



THE CITY OF KEY WEST

Post Office Box 1409 Key West, FL 33041-1409 (305) 809-3700

EXECUTIVE SUMMARY

TO: Patti McLauchlin, City Manager

FROM: Katie P. Halloran, Planning Director

DATE: December 6, 2022

RE: A request for approval for a fund disbursement of \$4,028,250.00 from the Monroe County Land Authority to the City of Key West for the construction of for-sale affordable housing units at the proposed Lofts at Bahama Village development at 918 Fort Street (otherwise known as the 3.2 acre site) pursuant to Section 380.0666(3)(a), Florida Statutes, and in accordance with City of Key West Comprehensive Plan Policy 3-1.1.7.

ACTION STATEMENT:

This resolution requests disbursement of affordable housing construction gap funding from the Monroe County Land Authority to reduce the sales prices of for-sale affordable housing units at the Lofts at Bahama Village development proposed at 918 Fort Street (RE# 00001630-000801). The City of Key West owns the property at 918 Fort Street and has executed a 99-year lease agreement with a developer to construct affordable residences onsite. The City desires to lower the final sales price of fourteen units currently accessible to individuals with incomes in the 140% AMI range. The overall effect of this construction funding will be to lower the final sales prices of these fourteen units to allow individuals with household income levels between 81% AMI to 140% AMI to be financially eligible to become homeowners.

BACKGROUND:

The property at 918 Fort Street, commonly referred to as 3.2 acres, is a City-owned property located within the Historic Neighborhood Commercial District – Bahama Village Truman Waterfront (HNC – 4). The subject property currently holds 126 Building Permit Allocations (BPAS), which shall be constructed as both rental and for-sale units. The proposed development plan is comprised of three buildings, Buildings A and B shall contain 98 rental units; Building C shall contain 28 sale units consisting of 18 two-bedroom units and 10 three-bedroom units. The City Commission approved Resolutions 22-080 and 22-158 earlier this year, which entered the City into a 99-year ground lease with the ‘Rental Lessee’ for the parcel housing rental units and ‘Occupant Lessee’ for the parcel housing for-sale units. The major development plan for all three buildings is currently in the process of acquiring approvals from the City.

On July 15, 2022, the lessee executed a Declaration of Affordable Housing Restrictions in regard to building C, the Declaration states three units within Building C shall be for “very low-income” persons, eleven units shall be designated for “low-income” persons, and fourteen units shall be



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designated for “middle income persons”.

A City Commission resolution to request Land Authority funding to subsidize construction of all 28 for-sale units will allow for lower sales prices of the fourteen “middle income persons” units. The developer is proposing nine (9) two-bedroom units and five (5) three-bedroom units that would have sales prices that would drop from the middle income range to the median income range. Thus, if approved, the Land Authority funding would allow more households with lower incomes to access more for-sale units at 918 Fort Street. The Land Authority funding would be passed through the City of Key West as provided by Section 380.0666(3)(a), Florida Statutes, to construct twenty eight for-sale units for household income levels between 81% AMI to 140% AMI.

The following table (Table 1.) reflects the sales price for each of the AMI categories per code definitions:

Table 1. Per Code Definitions

Unit Size	Very Low 60% (1.5)	Low 80% (2.5)	Median 100% (3.5)	Moderate 120% (5.0)	Middle 140% (6.5)
2 Bedrooms	\$138,750	\$230,625			\$599,625
3 Bedrooms	\$153,750	\$256,250			\$666,250

The following table (Table 2.) reflects the suggested multiplier for the 140% AMI category.

Table 2. Suggested.

Unit Size	Very Low 60% (2.5)	Low 80% (3.1)	Median 100% (3.5)
2 Bedrooms	\$138,750	\$230,625	\$322,875
3 Bedrooms	\$153,750	\$256,250	\$358,750

In order for the project at 918 Fort Street to be eligible to receive Land Authority funds, the City, acting as the Naval Properties Local Redevelopment Authority of the City of Key West, must require future homeowners of for-sale units at 918 Fort Street to remain compliant with Land Authority funding requirements. An Amended and Restated Declaration of Affordable Housing Restriction and any additional legal document will require that the developer, Bahama Village on Fort, LTD (Vestcor), and after sales, AH Monroe, will be responsible to ensure future homeowner income remains below 160% AMI, as provided by Section 380.0666(3)(a) Florida Statutes. Homeowners that become ineligible will have one year to sell their units, and A.H. Monroe will have Right of First Refusal (ROFR), to purchase that unit and resell to an income eligible homebuyer.

PURPOSE AND JUSTIFICATION:

Staff recommends approving the 3.5 multiplier for this project, which would result in decreasing



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the sale price of the fourteen originally proposed “middle income persons” condo units at 918 Fort Street. The City of Key West is currently undergoing a housing crisis and has a limited supply of housing units available. The City of Key West would like to partner with AH Monroe and Vestcor to ensure homeownership units at 918 Fort Street are accessible to a broader range of working families and individuals in Bahama Village. The purpose of this approval is to also ensure that the proposed fourteen “middle income units”, would be accessible to prospective buyers with incomes from 140% AMI down to 81% AMI. The City acknowledges concerns raised recently by Bahama Village community members regarding the sales prices of these units and is working to reduce these prices to support the community.

FINANCIAL IMPACT:

Approval of the disbursement would reduce the total fund balance of the Monroe County Land Authority.

RECOMMENDATION:

Staff recommends approving the request to the Monroe County Land Authority to disburse \$4,028,250.00 for construction of 28 affordable workforce housing units for the property at 918 Fort Street (RE# 00001630-000801), otherwise known as the 3.2 acres in accordance with City of Key West Comprehensive Plan Policy 3-1.1.7. in order to reduce the for sale price of the fourteen (14) affordable middle income units from 6.5 times the “middle” household income (adjusted for family size) down to 3.5 times the annual median income (adjusted for family size).