

December 5, 2022

City Commission of the City of Key West  
c/o Cheri Smith, City Clerk  
1300 White Street  
Key West, FL 33040  
Email: [csmith@cityofkeywest-fl.gov](mailto:csmith@cityofkeywest-fl.gov)

Monroe County Land Authority  
c/o Christine Hurley, Executive Director  
1200 Truman Avenue  
Key West, FL 33040  
Email: [hurley-christine@monroecounty-fl.gov](mailto:hurley-christine@monroecounty-fl.gov)

RE: City of Key West ("City") request to Monroe County Land Authority ("Land Authority") for Lofts at Bahama Village 3.2

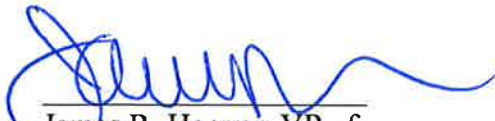
Dear Cheri and Christine:

Bahama Village on Fort, Ltd., a Florida limited partnership ("Developer"), is party to (i) that certain Ground Lease Agreement dated July 15, 2022, recorded in the Official Records of Monroe County Book 3185, Page 1 (the "Lease") and (ii) that certain Declaration of Affordable Housing Restrictions dated July 15, 2022, recorded in the Official Records of Monroe County Book 3185, Page 113 (the "Affordable Restriction"), both related to the development of twenty-eight (28) affordable housing units at 918 Fort St., Key West, FL 33040 (the "Project").

Developer is aware of the City's effort to request funds from the Land Authority for the ultimate purpose of reducing the sales price of the units at the Project. Developer has the fourteen (14) units designated "middle income" in the Affordable Restriction and Lease earmarked for nine (9) two-bedroom units and five (5) three-bedroom units. Developer will sell the fourteen (14) subject units at a sale price not more than 3.5 times the prevailing Monroe County Area Median Family Income (AMI) adjusted for household size if the City and/or Land Authority contribute building funds to the Project equal to the difference in the total maximum sales price of the fourteen (14) units at the current 6.5 x AMI sale price and the total maximum sales price of the fourteen (14) units at the proposed 3.5 x AMI sale price.

For example, using the 2022 AMI, the difference between the total maximum sales price of the fourteen (14) units at the current 6.5 x AMI sale price and the total maximum sales price of the fourteen (14) units at the proposed 3.5 x AMI sale price is \$4,028,250.<sup>1</sup> If the funding is received or committed, Developer will execute amendments to the Lease and Affordable Restriction to reflect the receipt of the gap funding and the reduction to the proposed 3.5 x prevailing AMI maximum sale price for the subject fourteen (14) units.

We look forward to our continued cooperation on the Project.

  
James R. Hoover, VP of  
Manager of GP of Developer

<sup>1</sup> The final "gap" funding amount must be determined at the time of the sale of the units.