

Lofts of Bahama Village – 3.2



Project Barriers & Solutions

Barriers

- Purchase Prices
- Homebuyer Affordability
- Subsidy Funding / Down Payment
- Long term affordability /resale pricing
- Code Issues

Solutions

- Finalize Purchase Prices
- Determine affordability and cost analysis
- Identify sources for gap financing or down payment
- Determine security to retain affordability of units upon resale if other sources of funding are used.

CITY OF KEY WEST
Work Force Housing
Income, Rent and Sales Limits
2023

Maximum Income Limits					
Household Size	Very Low 60%	Low 80%	Median 100%	Moderate 120%	Middle 140%
1 Person	\$ 45,600	\$ 60,800	\$ 76,000	\$ 91,200	\$ 106,400
2 Persons	\$ 52,088	\$ 69,450	\$ 86,813	\$ 104,175	\$ 121,538
3 Persons	\$ 58,613	\$ 78,150	\$ 97,688	\$ 117,225	\$ 136,763
4 Persons	\$ 65,100	\$ 86,800	\$ 108,500	\$ 130,200	\$ 151,900
5 Persons	\$ 70,313	\$ 93,750	\$ 117,188	\$ 140,625	\$ 164,063
6 Persons	\$ 75,525	\$ 100,700	\$ 125,875	\$ 151,050	\$ 176,225
7 Persons	\$ 80,738	\$ 107,650	\$ 134,563	\$ 161,475	\$ 188,388
8 Persons	\$ 85,950	\$ 114,600	\$ 143,250	\$ 171,900	\$ 200,550

Maximum Sales Price					
Unit Size	Very Low 60%	Low 80%	Median 100%	Moderate 120%	Middle 140%
Efficiency	\$ 114,000	\$ 190,000	\$ 266,000	\$ 380,000	\$ 494,000
1 bedroom	\$ 130,219	\$ 217,031	\$ 303,844	\$ 434,063	\$ 564,281
2 bedrooms	\$ 146,531	\$ 244,219	\$ 341,906	\$ 488,438	\$ 634,969
3 bedrooms	\$ 162,750	\$ 271,250	\$ 379,750	\$ 542,500	\$ 705,250
4 bedrooms	\$ 175,781	\$ 292,969	\$ 410,156	\$ 585,938	\$ 761,719

Per City Ord. Sec.122-1466 to Sec.122-1472

Income limits are published by the

United States Department of Housing and Urban Development

5/15/2023

Purchase Price & Homebuyer Affordability

The next set of slides looks at the purchase prices that are set in the current declaration on the property and an alternative option provided by the developer. Each slide contains all income limits and the gap subsidy needed to purchase. All calculation are based off the following:

- 100 % first mortgage loans.
- Based off the highest Income of each AMI Category.
- 45% front-end ratio of the buyer's gross monthly income.
- Buyer has no debt load in these scenarios. Any additional debt will only reduce the buyers purchasing power requiring more subsidy.
- Condo HOA fees are being included to determine the maximum principal and interest payment. *(based off amounts in prospectus)*
- Interest Rate is based on 6%
- Property taxes are based on the Tax District Milage rate 11KW-8.2526 – Homesteaded with a Just (Market) Value of \$400,000 (this can change once adjusted by the property appraiser)
- Homeowners Insurance Policy is based on \$2,000 a year premium. (Can change based on a homebuyer's credit score)
- Closing and pre-paid costs are being estimated at \$9,400 (this will change by product used).

Mortgage Loan Products & Descriptions

Mortgage Loan Products	Product Details - Allowable Ratios
Conventional Loan	Max Ratios 45% - 47% - Lenders will solely by debt –to-income ratios and they can vary depending on the homebuyer's credit scores.
Governmental Loans	Max Ratios 46.99% / 56.99% - FHA & VA will use both debt-to-income ratios when qualifying for a mortgage.
Veterans Administration Loan	Max Rations 45% to 60 % - Higher allowable front end ratios require a good credit score.
Hometown Hero Loan	Maximum Allowable DTI is 50%.

This information contained above was provided by local mortgage lenders in Key West. These products and mortgage loan qualifications may vary depending on the lender the homebuyer chooses to use.

Purchase Prices & Homebuyer Affordability

Very Low 60% AMI and Below

Current Pricing in Declaration					
Household		Household			Gap Subsidy
Size	AMI	Income	Unit Size	Purchase Price	Needed
1	Very Low 60 %	\$45,600.00	2BR	\$146,550.00	\$49,053.31
2	Very Low 60 %	\$52,088.00	2BR	\$146,550.00	\$8,472.00
3	Very Low 60 %	\$58,613.00	2BR	\$146,550.00	\$0.00
4	Very Low 60 %	\$65,100.00	2BR	\$146,550.00	\$0.00
2	Very Low 60 %	\$52,088.00	3BR	\$162,750.00	\$28,907.59
3	Very Low 60 %	\$58,613.00	3BR	\$162,750.00	\$446.00
4	Very Low 60 %	\$65,100.00	3BR	\$162,750.00	\$0.00
5	Very Low 60 %	\$70,313.00	3BR	\$162,750.00	\$0.00
6	Very Low 60 %	\$75,525.00	3BR	\$162,750.00	\$0.00

Purchase Prices & Homebuyer Affordability

Low 80% AMI and Below

Current Pricing in Declaration					
Household		Household			Gap Subsidy
Size	AMI	Income	Unit Size	Purchase Price	Needed
1	Low 80%	\$60,800.00	2BR	\$244,250.00	\$55,916.00
2	Low 80%	\$69,450.00	2BR	\$244,250.00	\$1,812.00
3	Low 80%	\$78,150.00	2BR	\$244,250.00	\$0.00
4	Low 80%	\$86,800.00	2BR	\$244,250.00	\$0.00
2	Low 80%	\$69,450.00	3BR	\$271,250.00	\$41,163.82
3	Low 80%	\$78,150.00	3BR	\$271,250.00	\$0.00
4	Low 80%	\$86,800.00	3BR	\$271,250.00	\$0.00
5	Low 80%	\$93,750.00	3BR	\$271,250.00	\$0.00
6	Low 80%	\$100,700.00	3BR	\$271,250.00	\$0.00

Purchase Prices & Homebuyer Affordability

Median 100 % AMI and Below

Current Pricing in Declaration					
Household Size	AMI	Household Income	Unit Size	Purchase Price	Gap Subsidy Needed
1	Median 100%	\$76,000.00	2BR	\$635,050.00	\$351,645.55
2	Median 100%	\$86,813.00	2BR	\$635,050.00	\$284,000.00
3	Median 100%	\$97,688.00	2BR	\$635,050.00	\$215,993.93
4	Median 100%	\$108,500.00	2BR	\$635,050.00	\$148,368.27
2	Median 100%	\$86,813.00	3BR	\$705,250.00	\$475,163.82
3	Median 100%	\$97,688.00	3BR	\$705,250.00	\$298,544.85
4	Median 100%	\$108,500.00	3BR	\$705,250.00	\$230,919.19
5	Median 100%	\$117,188.00	3BR	\$705,250.00	\$176,578.48
6	Median 100%	\$125,875.00	3BR	\$705,250.00	\$122,242.77

Purchase Prices & Homebuyer Affordability

Moderate 120 % AMI and Below

Current Pricing in Declaration					
Household		Household			Gap Subsidy
Size	AMI	Income	Unit Size	Purchase Price	Needed
1	Moderate 120%	\$91,200.00	2BR	\$635,050.00	\$256,574.33
2	Moderate 120%	\$104,175.00	2BR	\$635,050.00	\$175,420.20
3	Moderate 120%	\$117,225.00	2BR	\$635,050.00	\$93,795.72
4	Moderate 120%	\$130,200.00	2BR	\$635,050.00	\$12,641.59
2	Moderate 120%	\$104,175.00	3BR	\$705,250.00	\$257,971.12
3	Moderate 120%	\$117,225.00	3BR	\$705,250.00	\$176,346.64
4	Moderate 120%	\$130,200.00	3BR	\$705,250.00	\$95,192.51
5	Moderate 120%	\$140,625.00	3BR	\$705,250.00	\$29,987.00
6	Moderate 120%	\$151,050.00	3BR	\$705,250.00	\$0.00

Purchase Prices & Homebuyer Affordability

Middle 140 % AMI and Below

Current Pricing in Declaration					
Household		Household			Gap Subsidy
Size	AMI	Income	Unit Size	Purchase Price	Needed
1	Middle 140%	\$106,400.00	2BR	\$635,050.00	\$161,503.11
2	Middle 140%	\$121,538.00	2BR	\$635,050.00	\$66,818.84
3	Middle 140%	\$136,763.00	2BR	\$635,050.00	\$0.00
4	Middle 140%	\$151,900.00	2BR	\$635,050.00	\$0.00
2	Middle 140%	\$121,538.00	3BR	\$705,250.00	\$14,939.76
3	Middle 140%	\$136,763.00	3BR	\$705,250.00	\$54,143.42
4	Middle 140%	\$151,900.00	3BR	\$705,250.00	\$0.00
5	Middle 140%	\$164,063.00	3BR	\$705,250.00	\$0.00
6	Middle 140%	\$176,225.00	3BR	\$705,250.00	\$0.00

Developer Alternative Pricing #1

	Income Limits	Sales Price	
		2 Bedroom	3 Bedroom
14 Units	Below 100% AMI	\$310,00	\$375,000
14 Units	> 100% AMI ≤ 140% AMI	\$480,000	\$560,000

Purchase Prices & Homebuyer Affordability

Very Low 60 % AMI and Below

Alternative Option #1 - Presented by Developer					
Household		Household			Gap Subsidy
Size	AMI	Income	Unit Size	Purchase Price	Needed
1	Very Low 60 %	\$45,600.00	2BR	\$310,000.00	\$212,503.31
2	Very Low 60 %	\$52,088.00	2BR	\$310,000.00	\$171,922.75
3	Very Low 60 %	\$58,613.00	2BR	\$310,000.00	\$135,345.35
4	Very Low 60 %	\$65,100.00	2BR	\$310,000.00	\$94,771.62
2	Very Low 60 %	\$52,088.00	3BR	\$375,000.00	\$241,157.59
3	Very Low 60 %	\$58,613.00	3BR	\$375,000.00	\$212,696.27
4	Very Low 60 %	\$65,100.00	3BR	\$375,000.00	\$172,122.61
5	Very Low 60 %	\$70,313.00	3BR	\$375,000.00	\$139,516.45
6	Very Low 60 %	\$75,525.00	3BR	\$375,000.00	\$106,917.02

Purchase Prices & Homebuyer Affordability

Low 80 % AMI and Below

Alternative Option #1 - Presented by Developer					
Household		Household			Gap Subsidy
Size	AMI	Income	Unit Size	Purchase Price	Needed
1	Low 80%	\$60,800.00	2BR	\$310,000.00	\$121,666.77
2	Low 80%	\$69,450.00	2BR	\$310,000.00	\$67,562.90
3	Low 80%	\$78,150.00	2BR	\$310,000.00	\$13,147.14
4	Low 80%	\$86,800.00	2BR	\$310,000.00	\$0.00
2	Low 80%	\$69,450.00	3BR	\$375,000.00	\$144,913.82
3	Low 80%	\$78,150.00	3BR	\$375,000.00	\$90,498.06
4	Low 80%	\$86,800.00	3BR	\$375,000.00	\$36,395.86
5	Low 80%	\$93,750.00	3BR	\$375,000.00	\$0.00
6	Low 80%	\$100,700.00	3BR	\$375,000.00	\$0.00

Purchase Prices & Homebuyer Affordability

Median 100 % AMI and Below

Alternative Option #1 - Presented by Developer					
Household		Household			Gap Subsidy
Size	AMI	Income	Unit Size	Purchase Price	Needed
1	Median 100%	\$76,000.00	2BR	\$310,000.00	\$26,595.55
2	Median 100%	\$86,813.00	2BR	\$310,000.00	\$0.00
3	Median 100%	\$97,688.00	2BR	\$310,000.00	\$0.00
4	Median 100%	\$108,500.00	2BR	\$310,000.00	\$0.00
2	Median 100%	\$86,813.00	3BR	\$375,000.00	\$36,314.00
3	Median 100%	\$97,688.00	3BR	\$375,000.00	\$0.00
4	Median 100%	\$108,500.00	3BR	\$375,000.00	\$0.00
5	Median 100%	\$117,188.00	3BR	\$375,000.00	\$0.00
6	Median 100%	\$125,875.00	3BR	\$375,000.00	\$0.00

Purchase Prices & Homebuyer Affordability

Moderate 120 % AMI and Below

Alternative Option #1 - Presented by Developer					
Household		Household			Gap Subsidy
Size	AMI	Income	Unit Size	Purchase Price	Needed
1	Moderate 120%	\$91,200.00	2BR	\$480,000.00	\$100,000.00
2	Moderate 120%	\$104,175.00	2BR	\$480,000.00	\$20,370.00
3	Moderate 120%	\$117,225.00	2BR	\$480,000.00	\$0.00
4	Moderate 120%	\$130,200.00	2BR	\$480,000.00	\$0.00
2	Moderate 120%	\$104,175.00	3BR	\$560,000.00	\$112,721.12
3	Moderate 120%	\$117,225.00	3BR	\$560,000.00	\$31,096.64
4	Moderate 120%	\$130,200.00	3BR	\$560,000.00	\$0.00
5	Moderate 120%	\$140,625.00	3BR	\$560,000.00	\$0.00
6	Moderate 120%	\$151,050.00	3BR	\$560,000.00	\$0.00

Purchase Prices & Homebuyer Affordability

Middle 140 % AMI and Below

Alternative Option #1 - Presented by Developer					
Household		Household			Gap Subsidy
Size	AMI	Income	Unit Size	Purchase Price	Needed
1	Middle 140%	\$106,400.00	2BR	\$480,000.00	\$6,453.11
2	Middle 140%	\$121,538.00	2BR	\$480,000.00	\$0.00
3	Middle 140%	\$136,763.00	2BR	\$480,000.00	\$0.00
4	Middle 140%	\$151,900.00	2BR	\$480,000.00	\$0.00
2	Middle 140%	\$121,538.00	3BR	\$560,000.00	\$4,119.76
3	Middle 140%	\$136,763.00	3BR	\$560,000.00	\$0.00
4	Middle 140%	\$151,900.00	3BR	\$560,000.00	\$0.00
5	Middle 140%	\$164,063.00	3BR	\$560,000.00	\$0.00
6	Middle 140%	\$176,225.00	3BR	\$560,000.00	\$0.00

Mortgage Qualification Worksheets

Conventional Mortgage Qualification Worksheet

Very Low - Below 60% - 1 person

Income	Monthly Income	Annual Income
Salary or Wages	\$3,800.00	\$45,600.00
Other Salary or Wages	\$0.00	\$0.00
Child Support	\$0.00	\$0.00
Other/Additional Income	\$0.00	\$0.00
Total Income:	\$3,800.00	\$45,600.00

Long Term Debt	Monthly Debt	Annual Debt
Car Loan Payment	\$0.00	\$0.00
Credit Card Payment	\$0.00	\$0.00
Loans	\$0.00	\$0.00
Student Loan Payments	\$0.00	\$0.00
Lofts HOA Fees	\$655.16	\$7,861.92
Total Debts:	\$655.16	\$7,861.92

Ratios	
Front End Housing Ratio	
Total Income:	\$45,600.00
/ 12 months	\$3,800.00
* 45% =	\$1,710.00
Back End Total Debt Service	
Total Income	\$45,600.00
/ 12 months	\$3,800.00
* 45%	\$1,710.00
= Debt Service	\$1,054.84

Maximum PITI Based of 45%	\$1,054.84
Estimated Monthly Escrow Payment	\$413.54
HOA Dues	\$0.00
Other	\$0.00
Monthly Principal + Interest	\$641.30
Interest Rate 6%	0.005
Years of Loan (30 years) Number of Payments	360
Maximum Allowable Principal + Interest Payment	\$641.30
Maximum Loan Amount:	(\$106,963.46)

Monthly Escrow Payment Breakdown	
Taxes	\$246.87 *
HO Ins	\$166.67 **
MI	\$0.00
Total Escrow	\$413.54

* Tax Based on 11KW8.256 Homesteaded
 ** \$2,000 year policy

Purchase Price :	\$146,550.00
Estimated Closing Costs & Pre-Paid	\$9,466.61
First Mortgage Amount	\$106,963.30
Estimated Subsidy Gap Needed:	\$49,053.31

Conventional Mortgage Qualification Worksheet

Low - Below 80% - 1 person

Income	Monthly Income	Annual Income
Salary or Wages	\$5,066.67	\$60,800.00
Other Salary or Wages	\$0.00	\$0.00
Child Support	\$0.00	\$0.00
Other/Additional Income	\$0.00	\$0.00
Total Income:	\$5,066.67	\$60,800.00

Long Term Debt	Monthly Debt	Annual Debt
Car Loan Payment	\$0.00	\$0.00
Credit Card Payment	\$0.00	\$0.00
Loans	\$0.00	\$0.00
Student Loan Payments	\$0.00	\$0.00
Lofts HOA Fees	\$680.55	\$8,166.60
Total Debts:	\$680.55	\$8,166.60

Ratios	
Front End Housing Ratio	
Total Income:	\$60,800.00
/ 12 months	\$5,066.67
* 45% =	\$2,280.00
Back End Total Debt Service	
Total Income	\$60,800.00
/ 12 months	\$5,066.67
* 45%	\$2,280.00
= Debt Service	\$1,599.45

Maximum PITI Based of 45%	\$1,599.45
Estimated Monthly Escrow Payment	\$413.54
HOA Dues	\$0.00
Other	\$0.00
Monthly Principal + Interest	\$1,185.91
Interest Rate 6%	0.005
Years of Loan (30 years) Number of Payments	360
Maximum Allowable Principal + Interest Payment	\$1,185.91
Maximum Loan Amount:	(\$197,799.84)

Monthly Escrow Payment Breakdown

Taxes	\$246.87	*
HO Ins	\$166.67	**
MI	\$0.00	
Total Escrow	\$413.54	

* Tax Based on 11KW8.256 Homesteaded

** \$2,000 year policy

Purchase Price :	\$244,250.00
Estimated Closing Costs & Pre-Paid	\$9,466.61
First Mortgage Amount	\$197,799.84
Estimated Subsidy Gap Needed:	\$55,916.77

Conventional Mortgage Qualification Worksheet

Low - Below 80% - 3 person

Income	Monthly Income	Annual Income
Salary or Wages	\$6,512.50	\$78,150.00
Other Salary or Wages	\$0.00	\$0.00
Child Support	\$0.00	\$0.00
Other/Additional Income	\$0.00	\$0.00
Total Income:	\$6,512.50	\$78,150.00

Long Term Debt	Monthly Debt	Annual Debt
Car Loan Payment	\$0.00	\$0.00
Credit Card Payment	\$0.00	\$0.00
Loans	\$0.00	\$0.00
Student Loan Payments	\$0.00	\$0.00
Lofts HOA Fees	\$754.60	\$9,055.20
Total Debts:	\$754.60	\$9,055.20

Ratios	
Front End Housing Ratio	
Total Income:	\$78,150.00
/ 12 months	\$6,512.50
* 45% =	\$2,930.63
Back End Total Debt Service	
Total Income	\$78,150.00
/ 12 months	\$6,512.50
* 45%	\$2,930.63
= Debt Service	\$2,176.03

Maximum PITI Based of 45%	\$2,176.03
Estimated Monthly Escrow Payment	\$413.54
HOA Dues	\$0.00
Other	\$0.00
Monthly Principal + Interest	\$1,762.49
Interest Rate 6%	0.005
Years of Loan (30 years) Number of Payments	360
Maximum Allowable Principal + Interest Payment	\$1,762.49
Maximum Loan Amount:	(\$293,968.55)

Monthly Escrow Payment Breakdown	
Taxes	\$246.87 *
HO Ins	\$166.67 **
MI	\$0.00
Total Escrow	\$413.54

* Tax Based on 11KW8.256 Homesteaded

** \$2,000 year policy

Purchase Price :	\$271,250.00
Estimated Closing Costs & Pre-Paid	\$9,466.61
First Mortgage Amount	\$293,968.55
Estimated Subsidy Gap Needed:	-\$13,251.94

Project Options / Subsidy Needed

Option 1: Fully funded by Vestcor, no other funding needed					
Unit quantity	#bedrooms	AMI%	2023 CoKW Code	Max Sales price	Total sales revenue
2	2	60%		\$146,531	\$293,062
1	3	60%		\$162,750	\$162,750
7	2	80%		\$244,219	\$1,709,533
4	3	80%		\$271,250	\$1,085,000
9	2	140%		\$634,969	\$5,714,721
5	3	140%		\$705,250	\$3,526,250
28					\$12,491,316

Option 2:					
Unit quantity	#bedrooms	AMI%	2023 CoKW Code	Max Sales price	Total sales revenue
2	2	80%		\$244,219	\$488,438
2	3	80%		\$271,250	\$542,500
3	2	100%		\$341,906	\$1,025,718
3	3	100%		\$379,750	\$1,139,250
10	2	120%		\$488,438	\$4,884,380
8	3	120%		\$542,500	\$4,340,000
28					\$12,420,286
Gap funding needed to achieve Option 2					\$3,625,254

Option 3:					
Unit quantity	#bedrooms	AMI%	2023 CoKW Code	Max Sales price	Total sales revenue
6	2	80%		\$244,219	\$1,465,314
6	3	80%		\$271,250	\$1,627,500
8	2	100%		\$341,906	\$2,735,248
8	3	100%		\$379,750	\$3,038,000
28					\$8,866,062
Gap funding needed to achieve Option 3					\$3,625,254

Option 4:					
Unit quantity	#bedrooms	AMI%	2023 CoKW Code	Max Sales price	Total sales revenue
2	2	80%		\$244,219	\$488,438
2	3	80%		\$271,250	\$542,500
12	2	100%		\$341,906	\$4,102,872
12	3	100%		\$379,750	\$4,557,000
28					\$9,690,810
Gap funding needed to achieve Option 4					\$2,729,476

Option 5: VestCorp with Land Authority Subsidy to bring down the 140% units					
Unit quantity	#bedrooms	AMI%	2023 CoKW Code	Max Sales price	Total sales revenue
2	2	60%		\$146,531	\$293,062
1	3	60%		\$162,750	\$162,750
7	2	80%		\$244,219	\$1,709,533
4	3	80%		\$271,250	\$1,085,000
9	2	140% to a 100%		\$341,906	\$3,077,154
5	3	140% to a 100%		\$379,750	\$1,898,750
28					\$8,226,249
Gap funding from MCLA needed to achieve Option 5					\$4,265,067

Summary

- There are no available construction monies that could be provide to developer to help offset the purchase prices on the State or Federal Level. Only construction funding to develop.
- Find other subsidy to help the homebuyers for down payment such as additional SHIP money outside of Monroe Counties allocation or HOME Funding.
- ARPA funding for units under 60% AMI. Check with the Florida Housing Finance Corporation on specific eligibly for our area and allocation.
- Investigate other funding sources through single family funding such as SHIP, Hometown Hero's, SAIL, HOME and TIFF through FHFC.
- Take a poll on household incomes of potential homebuyers.
- Due to current high interest rates, costs of insurance, Condo HOA's and property taxes it makes homeownership difficult for very-low to moderate income homebuyers. This is not exclusive to Key West and can be seen throughout the US.