MEMORANDUM

Date: April 18, 2023

To: Honorable Mayor and Commissioners

Via: Albert P. Childress
City Manager

From: Tina Burns
Housing & Community Development Director

Subject: **Move-In Assistance Program for Key West**

Introduction

Respectfully request the City Commission to approve an ordinance revision to the Move-In Assistance Program for Key West Sec. 2-707 of SUBPART A. – GENERAL ORDINANCES, CHAPTER 2 – ADMINISTRATION, Article VII. – FINANCIAL MATTERS of the City of Key West Code of Ordinances.

This is a second reading and there have been no changes.

Background

The "move-in assistance program" has the purpose to assist eligible persons to obtain loans in order to become renters of residential housing in Key West.

The program has been reworked to improve the program guidelines to better assist workers that are employed by businesses in Key West with financial help to alleviate the cost burdens associated with obtaining rental property.

The current ordinances below from Sec. 2-707 pose a conflict with the proposed changes to the plan.

The following items under Sec. 2-707 require an amendment:

(a) **Purpose** - Change administrator from the Key West Housing Authority to the community Development office of the City of Key West.

(b) **Eligibility** – Remove the 12-month restriction on employment and residency requirement in Section (b) and replace with "A person eligible for the move in assistance program must show proof of employment or a letter of intended employment in Key West, **and**
Remove the language to require a credit report be pulled and a minimum of a 650 credit score requirement and add "Eligible applicants may not commit more than 30% of their monthly income towards the monthly rental costs."

(c) **Income Eligibility** – Remove the language for Income eligibility for the move-in assistance program shall be as provided in the Key West affordable housing ordinance, section 122-1466 et seq. and replace with Eligible Applicant(s) income will not exceed 140% of the Area Median Income (AMI) of the City of Key West Work Force Housing Rental Income limits.

(d) **Eligible Expenses** – Change the eligible expense to include only last month's rent and security deposit.

(e) Remove language at the paragraph that refers to the payment to the utility. And requires additional approval of the executive director of the Housing Authority.

(f) **Loans; promissory notes**: Remove the restriction on the maximum loan amount of $3,500 and change to The maximum amount of any loan under the move-in assistance program will not exceed the total of the required security deposit and last month's rent., and
Change the interest terms of repayment to the Income Eligibility and Repayment section on page 4 to:
The annual interest rate on the loan repayment shall be 2% for applicants with income of 121-140% of AMI, and 0% for applicants with income of 81%-120_ of AMI. For applicants with income of 80% AMI or less, will receive deferred loans. The entire amount of the loan covering last month's rent and security deposit will be returned to the City upon fulfillment of the lease.

(g) No Changes

Procurement

Initial funding for this program will come from the the American Rescue Plan Act (ARPA) grant award received by the City of Key West. These funds were provided to state and local governments to build an equitable economic recovery from the devastating economic effects caused by the COVID-19 pandemic.

ARPA funding can be used to assist small businesses, households, and hard-hit industries, economic recovery, premium pay for essential workers, investments in water, sewer, and broadband infrastructure.

This program plan has been designed to bring funding back into the City of Key West. Borrowers are required to repay all or a portion of their loan, depending on their income. This will allow the City to recycle funding and help more applicants.

Continued funding for this program may originate from other sources of funds in the future.

Recommendation

This is a second reading and there have been no changes. Request the City Commission to approve the following ordinance revisions:

1. **Sec. 2-707 (a) Purpose** - Change administrator from the Key West Housing Authority to the Community Development office of the City of Key West.

2. **Sec. 2-707 (b) Eligibility** – Remove the 12-month restriction on employment and residency requirement in Section (b) and add A person eligible for the move in assistance program must show proof of employment or a letter of intended employment in Key West; and
   Remove the language to require a credit report be pulled and a minimum of a 650-credit score requirement and add Eligible applicants may not commit more than 30% of their monthly income towards the monthly rental costs.

3. **Sec. 2-707 (c) Income Eligibility** – Remove the language for Income eligibility for the move-in assistance program shall be as provided in the Key West affordable housing ordinance, section 122-1466 et seq. and replace with Eligible Applicant(s) income will not exceed 140% of the Area Median Income (AMI) of the City of Key West Work Force Housing Rental Income limits.

4. **Sec. 2-707 (d) Eligible Expenses** – Change eligible expenses to include only last month's rent and security deposit.

5. **Sec. 2-707 (e)** Remove language in last paragraph that refers to the payment to the utility. And requires additional approval of the executive director of the Housing Authority.

6. **Sec. 2-707 (f) Loans; promissory notes**: Remove the restriction on the maximum loan amount of $3,500 and change to The maximum amount of any loan under the move-in assistance program will not exceed the total of the required security deposit and last month's rent.; ***and***
   Change the interest terms of repayment to the Income Eligibility and Repayment section on page 4 to :
   The annual interest rate on the loan repayment shall be 2% for applicants with income of 121-140% of AMI. and 0% for applicants with income of 81%-120_ of AMI. For applicants with income of 80% AMI or less. will receive deferred loans. The entire amount of the loan covering last month's rent and security deposit will be returned to the City upon fulfillment of the lease.