THE CITY OF KEY WEST

1300 White Street – Key West, Florida 33040

To:	Chairman and Planning Board Members
From:	Katie P. Halloran, Planning Director
Meeting Date:	February 20, 2025
Application:	**Text Amendment of the Land Development Regulations -** Barton W. Smith, Attorney, on behalf of Stockrock SI LLC, Island-West Investment Corp., Poinciana - Venture II LLC, and Meisel Holdings FL - 1321 Simonton Street, seeks to amend the Land Development Regulations Chapter 122, entitled "Zoning", Article V, entitled "Supplementary District Regulations", Division 10, entitled "Work Force Housing" pursuant to Section 90-518 of the Land Development Regulations of the Code of Ordinances of the City of Key West, Florida. The amendment would modify Section 122-1466, entitled "Definitions" by amending definitions regarding annual income, family size, workforce housing classifications. The amendment would modify Section 122-1467, entitled "Requirements of affordable work force housing" to eliminate workforce housing requirements for residential redevelopment and modify workforce housing requirements for new residential development, which includes increasing the fee-in-lieu, modifying linkage provisions, allowing required workforce housing units to be constructed on linked sites in unincorporated Monroe County west of Big Pine Key, modifying the spread of required & permitted low-, medium-, and middle-income units, and adding provisions for a maximum sales price of owner-occupied affordable housing units.
Request:	A request to amend the Land Development Regulations to modify the requirements for Work Force Housing.

Update

An amendment to the workforce housing division of the Land Development Regulations has been submitted to the City. It includes amendments and new provisions related to residential inclusionary housing, commercial inclusionary housing, performance standard & dimensional criteria waivers, site linkage, definitions, and transfers of development rights.

For ease of review, the proposal has been split into four separate agenda items that the Planning Board will review individually. The February 20, 2025 Planning Board agenda will consider revisions to Sections 122-1466 and 122-1467, which relates to workforce housing definitions, and residential inclusionary housing.

The primary effect of the applicant's proposal is to roll back the provisions that were adopted by the City Commission in 2019 under Ordinance 19-11.

Ordinance 19-11 specified that inclusionary housing requirements apply to both new and redeveloped market-rate housing projects (i.e. 30% of all units developed *and* redeveloped must be workforce affordable units.) The applicant's proposals would reverse Ordinance 19-11, such that redevelopment projects would no longer be subject to the workforce housing requirements. Only *new* residential developments would be subject to the requirements.

This would essentially nullify the impacts of the City's residential inclusionary housing regulations. Under the State-mandated Building Permit Allocation System (BPAS), which limits new residential growth in the City, there are only 4 remaining market-rate BPAS units available for allocation. This means that under the applicant's proposal, no more than one (1) new workforce housing unit would be developed under the residential inclusionary housing ordinance. Staff cannot support that change.

In the future, there is a possibility that the State of Florida amends growth management regulations and authorizes the City to issue additional BPAS units. However, it is the position of staff that if there are changes to the regulatory environment in the future, the Code should be amended to be responsive to the specific nature of those changes. Staff does not support curtailing existing housing policy in anticipation of future changes that are currently unknown.

As mentioned previously, the applicant is proposing to exclude redevelopment projects from the workforce housing requirement. In conversations with staff, the applicant has expressed concerns about the financial impacts that the ordinance places on developers. The applicant has also expressed that the existing Code provides a disincentive for property owners to improve their units. The applicant has also expressed that redevelopment projects should be excluded because they are not adding to the City's population, and therefore not creating addition need for workforce housing in the City.

Regarding the latter point, it is important to note that the existing Code already provides an avenue for developers to petition the City Commission for relief from the requirements of the workforce housing ordinance. Staff believes that it is premature to do away with the existing requirements if developers have not already exhausted the existing remedies under the Code.

Land Development Regulations Text Amendment Process:

Planning Board Meeting:	February 20, 2025
City Commission (1st Reading):	TBD
Dept. of Commerce (1st Review):	Up to 60 days
City Commission (2nd Reading / Adoption):	TBD
Local Appeal Period:	30 days
Dept. of Commerce Review (2nd Reading):	Up to 45 days
Dept. of Commerce Notice of Intent (NOI):	Effective when NOI posted to DOC site

Recommendation:

Staff recommends that the Planning Board consider and discuss the two workforce housing agenda items on this evening's agenda. Staff recommends that the Planning Board identify strengths and weaknesses of the existing workforce housing ordinance, and provide a recommendation to the City Commission as to whether and how the workforce housing ordinance ought to be amended.