

An aerial photograph of a motel complex in St. Petersburg, Florida. The image is overlaid with a semi-transparent teal color. The text is centered over the image. The motel building is a long, single-story structure with a flat roof and a parking lot in front. A sign for 'The Inn On the Hill Motel' is visible on the building. In the foreground, there is a building with a sign that reads 'Pawn & Jewelry'. The background shows a dense line of trees and a clear blue sky.

# **UNLOCKING AFFORDABILITY WITH MOTEL CONVERSION**

The Inn On the Hill Motel  
*St. Petersburg*

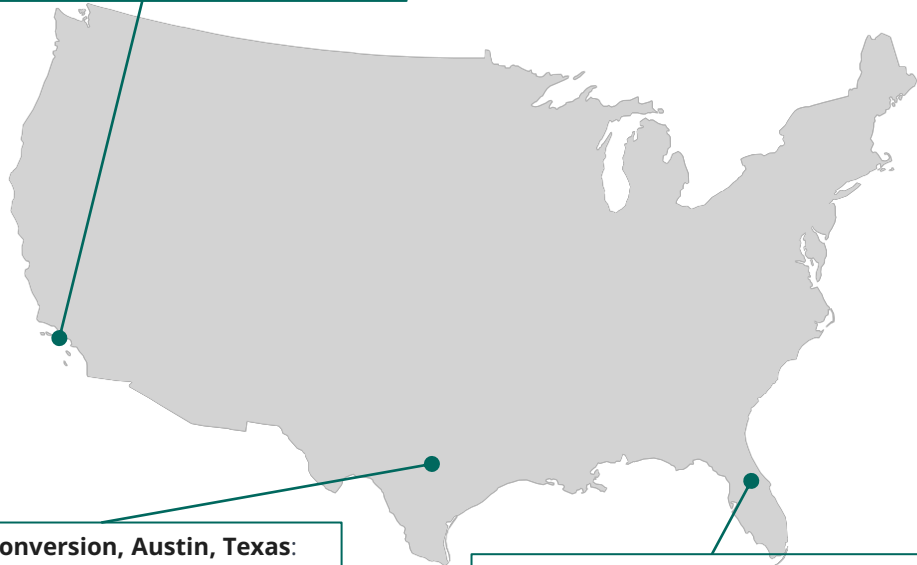
## MOTEL CONVERSION | The Opportunity

Conversions of hotels that would otherwise perform poorly with low occupancy are an opportunity to add new critical affordable apartment homes.

By 2030, estimates from Build Florida 2030 suggest that the Tampa metro area will have a shortage of 76,000 homes for households earning less than \$50,000.

Converting motels can provide many benefits to a community. They are typically faster and more cost-effective to convert than building new structures, providing an expedient solution to housing shortages. Additionally, motels come equipped with essential amenities, like individual rooms and bathrooms, making the transition to housing smoother. Their often-strategic locations grant residents easy access to transportation and necessary amenities.

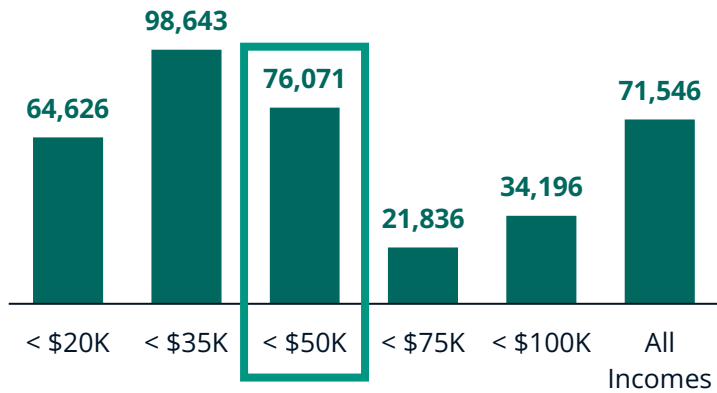
**The Beacon:** This motel in Long Beach was converted into 160 units of affordable housing for low-income seniors. The project was funded by a combination of public and private sources, including tax credits and grants.



**Studio 6 Conversion, Austin, Texas:** In 2020, the city of Austin purchased a Studio 6 motel to convert it into a housing-first community for people experiencing homelessness.

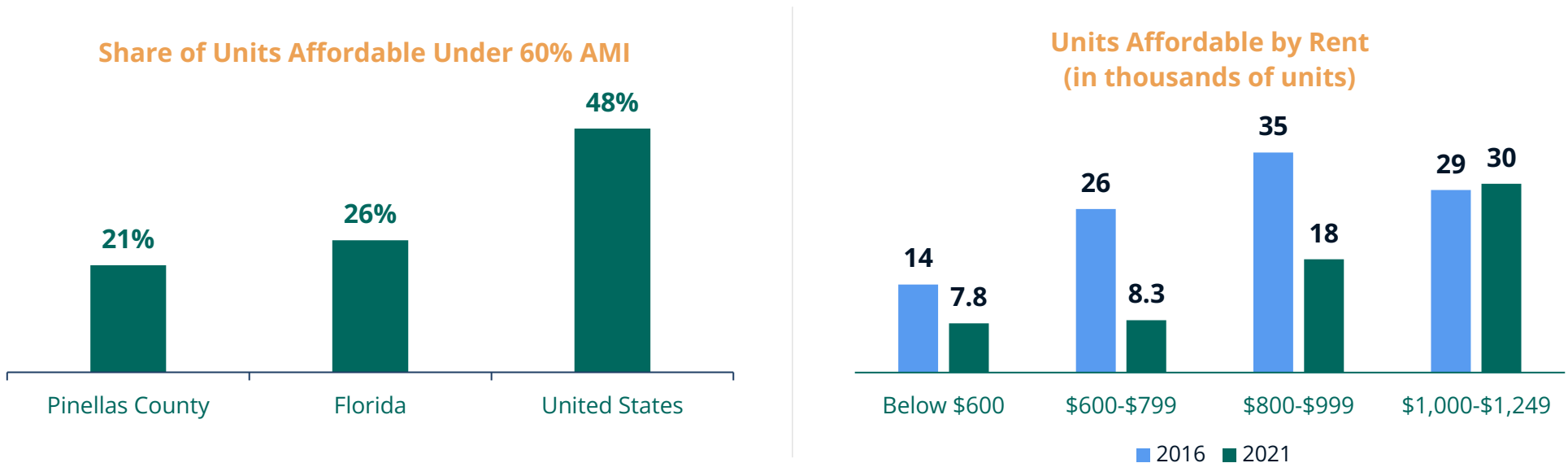
**Super 8:** A Super 8 Motel was slated for conversion to affordable housing in Kissimmee, Florida, with a city investment of \$12 million.

### Future Housing Supply Gap Tampa-St. Petersburg-Clearwater Metro Area



## MOTEL CONVERSION | Affordable Residential Demand

Pinellas County has a critical need for affordable housing as the number of units available under \$1,250 per month fell by almost 40,000 units.



Only 1 in 5 rental units in Pinellas County are affordable for households earning at or below 60% of the Area Median Income (AMI), while 38% of all renter households earn below 60% of AMI.

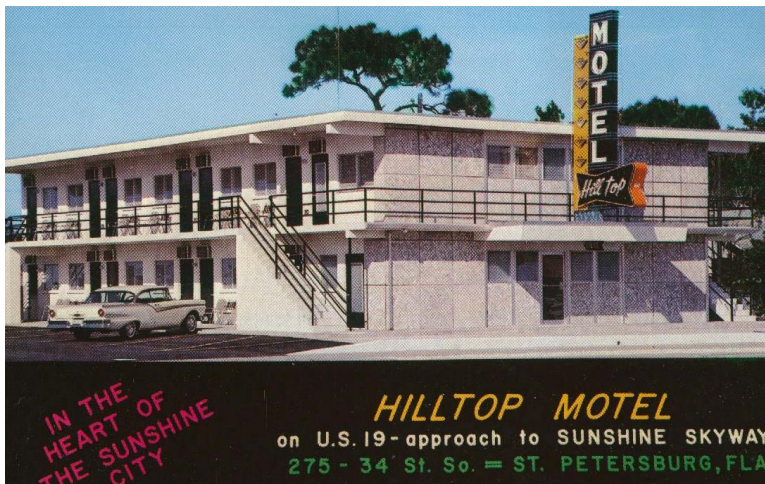
This problem has been exacerbated in recent years, as the number of units available to rent under \$1,250 per month fell by almost 40,000 units.

This gap is only slated to increase—the apartment scarcity dashboard (BuildFlorida2030.com) estimates a need of 76,000 units affordable to households earning below \$50,000 across the Tampa St. Petersburg metro area.

Investment in deed-restricted affordable housing—like that with the motel conversion—can go a long way to meeting this critical need.

## MOTEL CONVERSION | The Site

Built in 1963, the Inn On the Hill Motel once served motorists, families, and visitors to the St. Petersburg-Tampa area. The two-story exterior was repainted in 2023.



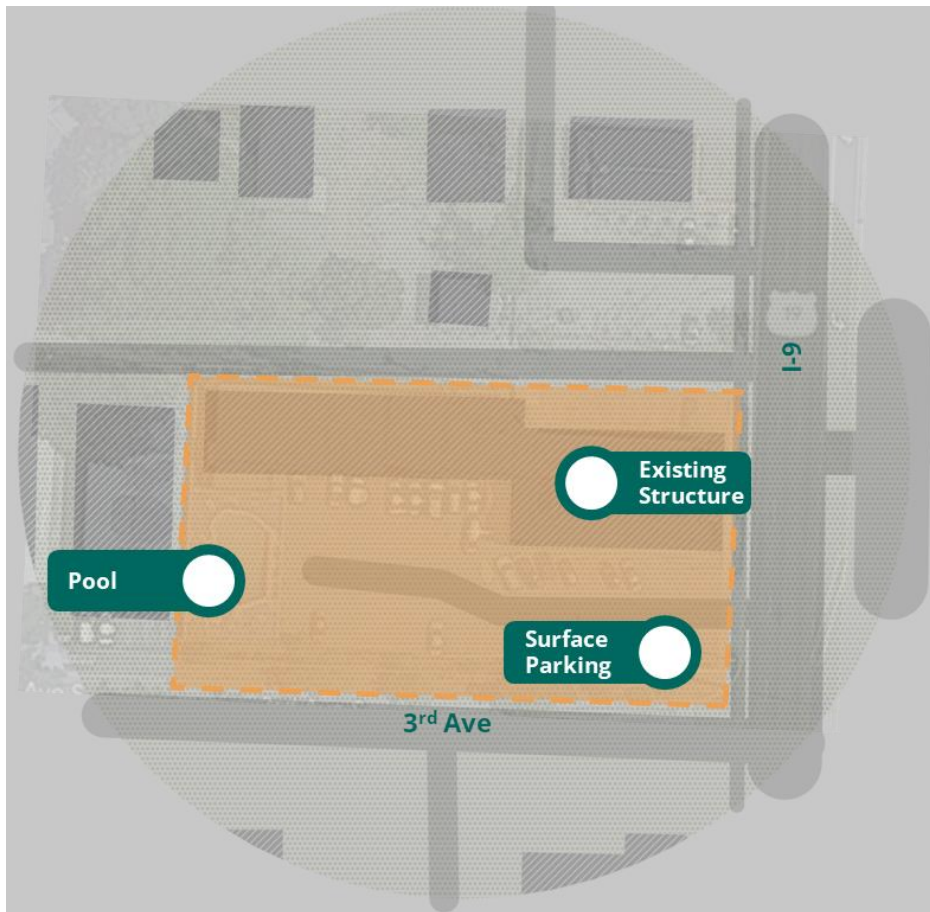
Historic postcards from the Inn On the Hill Motel (formerly the Hilltop Motel)



<b>Address</b>	275 S. 34 <sup>th</sup> St., St. Petersburg
<b>Market</b>	Tampa Bay
<b>Current Use</b>	Vacant Motel
<b>Site Acres</b>	0.4

## MOTEL CONVERSION | The Site

The Inn On the Hill Motel has the potential to be converted from a 45-room motel into **28 units of affordable housing** with family-sized units.



### Site Context

The Inn On the Hill Motel is a two-story, former 45-room motel on St. Petersburg's 34th Street. Built of concrete block, the motel retains its midcentury façade. Generally, parking spaces are accessible via 34th Street, and a small additional parking space is accessible via an alleyway. The site also has an outdoor, in-ground pool.

### Land Use and Zoning

The site has currently been used for commercial-commercial suburban district 1. This zoning allows for the development of one-story to four-story development containing mixed uses. Additional density is permitted with additional community bonuses.

### Current Use

Use	<b>Hospitality-Hotel</b>
Year Built	<b>1963</b>
Floors	<b>2</b>
Square Feet	<b>18,000</b>
Parking Spaces	<b>50</b>

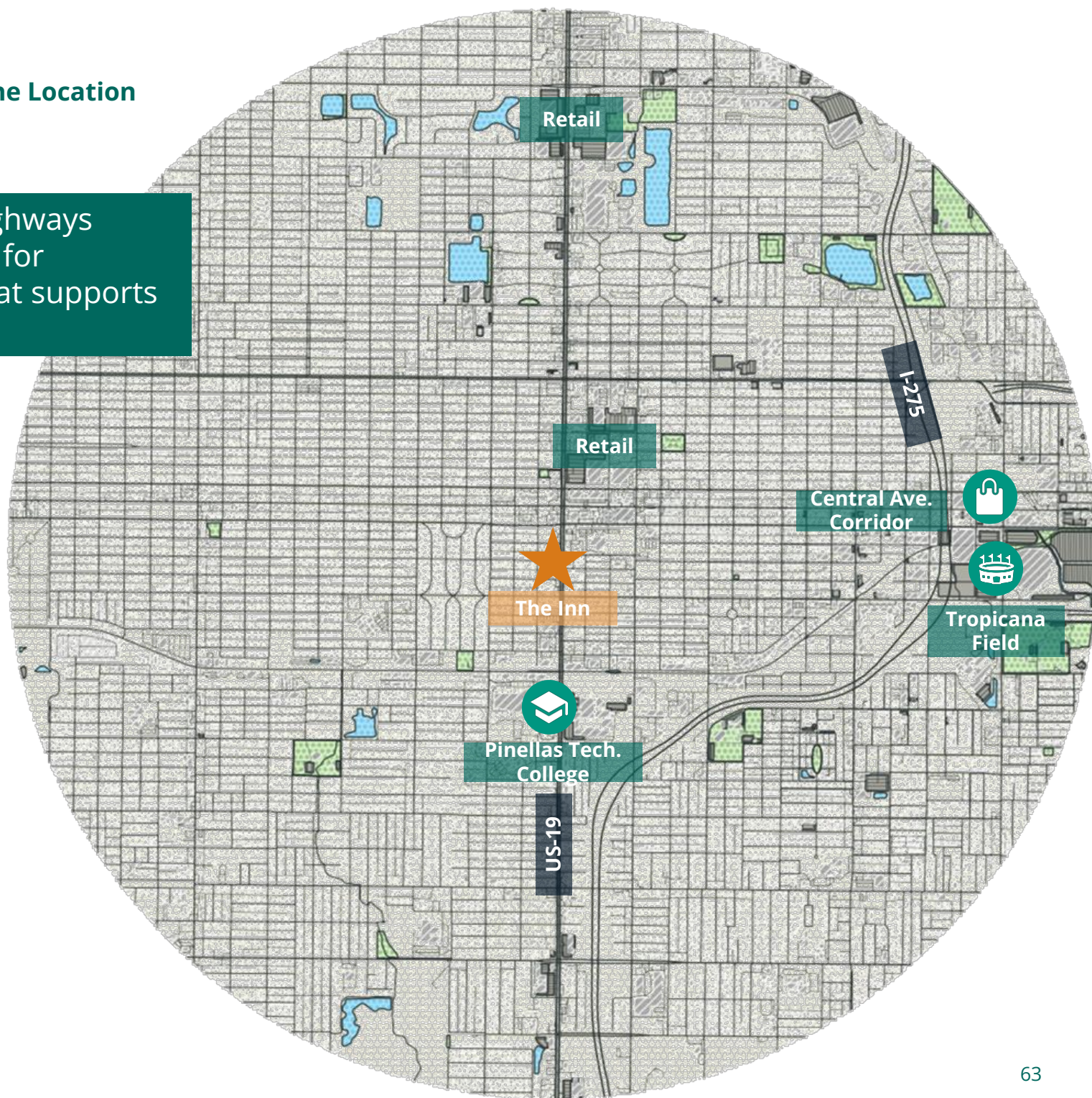
### Zoning

Category	<b>Commercial</b>
Max Height	<b>4 Stories</b>
Dwelling Units/Acre	<b>15</b>

## MOTEL CONVERSION | The Location

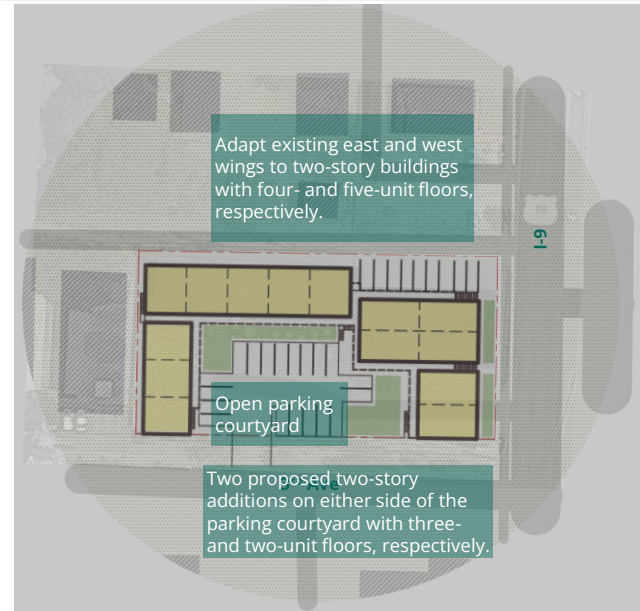
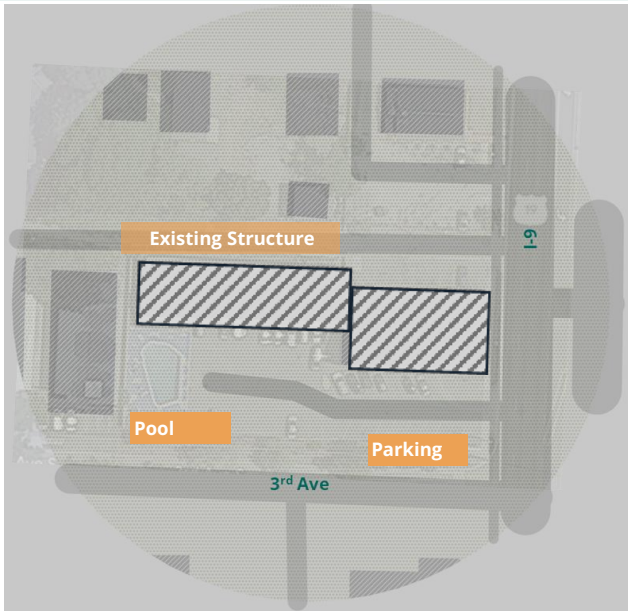
Proximity to major highways positions the site well for affordable housing that supports downtown workers.

Located on 34th Street, the Inn On the Hill Motel is only a short drive to downtown St. Petersburg, St. Pete Beach, Treasure Island, and several retail and recreational establishments serving residents and visitors. Although the site is primarily accessible via car, 34th Street is also serviced by Pinellas County's buses. Excluding the commercially zoned 34th Street, neighboring uses are primarily residential-single family or institutional (public schools and community college).



# MOTEL CONVERSION | The Plan

The proposed site creates **28 new multifamily units** across the existing structure and two additions.



	Current Use	Proposed Adaptive Reuse			
	Total	Total	Existing Structure	Addition 1	Addition 2
Description	Two-story former motel	Redevelopment of existing structure's east and west wings and two new additions.	Multifamily	Freestanding multifamily addition on pool	Freestanding multifamily addition on surface lot
Use	Motel	Multifamily	Multifamily	Multifamily	Multifamily
Floors	2	2	2	2	2
Rentable Square Feet	16,040	24,620	16,040	4,860	3,720
Units	-	28	18	6	4
Parking Spaces	28	28	28		

# MOTEL CONVERSION | The Plan

The proposed site creates **28 new multifamily units** across the existing structure and two additions.

## Proposed Section

### Existing Structure

Existing structures and outdoor stairwells preserved



New construction over existing pool creates additional 6 units



### Parking Courtyard

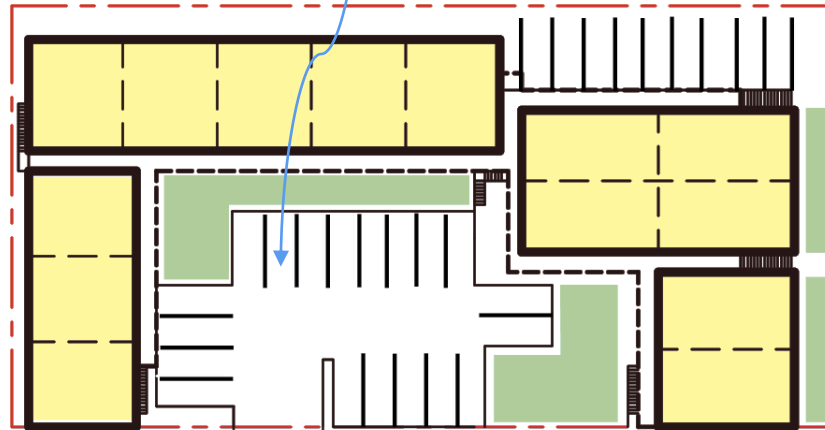


### Addition 2



New construction on corner of surface lot creates 4 new units

Existing west wing converted to 10 units



Existing east wing converted to 8 units

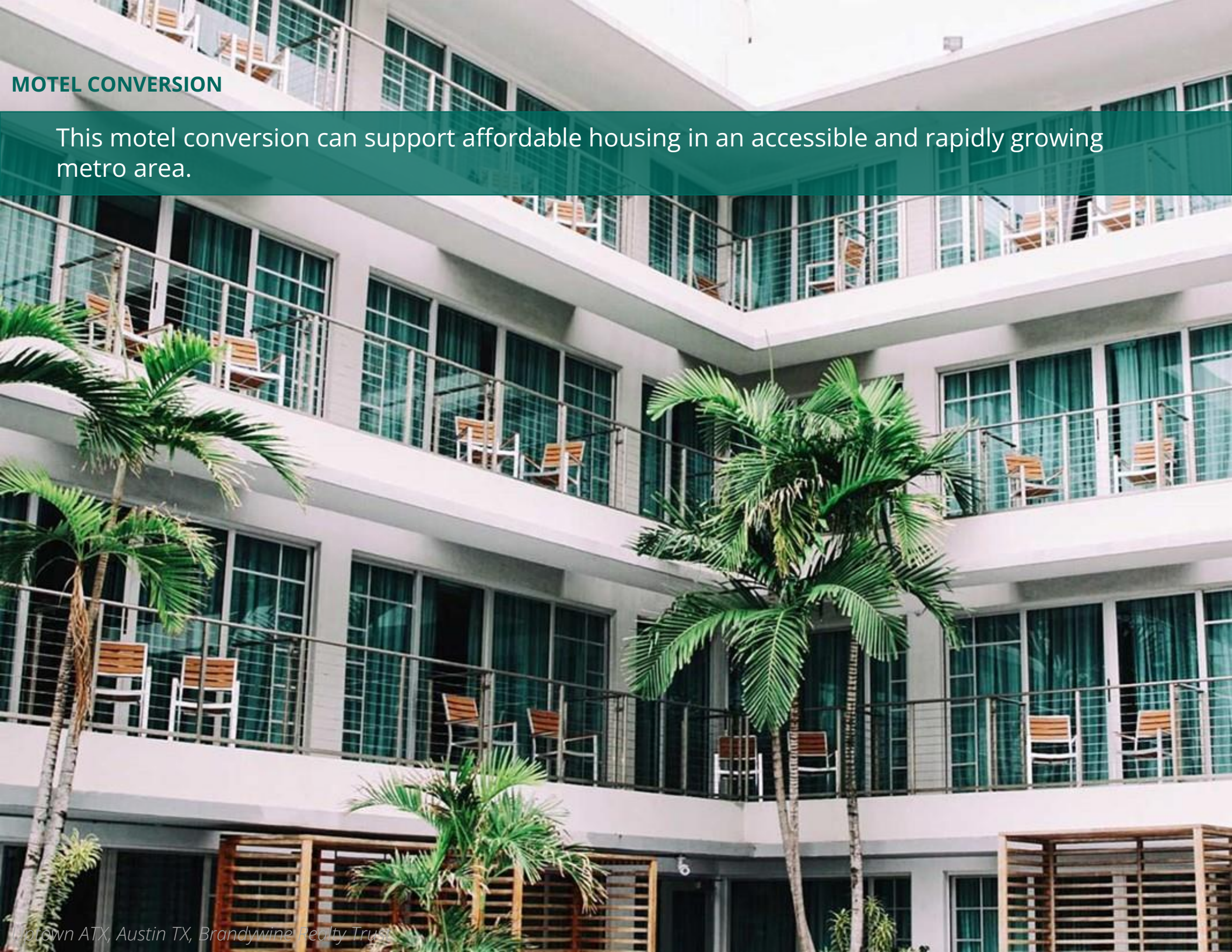
- Retail
- Amenity
- Multifamily
- Parking

28 parking spaces with wraparound green space.



## MOTEL CONVERSION

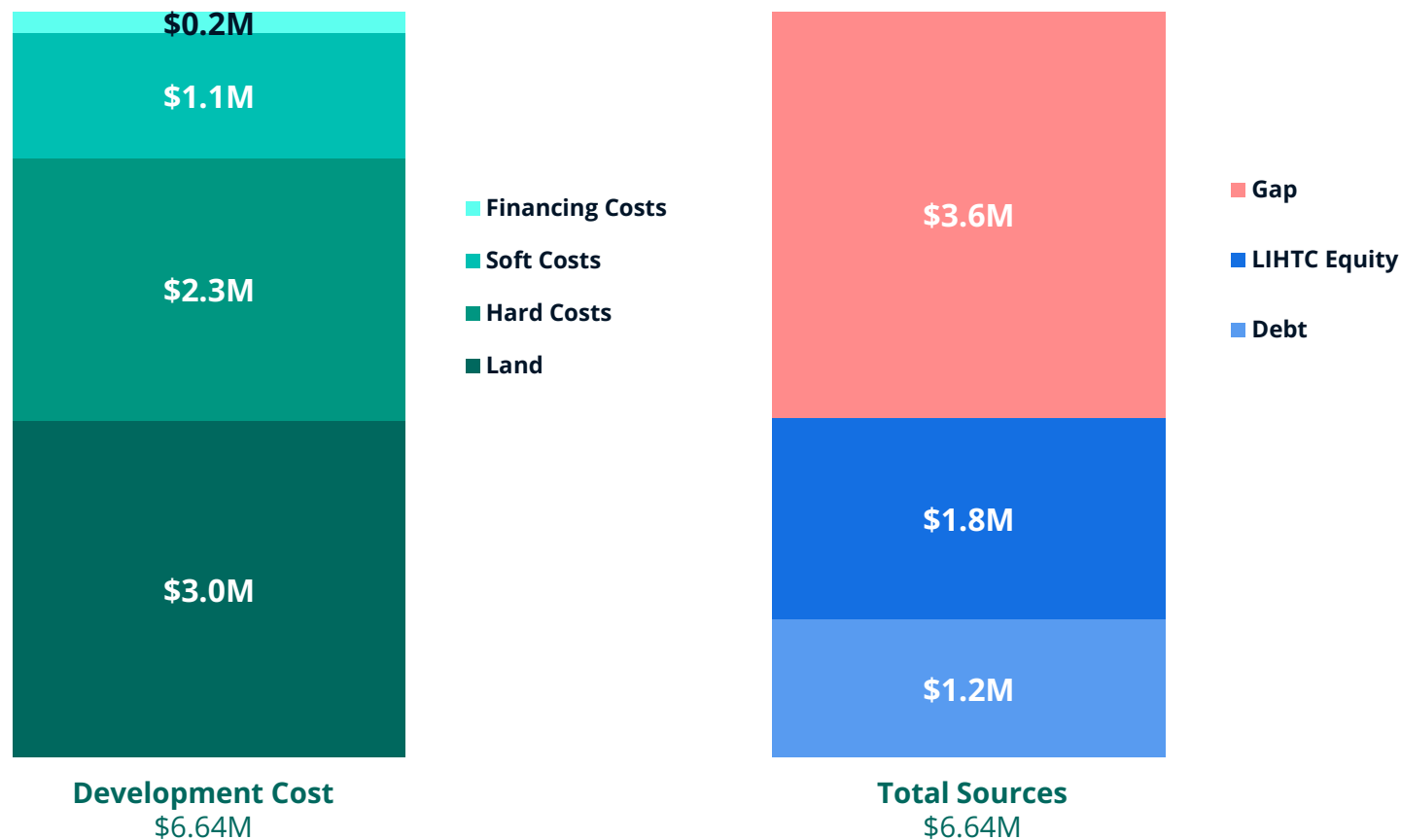
This motel conversion can support affordable housing in an accessible and rapidly growing metro area.



## MOTEL CONVERSION | The Economics

Assuming that the project will receive funding from the state as a deed-restricted project through the Low Income Housing Tax Credit (LIHTC) program, a funding gap of \$130K per unit remains.

The redevelopment and new addition to the Inn On the Hill will cost about \$6.64 million, or about \$240,000 per unit. Given prevailing debt standards, **it is unlikely that this development can occur with just LIHTC financing.** There will need to be additional subsidy in this project to account for the reduced rents at 60% of Area Median Income (AMI).



## MOTEL CONVERSION | Public Participation

A combination of an acquisition loan, tax abatement, and additional gap financing can get this project built and provide **28 much-needed affordable units**.

### Acquisition Loan

Affordable projects in Pinellas County have a variety of housing funds available to them, including the Affordable Housing Development Program, funded through the Penny for Pinellas sales tax revenue program. Through such a program, the project could secure an acquisition loan, as that is a significant portion of the total development cost for this project. An affordable housing acquisition loan is a type of financing specifically designed to help developers or organizations purchase properties that can be converted or maintained as affordable housing. These loans aim to facilitate the preservation or creation of housing units that are priced below market rates, ensuring that they remain accessible to low- and moderate-income individuals and families. Due to the unique challenges and goals associated with affordable housing projects, these loans often come with specialized terms or incentives to support the mission of providing cost-effective housing solutions.

**This project assumes an acquisition loan of \$1.5 million at a below-market 1.5% interest rate, with a 10-year repayment schedule.**

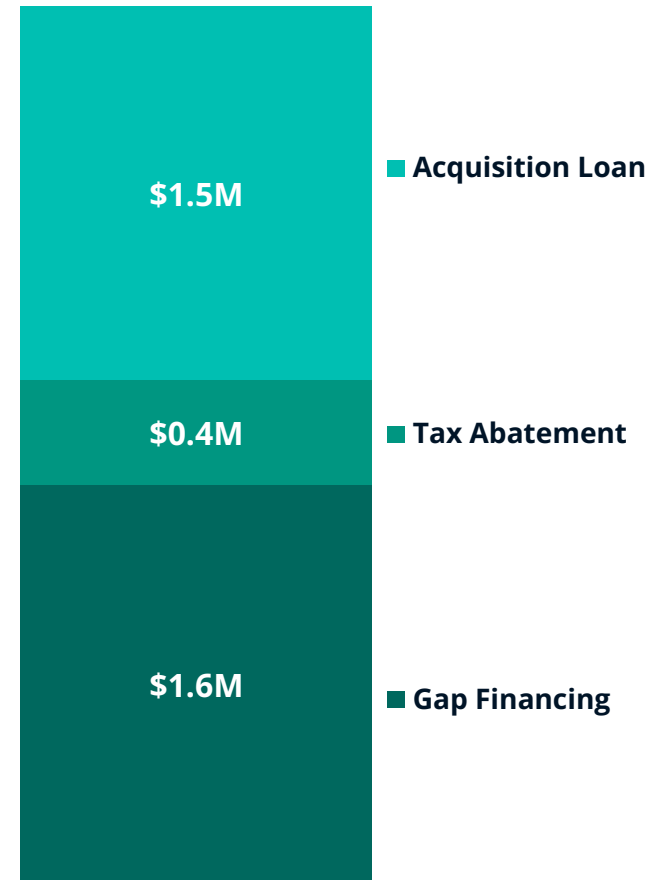
### Tax Abatement

In addition to the acquisition loan, tax abatement is imperative for this project. Although recent legislation like the SB102 Live Local Act provides tax abatement incentives, **projects below 70 units do not qualify**. As such, a separate negotiation with the county and city will be required to ensure that this project can benefit from a tax abatement, like larger projects or historic projects might.

### Additional Gap Financing

In addition to these programs, \$1.61 million in gap financing will be required to ensure that this deal pencils. The Live Local Act made available \$252 million for State Housing Initiatives Partnership (SHIP) local government funding and an additional \$109 million for the State Housing Trust Fund: This project is likely eligible for funding through either of these sources.

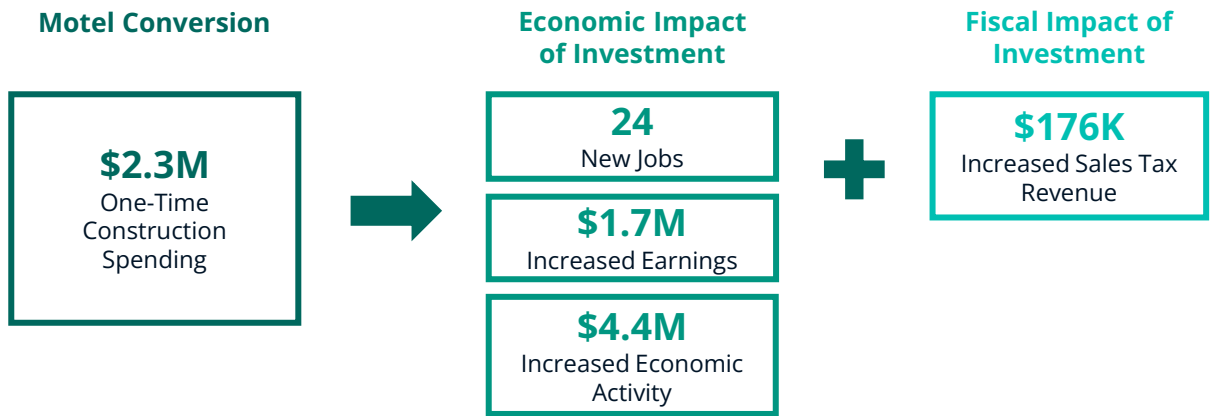
### Gap Funding



## MOTEL CONVERSION | Economic Impact

This project can generate **28 affordable units**, as well as significant economic and fiscal impacts from the savings in rent from its residents.

### One-Time Construction Impacts

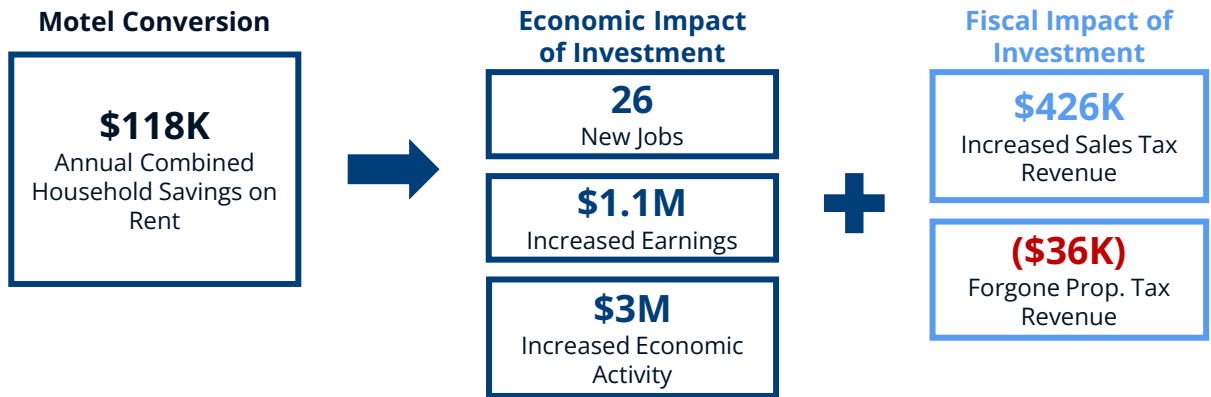


The economic impact of the motel redevelopment would be around **24 new jobs and \$4.4 million in increased economic activity**. The fiscal impact of the investment would create an additional \$176,000 in sales tax revenue.

In addition, redeveloped units would provide an annual rent savings of **\$4,200 per household** compared to the median rent in St. Petersburg (for a combined savings of \$118,000 for all 28 households). This creates:

- An additional **\$3M in economic activity** across the community.\*
- **\$426,000** in sales taxes, in exchange for a **\$36,000** property tax discount—a **return of more than tenfold**.\*

### Ongoing Spending by Households



\*For each affordable unit, HR&A compared affordable rents to the market-rate rents in the same building to estimate the scale of potential rent reduction through access to a unit priced below market-rate. HR&A then analyzed the economic activity that could be supported if all rent reductions were then spent in the local economy. For this analysis, we assume that all reductions in rent are redistributed proportionally based on the Bureau of Labor Statistics Consumer Expenditure Survey.