



Agenda Item Summary

File #: 23-00602

Agenda Date: 11/14/2023

Agenda Item Name:

Purchase of Scottish Inn located at 4341 SW 13th Street.

Presenter:

Claudia Tuck, LCSW Ramon D. Gavarrete, P.E.

Description:

Request approval of Option to Purchase Scottish Inn (Parcel ID # 07218-001-000) with approximately 31 motel rooms and 2.5 acres, located at 4341 SW 13th Street, Gainesville, FL 32608.

Recommended Action:

Approve the Option Contract to Purchase Real Property between Alachua County and Lotus Enterprises, Inc. for the property located at 4341 SW 13th Street, as presented (the "Option Contract"); authorize the Chair to sign the Notice of Exercise of Option; approve the closing and other transactional costs; and authorize the Chair or the County Manager, or their designee, to sign any additional documents, approved by the County Attorney, necessary to complete the transaction. Approve budget amendment moving funds for this purchase within Revenue Recovery – ARPA (American Rescue Plan Act) Fund

Prior Board Motions:

N/A

Fiscal Note:

There will be sufficient funds in account 052.29.2964.554.62.00 project 9232901 with approval of budget amendment.

Purchase Price of Property	\$1,900,000.00
Appraisal (Santangini)	\$5,450.00
Appraisal (Clayton Roper & Marshall)	\$4,500.00
Survey (EDA Consultants)	\$7,080.00
Architectural & Engineering (Walker Architects)	\$27,975.00
Legal and Title Insurance (Salter Feiber)	\$8,782.50
Recording	\$100.00
 Total Cost of Acquisition	 \$1,953,887.50

Strategic Guide:

Housing

Background:

According to the Florida Housing Coalition there is a dramatic need for more rental housing in unincorporated Alachua County, particularly for households earning up to 60% Area Median Income (AMI). The current deficit of affordable and available rental units at 60% AMI threshold is 5,000 units. This lack of sufficient affordable housing is particularly challenging for unhoused residents. Homelessness in Alachua County has increased by 16 percent, according to the latest Point in Time (PIT) Count held on January 23, 2023. Homeless individuals experience an increased use of crisis services primarily due to the lack of safe, stable housing. Best practices in working with homeless individuals involve a coordinated response and prioritizing the most vulnerable for housing. This housing cannot be transitional; it needs to be permanent housing from both a practice and financial perspective. Annual leases provide the security of stable housing. Additionally, funding sources including HUD housing vouchers require annual leases.

Adaptive reuse of older motels is an emerging best practice to provide permanent supportive housing for unhoused persons. This has become a nationwide trend to increase the supply of affordable housing particularly for unhoused residents. It is reported that these types of motel conversions are more complicated, time-consuming and expensive with conversion taking about 2 years to get the approvals and permits needed to start construction.

On July 13, 2023, Alachua County entered into an Option Contract with Lotus Enterprises, Inc. to purchase the Scottish Inn, located at 4341 SW 13th Street, Gainesville, FL 32608. The purchase price for the motel, all furniture, fixtures and equipment and the surrounding property is \$1,900,000.

The property consists of a 31-unit motel, in two buildings, located on 2.5 acres. The property is zoned Business Highway (BH) with Commercial Future Land Use and is served by city water and sewer. The Scottish Inn is located directly north of, and adjacent to, the Budget Inn, which was purchased by Alachua County for affordable housing in February of 2021.

The Alachua County Public Works Department has contracted for due diligence on the property and has obtained title work and survey, which show no issues related to the property. Public Works has obtained an architectural and engineering assessment which includes an architectural report; structural assessment; mechanical, plumbing, and electrical assessment; and a Phase I Environmental Site Assessment. The due diligence does not disclose any significant defects with the property and a review by the Alachua County Facilities Management Director notes that there is “nothing out of the ordinary, it’s an old building that has lacked maintenance...” and makes recommendations for corrections and upgrades during the renovation process.

Appraisals were obtained from Santangini Appraisals, LLC and Clayton, Roper & Marshall, Inc with the Opinion of market values being \$1,900,000.00 and \$1,640,000.00, respectively. The average of the two appraisals is \$1,770,000. The proposed purchase price of \$1,900,000.00 is 7.3% above the average appraised value.

If approved for purchase, funding to renovate the Scottish Inn has been identified under the Affordable Housing component of the Emergency Rental Assistance 2 (ERA2) program. Up to 25% of the initial ERA2 funding can be used in the Affordable Housing category for construction, rehabilitation and preservation of affordable housing for those up to 50% AMI. Assuming the expenditure of 75% of ERA2, approximately \$5 million will be available for this renovation.