



# MEMO

**To: The Honorable Mayor and Council**

**From: Charles Goff**

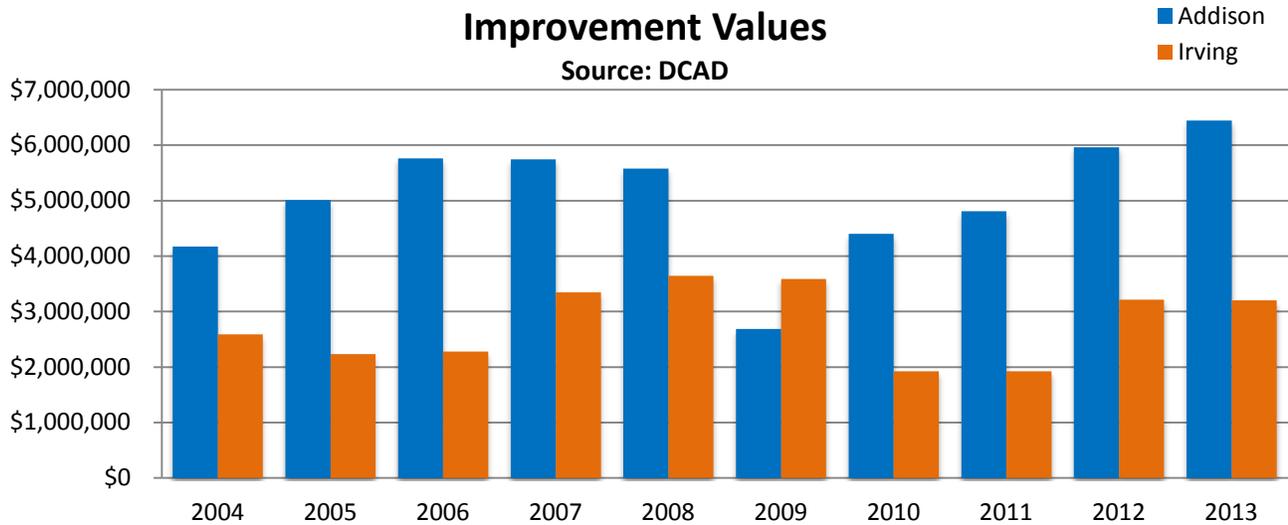
**Re: Budget Suites of America**

**Date: Friday, November 1, 2013**

Mayor and Council.

In anticipation of the Budget Suites of America discussion at the November 4<sup>th</sup> Work Session, staff would like to provide the Council with some history and background information related to the site.

Budget Suites of America in Addison was approved by the Council in 1998 through Ordinance 098-048 which provides a Special Use Permit for a hotel or motel. At that time, both staff and administration recommended denial of the proposal. To improve the appearance of the development, the Town required interior hallways, mechanical equipment screenings, dumpster enclosures, and additional landscaping. These mandated improvements helped produce a more valuable product that has better maintained its value when compared to other Budget Suites products. This is seen when you compare the Addison location, constructed in 1999 with 344 suites, to a comparable location in Irving, constructed in 1998 with 336 suites, and remove the underlying land values. The chart below details the DCAD values for the improvements only at both Budget Suites properties.



This shows that over the last 10 years, the Addison location dropped in value during the recession, and has since rebounded to reach its highest amount during this period. The Irving location, however, is still valued below its pre-recession peak. For the current fiscal year, Budget Suites in Addison will pay \$46,626.46 in property taxes.

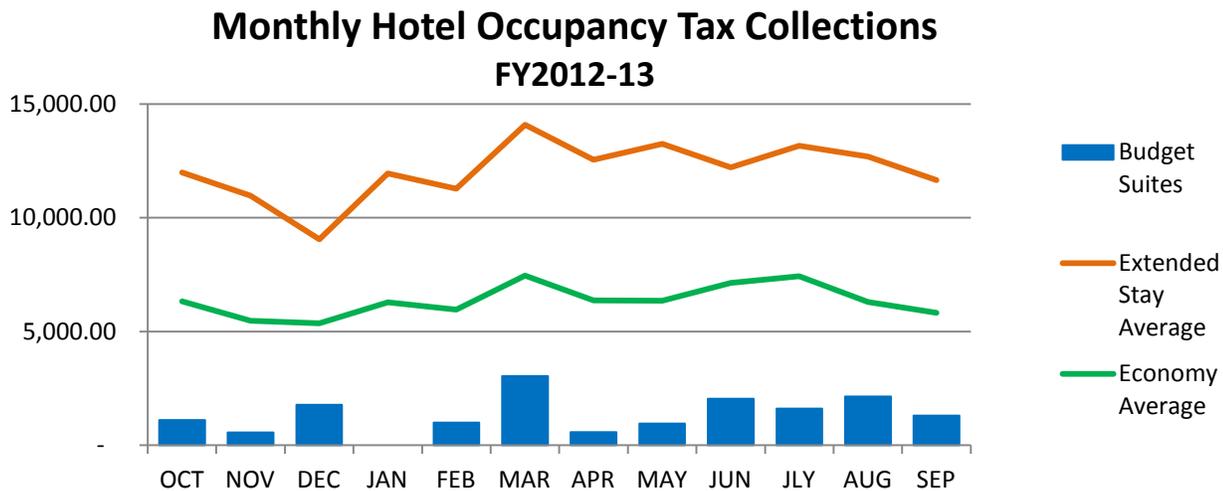
From the beginning, this property has operated more like an apartment than a hotel. This is consistent with the company's national operating model in which they promote themselves as a "hybrid between a typical hotel and an apartment" with a minimum rental period of one week. Occupants can stay indefinitely with no long-term lease required.

The question has been raised regarding if this is in compliance with the zoning that was approved by the Council. A Hotel or Motel use is defined in the Code of Ordinances as, “a building or arrangement of buildings designed and occupied as a temporary abiding place for guests who are lodged with or without meals, in which the rooms are usually occupied singly or in suites of two rooms for hire.” Staff has researched how other cities address hotels with this type of operating model and has found that certain cities have attempted to further define “temporary” by establishing a maximum number of nights that a person can occupy a room. However, this approach has failed to prevent permanent residency because occupants get around this by alternating having their partner or other family members lease the room.

Staff was also asked to determine if the Town would have required that the site be developed differently for multi-family residential use. Staff would not have supported a residential use on this site, but if one had been approved by the Council, staff would have worked to require more open space for the residents. In addition, there are a few building requirements that would have stipulated separate water and electricity to metering for each unit per State law. A multi-family residential use would also have called for additional receptacles in each unit and required that the circuits for the kitchenettes could only have supplied power to the appliance receptacles in that area.

**Hotel Occupancy Tax**

Below is a chart detailing the hotel occupancy tax collections for Budget Suites compared to the monthly average collections for all extended stay hotels as well as economy hotels in Addison. You will see that Budget Suites is significantly lower than the average.



A full detail of all hotel occupancy tax collections for each hotel can be found at the end of this Memo. There are two potential reasons for Budget Suite’s low collection numbers: either they are not following State law or a significant portion of their business is exempt.

In the State of Texas, there are three types of guests that may claim exemption from state hotel tax: (1) certain non-profit entities, (2) government, (3) permanent residents. The following rule defines permanent resident:

Permanent 30-Day Rule - Guests who occupy a hotel room for 30 or more consecutive days are considered permanent residents and are exempt from hotel tax. There can be no interruption of payment during that period. Guests who notify the hotel in writing of their intention to stay 30 or more

consecutive days will be exempt from the date of notification. Guests who do not notify the hotel must pay the tax for the first 30 days and thereafter will be exempt.

Because of this rule, Budget Suites is not required to collect hotel occupancy tax from many of its customers because they are staying there longer than 30 days. The Town routinely conducts audits on all the hotels in Addison to verify that they are remitting the appropriate tax amounts. Budget Suites was last audited in 2011 and was found to be in compliance with State law.

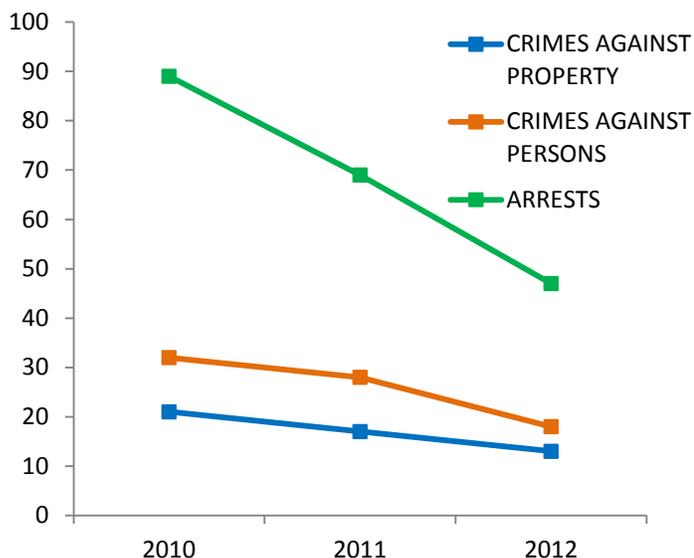
### Code Enforcement

Staff has had very few code complaints at this location. In the past three years, they have mainly involved inoperable vehicles in the parking lot or some minor outside storage which was abated. Since there were only a few, no tally was kept of the violations. However, Development Services is now logging in all code complaints on a monthly schedule and, if any arise in the future, they will be recorded in that report.

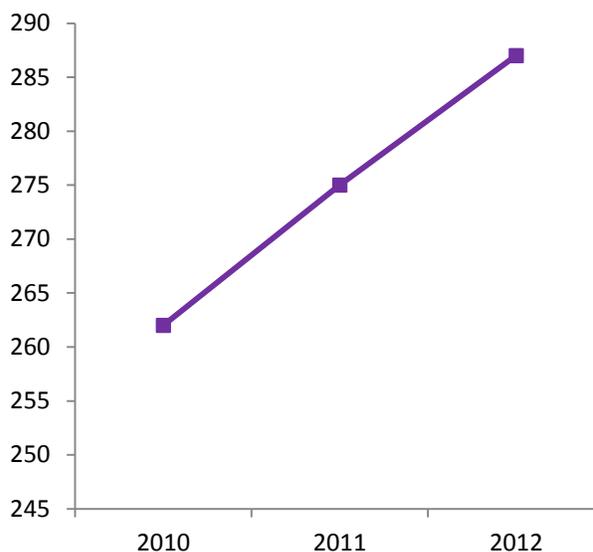
### Public Safety

Improving public safety at this location continues to be a focus of the Police Department’s Hotel and Business Retention Unit (HBRU). When looking at the previous three years, crime is trending down. However, the number of calls for service is trending higher. The chart below summarizes these trends at Budget Suites.

#### Crime Statistics



#### Calls for Service



Additional crime statistics are attached to the memo and include comparisons to other hotels in Addison. That information also standardizes the information across the different hotels, by showing the information per 100 rooms to account for different property sizes. The data shows that we are having success in this area.

### Conclusion

Staff continues to work internally, as well as with auditing entities and the Texas Hotel and Lodging Association, to monitor these issues, but staff is requesting further Council direction at the work session. Please feel free to contact me at any time with questions or if staff can provide you with any other information on this topic. I can be reached via email at [cgoff@addisontx.gov](mailto:cgoff@addisontx.gov) or by phone at 972-450-7027.

**Hotel Occupancy Tax Collections  
Fiscal Year 2012-13**

<b>Full Service</b>	<b>ROOMS</b>	<b>OCTOBER</b>	<b>NOVEMBER</b>	<b>DECEMBER</b>	<b>JANUARY</b>	<b>FEBRUARY</b>	<b>MARCH</b>	<b>APRIL</b>	<b>MAY</b>	<b>JUNE</b>	<b>JULY</b>	<b>AUGUST</b>	<b>SEPTEMBER</b>	<b>TOTALS</b>
Marriott Quorum	535	78,934.83	53,347.69	45,836.29	84,508.33	71,894.60	68,493.13	75,275.29	67,073.02	65,607.18	61,904.84	64,319.43	60,591.86	<b>797,786.49</b>
Intercontinental	532	63,222.23	62,064.16	36,530.56	99,099.59	84,525.10	80,678.01	82,976.75	60,998.31	73,999.26	63,070.40	73,216.57	64,404.02	<b>844,784.96</b>
Crowne Plaza	429	45,829.45	34,870.57	23,949.52	41,940.54	43,789.26	55,055.02	47,322.22	44,917.14	41,250.62	32,232.66	22,542.46	33,517.43	<b>467,216.89</b>
														<b><u>2,109,788.34</u></b>
<b>Extended Stay</b>														
Budget Suites	344	1,110.68	570.00	1,782.65	-	992.10	3,034.75	582.53	956.74	2,041.02	1,609.96	2,149.72	1,301.31	<b>16,131.46</b>
Hawthorne Suites	70	6,423.55	5,256.32	4,114.07	5,494.13	4,425.65	4,537.11	5,307.38	4,892.64	5,301.57	5,329.88	5,020.64	3,913.23	<b>60,016.17</b>
Marriott Residence	150	16,364.96	14,226.69	11,052.69	11,806.57	11,862.88	15,522.61	16,097.99	17,952.62	19,141.64	17,423.42	19,243.64	18,585.57	<b>189,281.28</b>
Summerfield Suites	132	14,478.51	14,384.78	9,415.26	15,445.43	13,555.79	19,808.16	12,891.32	17,389.70	9,431.81	16,472.22	12,758.67	10,900.60	<b>166,932.25</b>
Homewood Suites	128	15,862.56	15,226.84	15,169.61	17,256.37	16,275.97	21,065.25	17,045.06	16,262.32	18,827.09	17,723.28	18,968.44	16,183.31	<b>205,866.10</b>
Springhill Suites	159	17,697.17	16,146.20	12,824.94	21,648.83	20,584.62	20,557.39	23,344.82	22,081.11	18,514.63	20,417.81	18,008.05	19,059.54	<b>230,885.11</b>
														<b><u>869,112.37</u></b>
<b>Business Moderate</b>														
Addison Courtyard	145	13,096.26	12,507.37	10,993.03	17,302.57	17,408.47	16,217.97	15,034.25	13,567.90	16,242.51	15,124.16	12,805.49	14,402.99	<b>174,702.97</b>
LaQuinta Inn	152	13,366.40	10,215.50	9,511.35	11,717.35	10,290.26	14,143.93	15,214.38	13,562.96	14,516.99	16,398.19	14,121.61	12,529.03	<b>155,587.95</b>
Marriott Courtyard	176	23,663.75	18,643.08	17,772.59	27,250.87	26,957.09	27,518.74	29,136.47	26,773.63	28,854.14	25,977.60	25,255.92	24,058.36	<b>301,862.24</b>
Holiday Inn Express	102	14,049.64	10,371.98	10,467.84	12,141.12	12,360.03	12,823.25	13,598.60	12,310.30	13,538.24	13,881.42	12,728.87	11,147.26	<b>149,418.55</b>
Hilton Garden Inn	96	17,558.14	13,018.52	11,802.79	14,931.05	15,322.97	16,041.06	17,196.34	15,919.56	16,613.27	13,178.19	15,239.09	14,358.61	<b>181,179.59</b>
Holiday Inn - Arapaho	101	10,180.38	7,228.41	5,682.77	9,530.15	8,646.67	8,650.26	9,478.14	8,383.28	8,583.49	8,640.22	7,225.73	8,328.45	<b>100,557.95</b>
Comfort Inn	78	5,908.17	5,475.32	5,008.76	6,468.11	6,201.11	8,383.83	5,839.16	6,670.82	6,457.39	7,321.98	6,435.30	6,204.44	<b>76,374.39</b>
														<b><u>1,139,683.64</u></b>
<b>Economy</b>														
Motel 6	126	5,649.60	5,816.25	5,391.97	5,005.97	5,303.02	6,816.29	5,745.26	5,796.63	6,867.07	7,759.12	7,151.67	6,468.88	<b>73,771.73</b>
Hampton Inn	159	19,486.68	15,503.74	15,340.99	19,084.98	17,349.76	19,957.54	18,177.97	17,811.42	19,757.71	19,936.75	16,236.22	15,435.65	<b>214,079.41</b>
Quality Inn	115	3,880.10	2,695.84	2,563.83	3,579.69	2,860.26	4,108.00	3,465.32	3,797.69	4,860.56	4,309.36	4,101.55	3,521.66	<b>43,743.86</b>
Best Western	86	4,536.42	5,193.89	5,163.71	6,006.53	5,857.21	7,969.28	6,363.97	6,600.51	7,274.58	7,009.21	6,477.00	6,197.40	<b>74,649.71</b>
Super 8	78	3,347.64	2,507.96	2,484.65	2,931.09	3,004.56	4,457.43	3,378.43	2,902.23	3,006.78	4,444.81	2,430.99	2,093.04	<b>36,989.61</b>
Best Value	60	1,056.20	1,108.91	1,233.79	1,081.45	1,376.52	1,413.31	1,075.54	1,235.47	1,088.40	1,171.26	1,369.95	1,243.42	<b>14,454.22</b>
														<b><u>457,688.54</u></b>

# Hotel Crime Information 2010-2012

## CRIMES AGAINST PROPERTY

	Totals			Crime per 100 Rooms		
	2010	2011	2012	2010	2011	2012
MARRIOTT QUORUM	8	9	2	1.46	1.65	0.37
INTERCONTINENTAL	13	14	18	2.33	2.5	3.22
CROWNE PLAZA	16	12	12	3.55	2.66	2.66
SUITES OF AMERICA	21	17	13	6.1	4.94	3.78
MOTEL 6	13	13	7	10.24	10.24	5.51
SPRING HILL SUITES	2	2	10	1.26	1.26	6.29
HOLIDAY INN EXPRESS	2	1	4	1.59	0.79	3.17

## CRIMES AGAINST PERSONS

	Totals			Crime per 100 Rooms		
	2010	2011	2012	2010	2011	2012
MARRIOTT QUORUM	1	1	4	0.18	0.18	0.73
INTERCONTINENTAL	6	10	1	1.07	1.79	0.18
CROWNE PLAZA	0	2	2	0	0.44	0.44
SUITES OF AMERICA	32	28	18	9.3	8.14	5.23
MOTEL 6	3	3	7	2.36	2.36	5.51
SPRING HILL SUITES	0	1	0	0	0.63	0
HOLIDAY INN EXPRESS	1	2	0	0.79	1.59	0

## TOTAL PERSONS/PROPERTY

	Totals			Crime per 100 Rooms		
	2010	2011	2012	2010	2011	2012
MARRIOTT QUORUM	9	10	6	1.65	1.83	1.1
INTERCONTINENTAL	19	24	19	3.4	4.29	3.4
CROWNE PLAZA	16	14	14	3.55	3.1	3.1
SUITES OF AMERICA	53	45	31	15.41	13.08	9.01
MOTEL 6	16	16	14	12.6	12.6	11.02
SPRING HILL SUITES	2	3	10	1.26	1.89	6.29
HOLIDAY INN EXPRESS	3	3	4	2.38	2.38	3.17

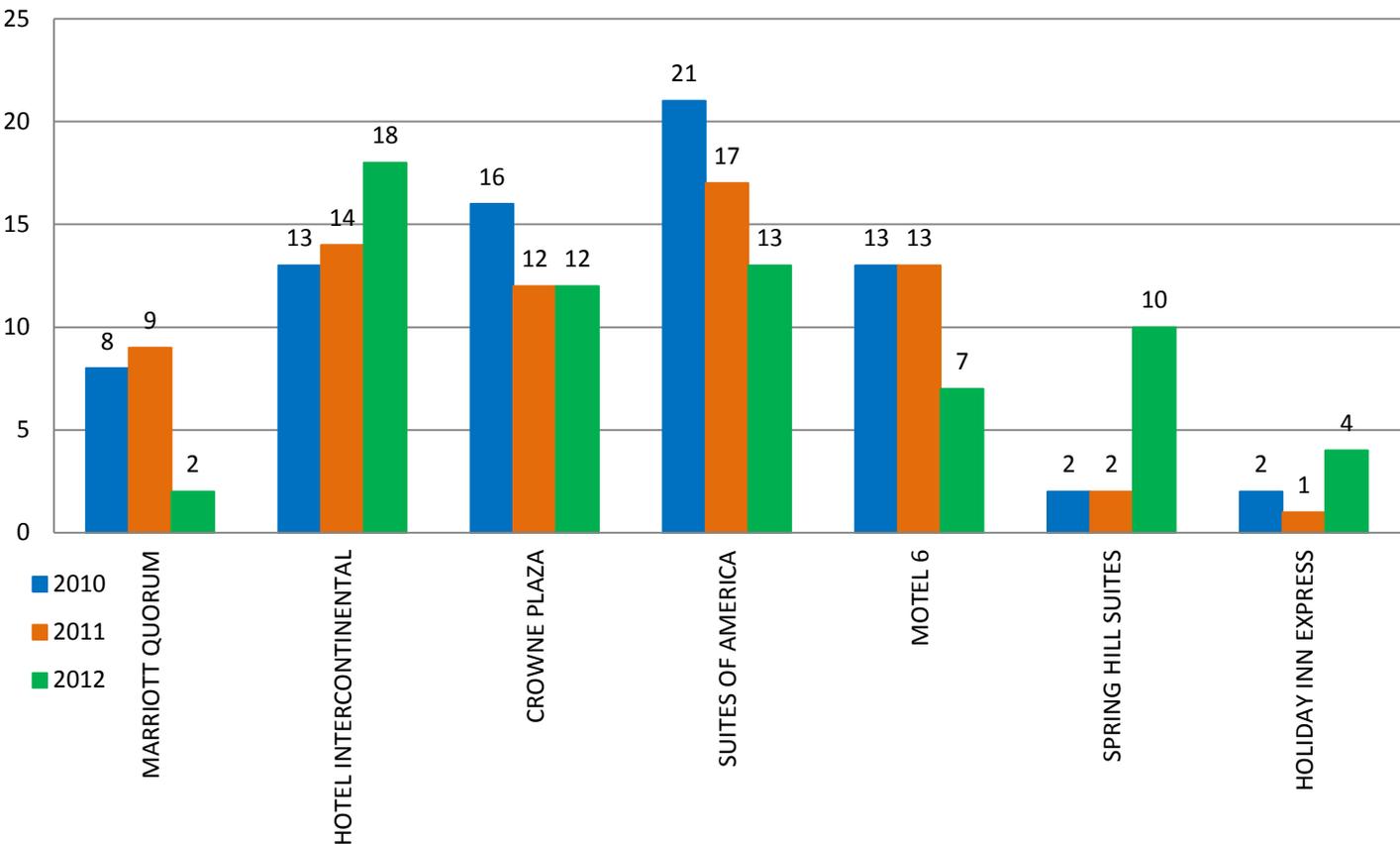
## ARRESTS

	Totals			Crime per 100 Rooms		
	2010	2011	2012	2010	2011	2012
MARRIOTT QUORUM	7	10	9	1.28	1.83	1.65
INTERCONTINENTAL	5	6	9	0.89	1.07	1.61
CROWNE PLAZA	13	6	5	2.88	1.33	1.11
SUITES OF AMERICA	89	69	47	25.87	20.06	13.66
MOTEL 6	30	55	54	23.62	43.31	42.52
SPRING HILL SUITES	6	6	0	3.77	3.77	0
HOLIDAY INN EXPRESS	9	3	4	7.14	2.38	3.17

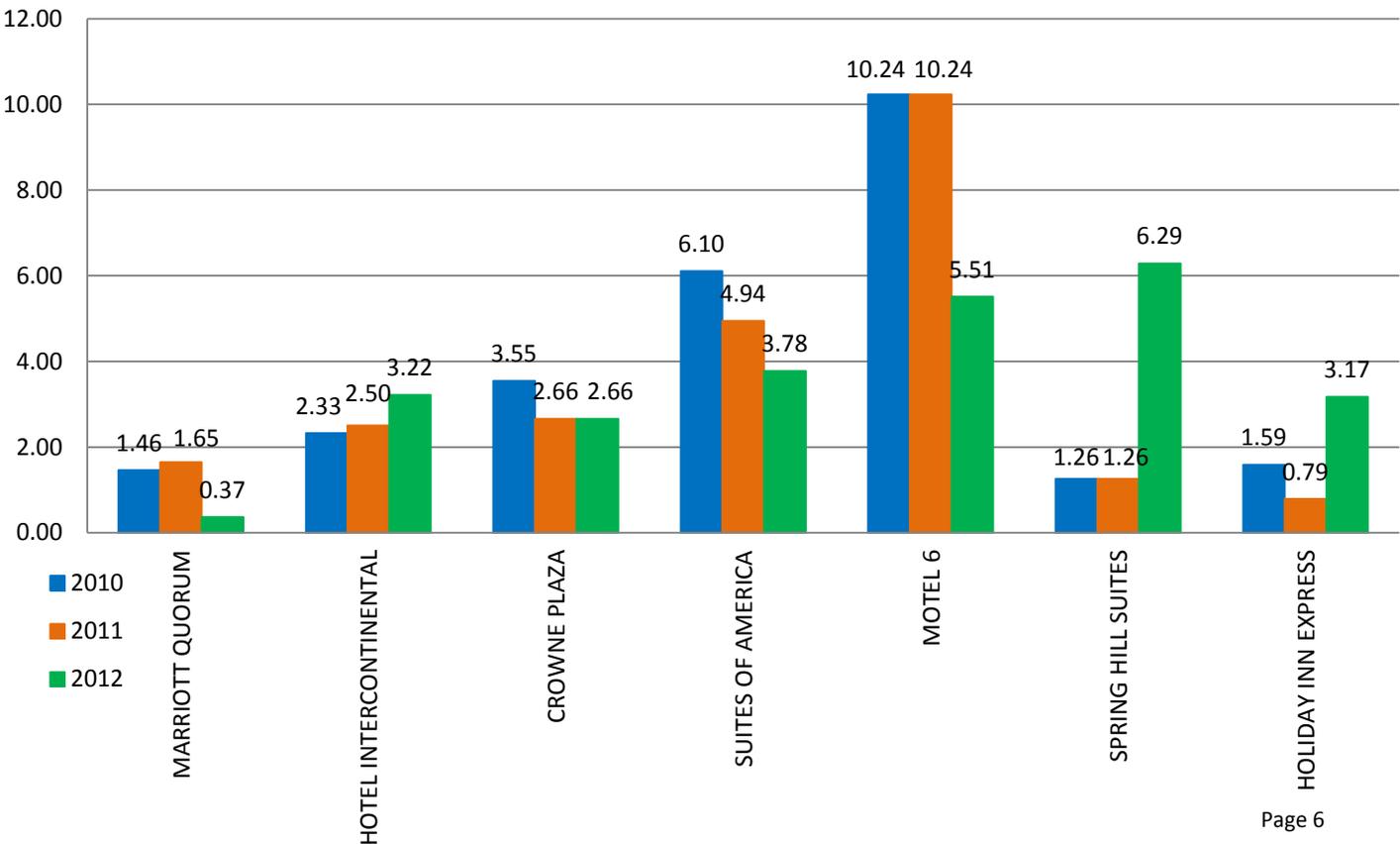
## CALLS FOR SERVICE

	Totals			Crime per 100 Rooms		
	2010	2011	2012	2010	2011	2012
MARRIOTT QUORUM	66	53	45	12.07	9.69	8.23
INTERCONTINENTAL	76	57	106	13.6	10.2	18.96
CROWNE PLAZA	41	54	57	9.09	11.97	12.64
SUITES OF AMERICA	262	275	287	76.16	79.94	83.43
MOTEL 6	105	120	137	82.68	94.49	107.87
SPRING HILL SUITES	28	33	22	17.61	20.75	13.84
HOLIDAY INN EXPRESS	25	25	21	19.84	19.84	16.67

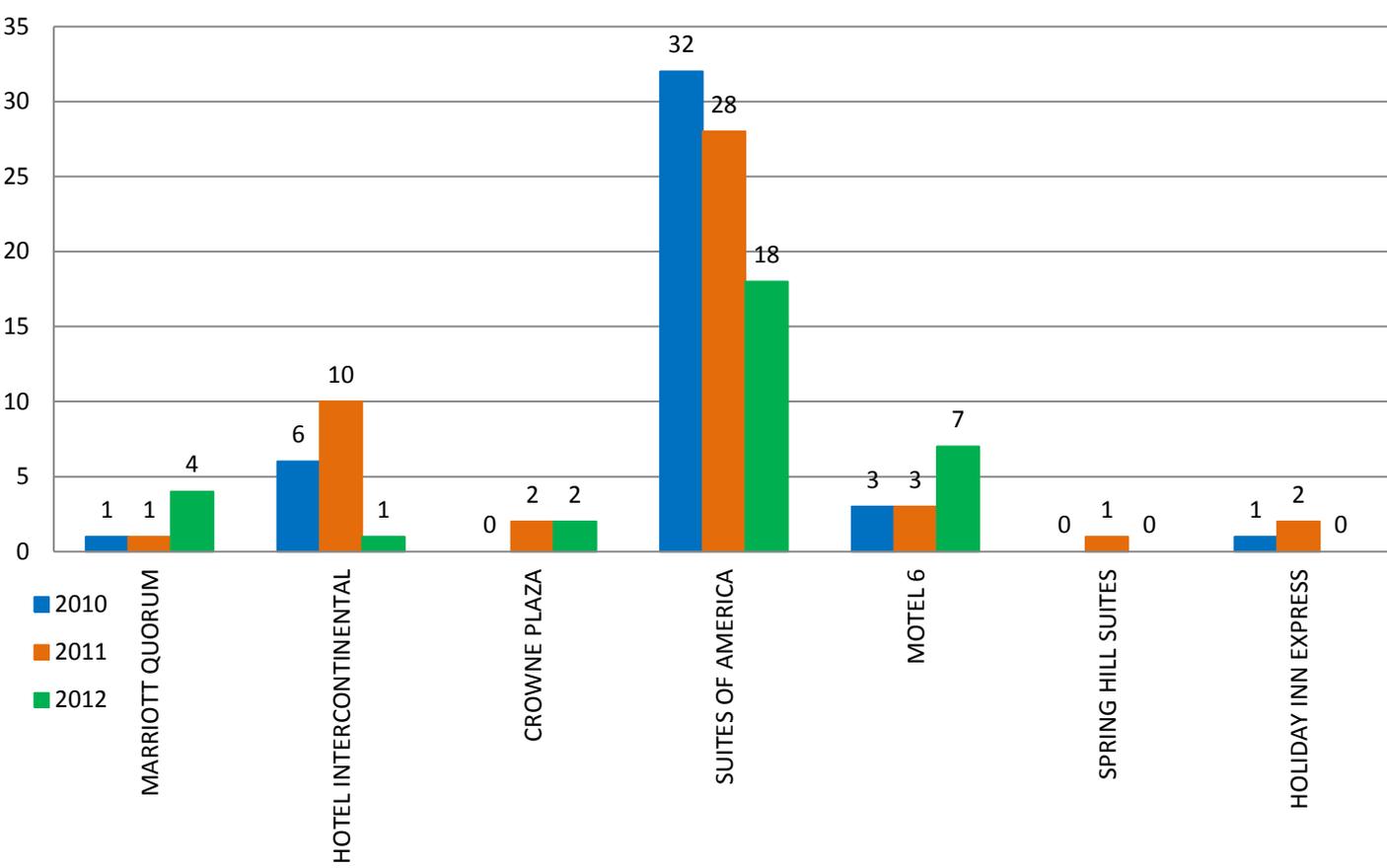
# CRIMES AGAINST PROPERTY



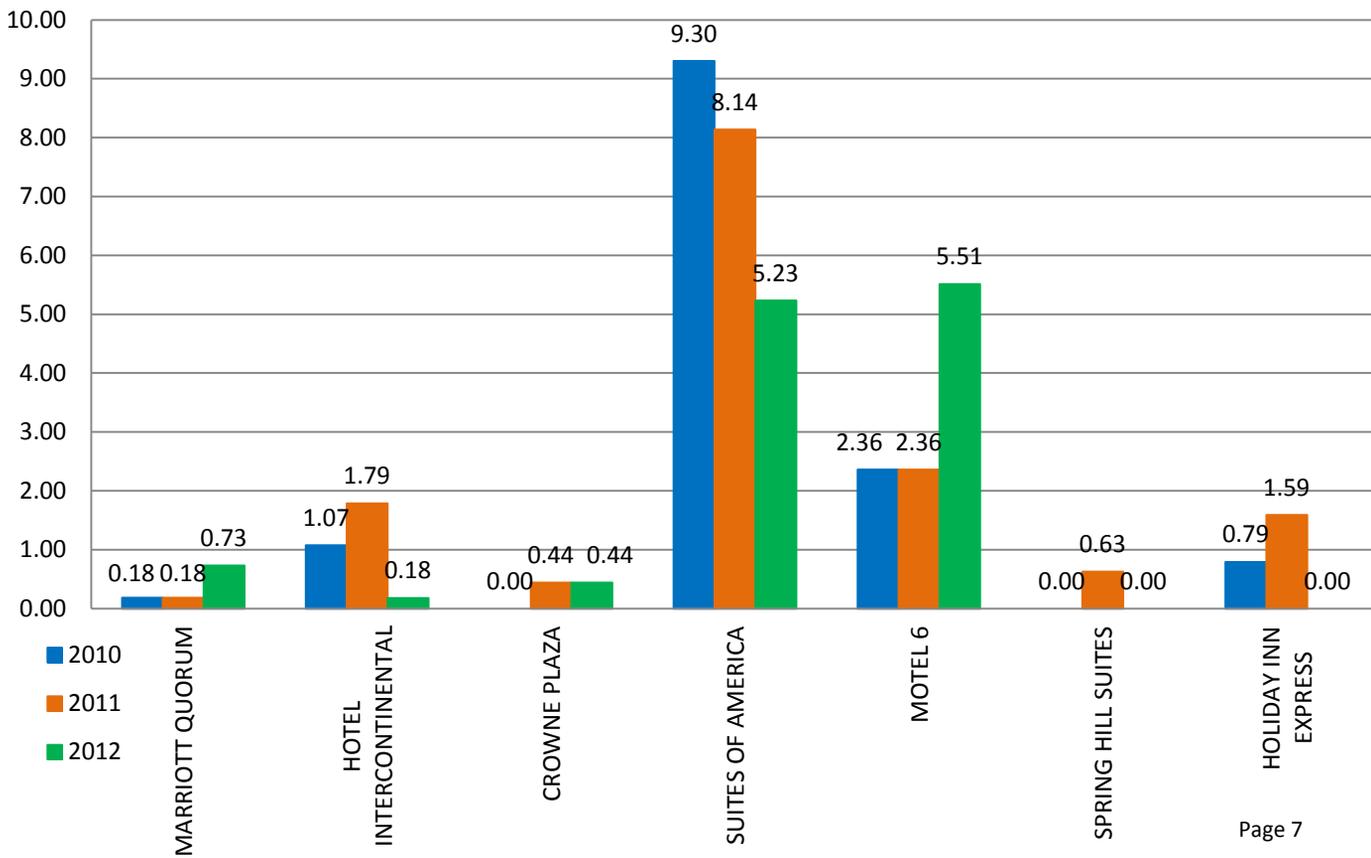
# Property Crimes per 100 Rooms



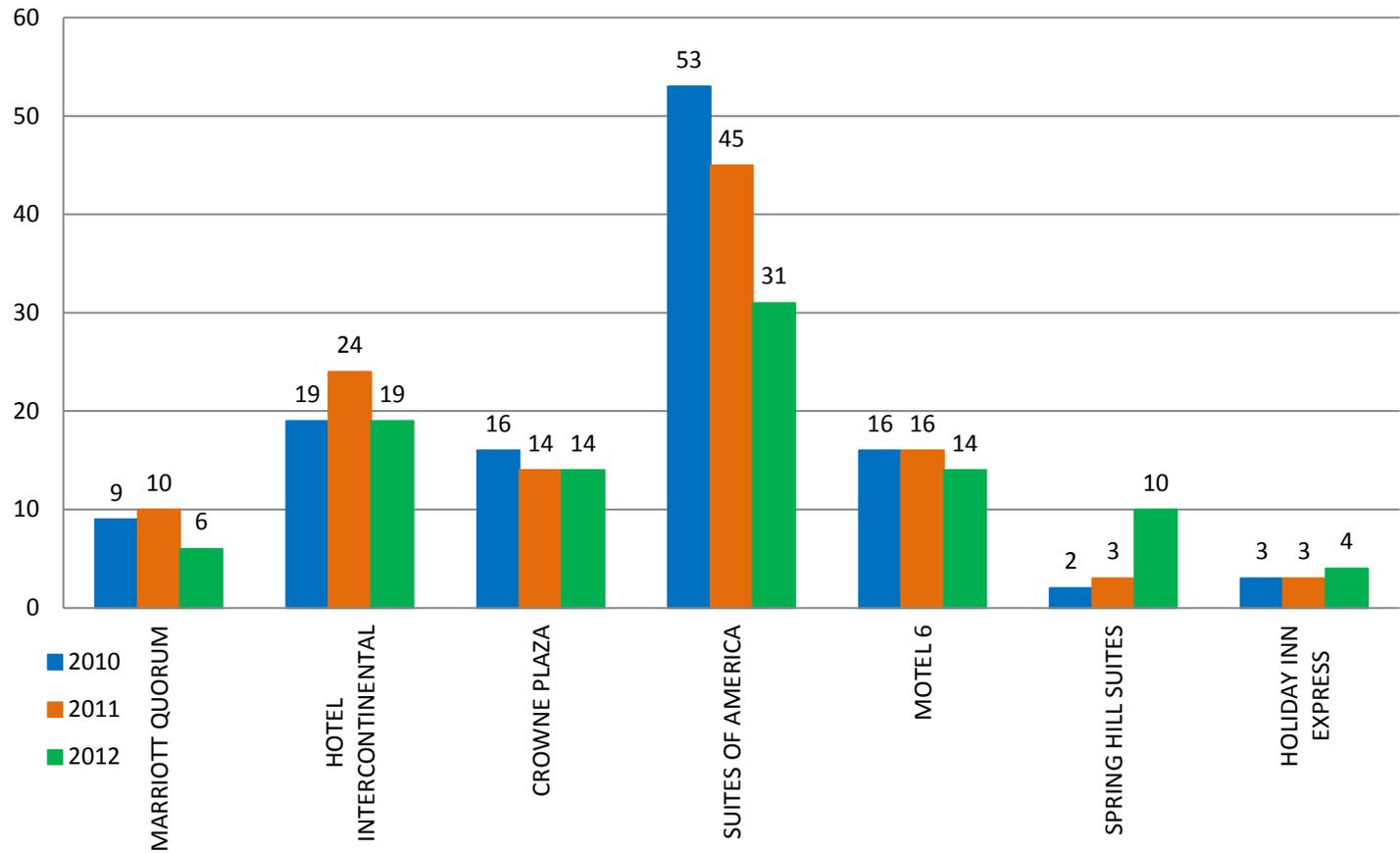
# CRIMES AGAINST PERSONS



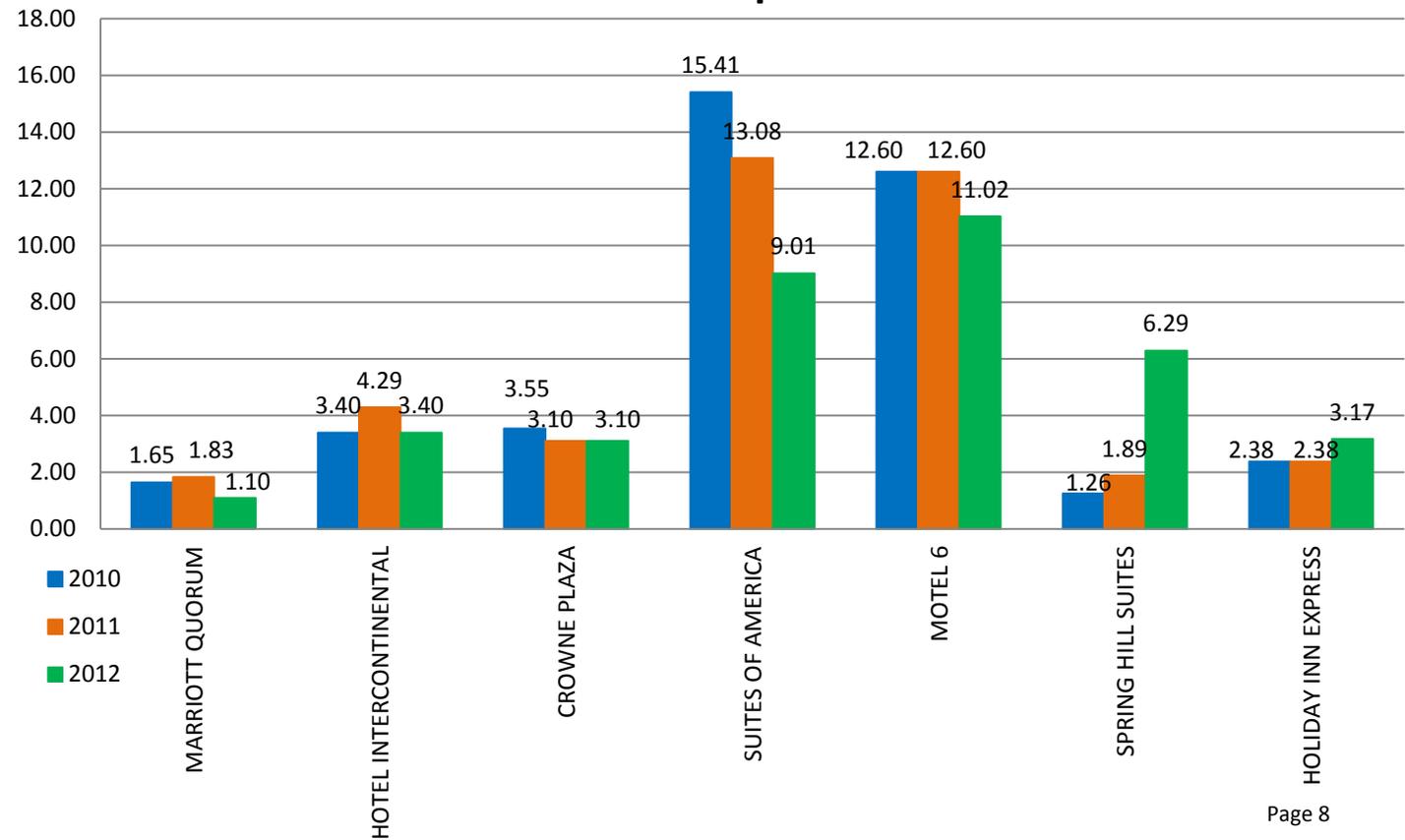
# Persons Crimes per 100 Rooms



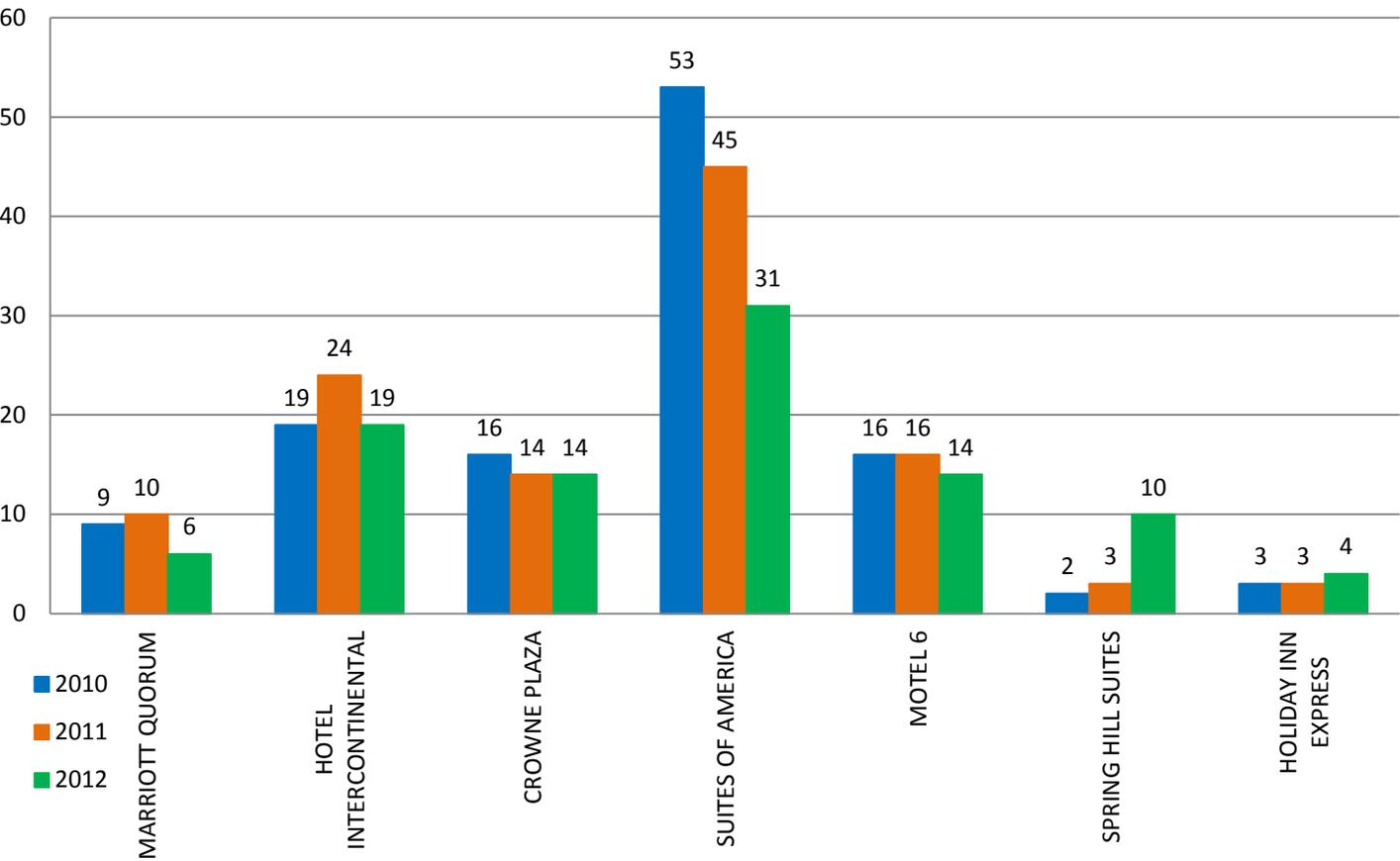
# TOTAL PERSONS/PROPERTY CRIMES



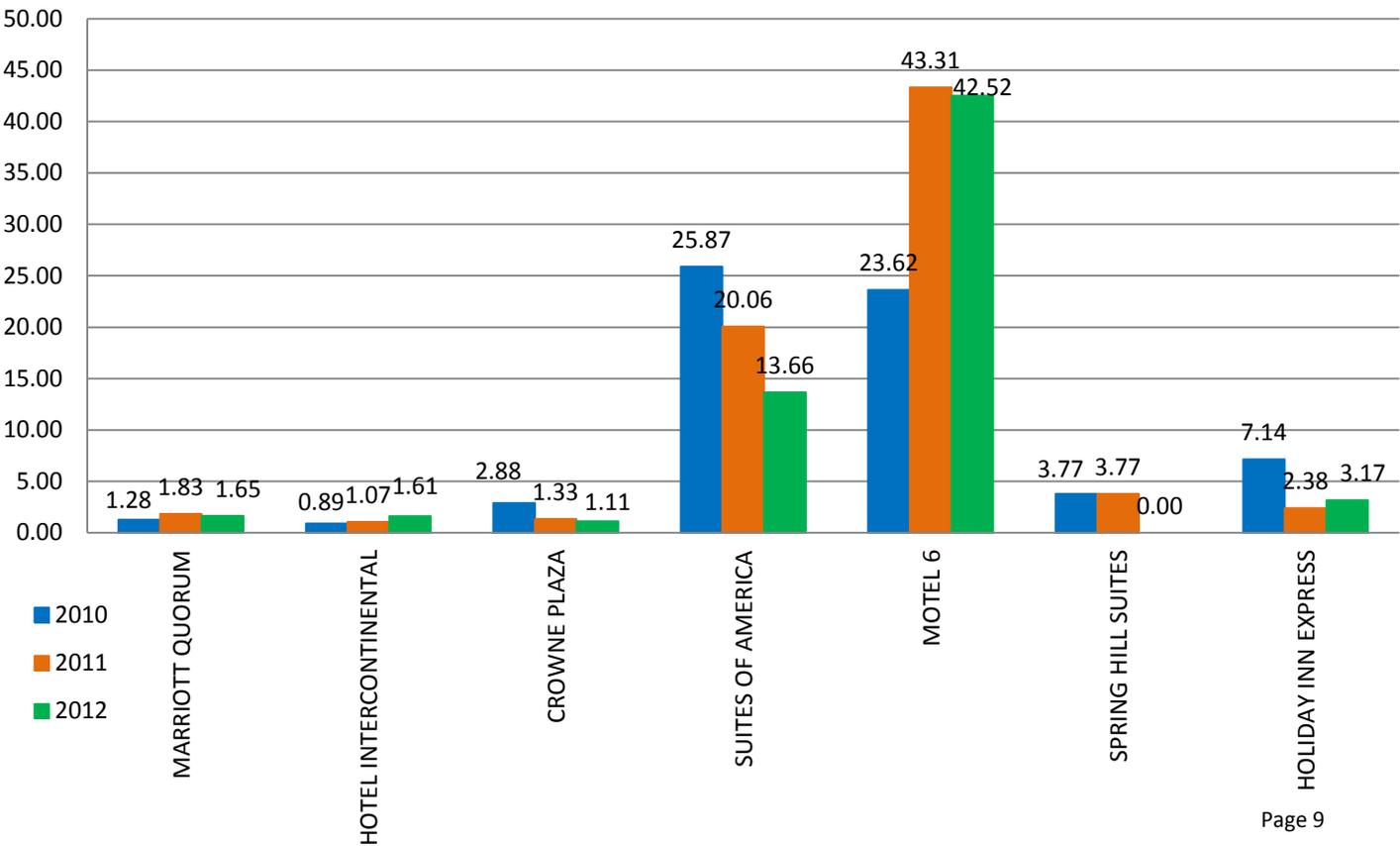
# Total Crimes per 100 Rooms



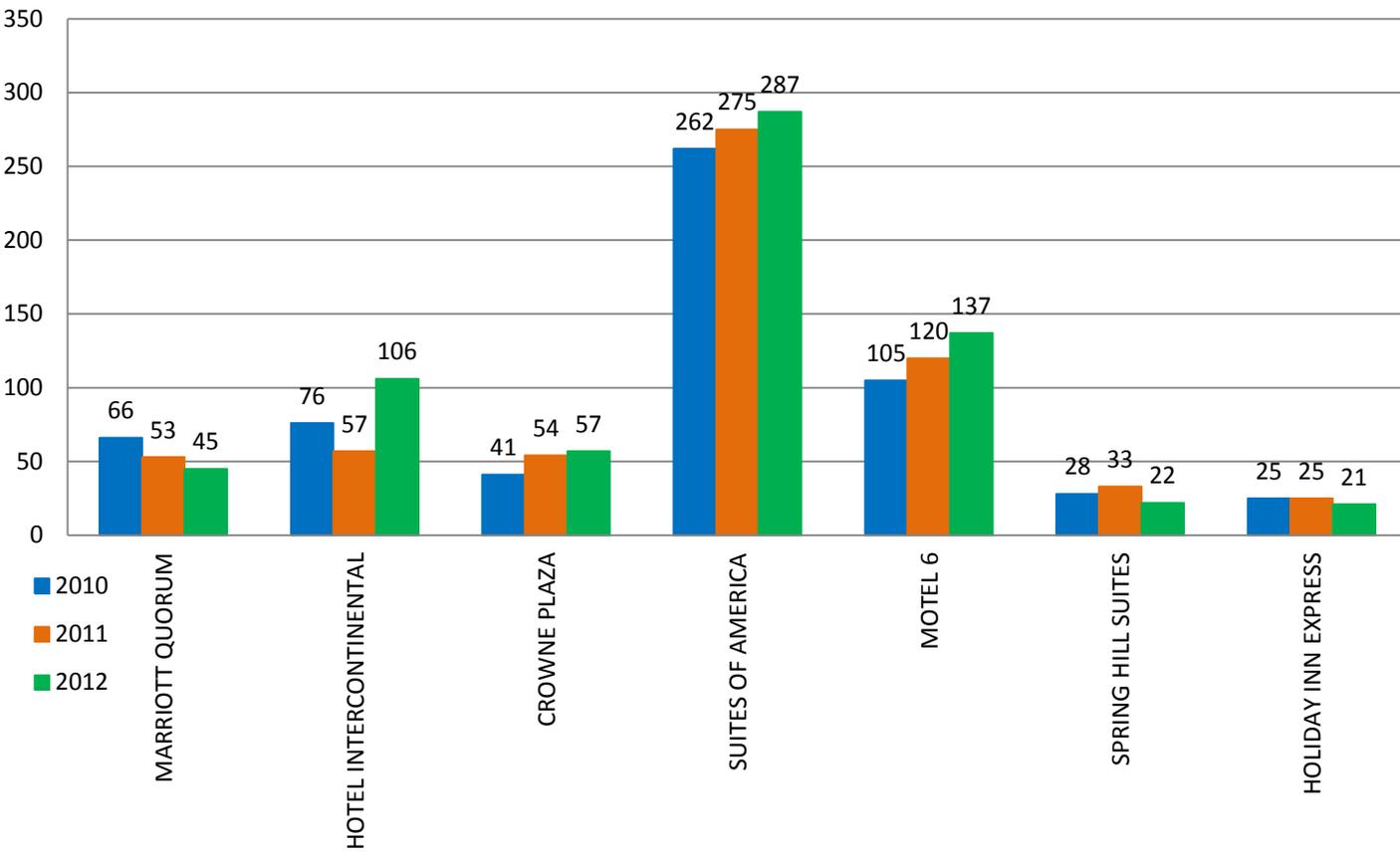
# TOTAL PERSONS/PROPERTY CRIMES



# Arrests per 100 Rooms



# CALLS FOR SERVICE



## Calls for Service per 100 Rooms

