



Agenda Item Summary

File #: 24-00656

Agenda Date: 8/13/2024

Agenda Item Name:

Purchase of Sunrise Residence Inn from St. Francis House

Presenter:

Claudia Tuck, LCSW 352-231-0058 and Travis Parker, CPM, CPRP 352-359-8017

Description:

Request approval of Option to Purchase Sunrise Residence Inn.

Recommended Action:

Approve the closing and other transactional costs for the Option Contract between Alachua County and St. Francis House, Inc. for the property located at 2105 and 2120 SW 14th St., Gainesville, FL 32608; and authorize the Chair or the County Manager, or their designee, to sign the Notice of Exercise of Option and any additional documents, approved by the County Attorney, necessary to complete the transaction. This staff recommendation is made in an effort to prevent the loss of 35 units of affordable housing with those individuals having no voucher to take with them to seek new housing. It is also made with the concern that this facility will require extensive renovation for which no funding is currently identified.

Prior Board Motions:

April 23, 2024 the Board approved the Option Contract for the purchase of the Sunrise Residence Inn and instructed staff to proceed with due diligence on the property and return to the Board when the due diligence was completed.

Fiscal Note:

Purchase Price of Property	\$1,950,000.00
Survey (CHW, an NV5 Company)	\$6,500.00
Architectural & Engineering with Phase-I (Brame Heck Architects, Inc.)	\$41,300.00
Legal and Title Insurance (Salter Feiber Law Firm)	\$11,560.25
Recording Estimate	\$100.00
Total Cost of Acquisition	\$2,009,460.25

Acquisition Costs funded from Revenue Recovery Fund 052.

Preliminary Estimate for Renovations \$2,873,625. Budget and any recurring operational budget funds need to be identified

Strategic Guide:

Housing

Background:

In early April 2024, Community Support Services staff became aware that there was a pending sale of the St. Francis Housing Sunrise Inn complex to a for profit student housing developer. The Sunrise Inn provides subsidized housing through HUD project-based vouchers to 30 of their 35 units. The remainder of the five units were rented on a sliding scale. The property sale would have caused all of the tenants to be forced to leave at the end of their leases. They would be leaving with no voucher or subsidy to assist in their search for a new unit. As a result, meetings were held with County Administration and the CEO of St. Francis House along with two members of the Board of Directors. Agreement was made to afford the County the opportunity to consider purchasing the Sunrise Inn to preserve affordable housing units. Short of that, the loss of units would have compounded the already dire situation for low-income renter households. According to the Florida Housing Coalition there is a dramatic need for more rental housing in Alachua County, particularly for households earning up to 50% Area Median Income (AMI). The current deficit of affordable and available rental units at 50% AMI is in excess of 5,000 units.

On April 23, 2024 the Board approved an Option Contract for the purchase of the Sunrise Residence Inn and instructed staff to proceed with the due diligence inspections on the property. On May 2, 2024 the Chair signed the Option Contract with St. Francis House, Inc. The initial option payment was \$150,000. The Purchase Price for the property and improvements is \$1,950,000.

The Sunrise Residence Inn is a 35 unit affordable housing multi-family project consisting of two buildings on approximately one acre of land. The property is zoned U8 (Urban 8) and the buildings were constructed in 1971 and 1973. The property is located on both sides of SW 14th Street at 2105 and 2120 SW 14th St., Gainesville, FL. The buildings were originally constructed as a motel and converted to their current use as studio apartments around 1999.

The Alachua County Public Works Department has contracted for due diligence inspections of the property and improvements. Staff has obtained a survey and title report which show no issues related to the property. Staff also obtained a Phase-I Environmental Site Assessment, which it has shared with the Alachua County Environmental Protection Department, and an Architectural & Engineering report, including evaluation of the building envelope, structural, mechanical and electrical aspects of the buildings, and site compliance including utility service, parking, drainage, civil/site plan related matters and compliance with ADA access requirements. Staff has shared the Architectural & Engineering Report with the Alachua County Facilities Department.

Staff has obtained two proposals for the remediation of asbestos, lead and mold issues disclosed in the July 2024 report prepared by GLE Associates, Inc. The proposals for remediation are approximately \$250,000 by Simpson Environmental and \$350,000 by Alachua Environmental Services, Inc.

If the Option to Purchase is exercised, funding will be required for purchase as well as renovation. The Alachua County Housing Authority holds the 30 project-based vouchers and is arranging for their continued utilization under new ownership. Additionally, the Alachua County Housing Authority is prepared to manage the Sunrise Inn for the County.

Alachua County EPD comments are as follows:

The EPA recommends that an Operations and Maintenance (O&M) Program be developed for any facilities with Asbestos Containing Materials (ACM), and this Program address all ACM (known and/or assumed) present. The O&M Program establishes notification and training requirements along with special procedures for working around the ACM. The O&M Program remains in effect until all asbestos is removed.

1. CTX-01: CTX-02 - White Popcorn Ceiling Texture 2105 SW 14th Street and 2120 SW 14th Street, Gainesville, Florida - Regulated Asbestos-Containing Material (RACM) recommend that a licensed asbestos abatement contractor properly remove and dispose of the identified RACM prior to conducting renovation activities that might disturb the ACM.
2. Drywall System - that the material be considered for removal by a licensed asbestos abatement contractor prior to disturbance (i.e. removal, sanding, cutting, etc.) as part of a renovation project. The Drywall Joint Compound contains Asbestos.
3. Inaccessible Areas -Unit 12 located at 2105 SW 14th Street, Gainesville, Florida was inaccessible at the time of the survey. Should planned renovation and/or demolition activities involve the disturbance materials in these areas, we recommend that the materials be sampled and analyzed for asbestos content, and if determined to be ACM, be properly removed and disposed of by a licensed asbestos abatement contractor prior to conducting such activities.
4. Lead-containing paint (LCP) was identified in four of the twenty-seven samples. For all identified lead painted materials where abrasive blasting, welding, cutting and/or torch burning are planned, removal of lead paint is to be completed by a properly trained lead removal contractor.
5. Mold - Assure source of moisture intrusions, including but not limited to the suspect moisture intrusion issues outlined in this report, have been terminated and corrected. Properly remove and dispose of all mold and water damaged porous building materials identified in Table 4.2-1.
6. Hazmat - Numerous Chemical containers and various other materials that should be appropriately disposed.

Other Noted issues:

1. Storm Water - At the southwest corner of Building 2, the foundation shows signs of erosion and undermining of the foundation for approximately half of the length of the rear exterior wall (approximately 50 feet long). This undermining is exposing approximately 6 inches of the 12-inch-thick foundation. Within 10 to 20 feet of the building, there is a steep drop-off that drops into a creek.
2. Storm Water - Mr. Vaughn described that over the years, the water within the pond has overflowed many times. We understand that this water pours down the parking lot of the larger apartment building. We understand that recently, three of the units closest to the retention pond experienced flooding due to the overflowing of the pond. The dirt patterns in the parking lot showed signs of large amounts of water flowing from the pond down the parking lot from south to north.

Costs for remediation would need to be quoted by a certified contractor for each of the various items noted, as we are generally not involved with that aspect of the remediation operations.

Alachua County Facilities Department comments are as follows:

1. Asbestos was identified in the report, specifically in the white popcorn ceiling texture (2%) and the exterior drywall/joint compound (2%). These materials do not appear to present a significant issue as observed during the survey. However, it is recommended that the RACM be maintained as part of an O&M Program and periodically monitored for any changes. Additionally, it is advised to have a licensed asbestos abatement contractor properly remove and dispose of the

RACM before conducting any renovation activities that might disturb the ACM. If any repairs/renovations are considered, we will need to go through the full abatement process.

2. Mold was identified in most of the units in some capacity. Many of them exceeded the 20% threshold identifying long-term exposure. There is approximately 4371 SF in remediation needed once I added up all the individual areas. It is important to note that I totaled that number, there are small amounts all over the place. The recommendation is that those areas should be properly remediated. Some of the materials will need to be removed and replaced to remediate, while others just need to be cleaned and dried. Like with asbestos, this process will need to take place if any repairs/renovations are considered. This should be done when the asbestos abatement is taking place.
3. Flooding in the past was identified from the adjacent stormwater basin. It appears that remediation has taken place based on the notes in the Due Diligence Report. Construction was observed on the basin while the contractors were onsite. Upon staff site visit, it appears that the basin was cleared out to allow for stormwater retention. The Owners representative indicated that they spoke to the Owner of the adjacent property where the basin is and they have a schedule now for cleaning of the basin. I don't see this as an issue moving forward so long as they adhere to their preventative maintenance schedule.
4. The CMU block structures appear to be in decent condition. There are some water issues related to runoff, but these seem manageable with repairs. The erosion can be mitigated with the use of gutters and downspouts throughout, which should be installed upon purchase of the property. Fill should be brought in to address the runoff associated with the building footers.
5. The handrails and guardrails need attention. There is a significant hazard, and they should be corrected as soon as possible. This would include the removal and replacement of steel railing. The process would include removing the concrete from the upstairs walking path, cleaning and observing the steel structure to identify what can be repaired and what needs to be replaced. The concrete would then need to be replaced. This can be an expensive endeavor as there appears to be significant rust and oxidation on the steel.
6. Neither building is protected by a sprinkler system. According to the Florida Building Code (FBC-B, section 903.2.8), these units will need to be protected by a sprinkler system if we undergo level 2 renovations. These renovations include the installation of new HVAC, electrical, or plumbing systems. Level 2 renovations apply to work areas less than 50% of the aggregate area of the building. To meet current safety standards, a sprinkler system must be installed.
7. While the roof on the Northeast building is relatively new, the roof on the Southwest building is in need of replacement. We estimate approximately 6 years remaining service life.
8. No existing apartment units are fully compliant with the FBC-Accessibility. Future renovations would likely require accessibility upgrades. Additionally, the interior layout of the units includes doorways into the bathroom and kitchen that are very narrow, at 24". Although the code minimum door width of 32" does not apply to Group R2 Residential units, it would make sense to enlarge these openings during renovations.
9. The Southwest building parcel includes a wetland (approximately 0.02 acres) and the associated 50' buffer, which comes within feet of the building. There would be no considerations for future expansion based on this. All permits submitted to the City of Gainesville will be reviewed by the

Floodplain Administrator to issue a floodplain development permit, given the presence of Flood Zone A/100-year floodplain within the western portion of the project area. I only mention this should we make alterations to the parking area that would require permitting in the future.

10. An ERP permit will be required from the St. Johns River Water Management District (SJRWMD) because the western portion of the project contains both wetland and floodplain areas. Development in either of these areas will require an ERP permit. If any disturbance to the wetland occurs, the purchase of mitigation credits will be necessary. Even if there is no disturbance, an ERP permit from SJRWMD will still be required. Again, I only mention this should we make alterations to the parking area that would require permitting in the future.
11. The current interior electrical panels are outdated and have a high failure rate due to their age. Additionally, there is no main circuit breaker on each panel, indicating that the main overcurrent protection is provided upstream at the main panel. Given the age and failure rate of these panels, they should be replaced.
12. The fire panels are also outdated, and the functionality of the individual devices couldn't be confirmed. It is assumed that not all devices are functional, and the unavailability of replacement parts raises concern. Replacement of the fire panels is needed.
13. According to both the Americans with Disabilities Act (ADA) and Housing and Urban Development (HUD) regulations, at least one unit in each building must be ADA accessible. Additionally, ADA guidelines stipulate that 5% of the total units in a housing complex must be accessible. For a building with 33 total rooms, this means that at least two units should be ADA accessible to comply with the 5% rule. Any renovation will trigger this.
14. Lead paint was identified. It is unclear if this was located on the steel stairs and walk patch structures. This would need to be abated prior to repair.