$417,594.00	\$357,937.00	\$775,531.00	Median / Middle 81%-140%	3.5 x AMI*	3-Bedroom	\$1,789,685
								\$6,170,457

\* AMI = most recently published Area Median Income for Monroe County, FL, adjusted for assumed household size based on the number of bedrooms

**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 pass 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 for each unit has been completed the developer or their representatives may send written notice to the City of Key West City Attorney and City Manager notifying of the receipt of the Certificate of Occupancy for the Units and the City will disburse for that identified unit.

**Recommendation**

Respectfully request the City Commission to approve the Agreement for Payment between the City of Key West and Bahama Village on Fort, Ltd. as the developer the twenty-eight (28) homeownership units located at 710 Fort Street and known as the Lofts of Bahama Village Condominiums for the funding approved by the Monroe County Comprehensive Land Plan Authority governing board that is being used as construction subsidy to reduce the sale prices of the units for affordability.