



THE CITY OF KEY WEST

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EXECUTIVE SUMMARY

Date: March 15, 2022

To: Naval Properties Local Redevelopment Authority

Through: Shawn D. Smith, City Attorney

From: Nathalia A. Mellies, Assistant City Attorney

CC: Patti McLauchlin, City Manager

Re: Ground Lease for portion of the parcel known as the 3.2 acres of Truman Waterfront Property located in Historic Bahama Village for development of affordable workforce housing rentals

City of Key West Resolution 21-256 authorized the City Manager and the City Attorney to negotiate with Lofts at Bahama Village GP LLC ("Lofts") the necessary agreements for development of affordable workforce housing at the site known as the 3.2 located at Truman Waterfront in Historic Bahama Village. The project will consist entirely of affordable workforce housing. Ninety-eight (98) of the units will be for rent and the remaining twenty-eight (28) units will be for homeownership.

Lofts consists of two affiliated entities, Bahama Village Community Ltd., which will manage the affordable workforce housing rentals, and Bahama Village on Fort, Ltd., which will manage the affordable workforce housing sales. Due to the specific financing for the rental aspect of the project, time is of essence when it comes to approval of this particular ground lease. Lofts is seeking financing through Florida Housing Finance Corporation and an executed ground lease is one of the requirements of the application. The application is due on or before March 31, 2022.

Attached you will find the 99-year ground lease we have been negotiating with counsel for Lofts for the rental aspect of the project. The lease for the homeownership aspect of the project should be before you at your next meeting. We have included a provision in this lease that if the homeownership ground lease is not approved, we have the ability to terminate the rental ground lease.

Your input on this and any other matter is appreciated. We encourage you to contact us with any questions, concerns or comments.