

Budget Suites of America

Council Work Session

June 26, 2018

The logo for Addison, featuring the word "ADDISON" in blue capital letters inside a white circle. The circle is set against a blue background that has a white diagonal line running from the top-left to the bottom-right, creating a triangular shape on the right side.

ADDISON

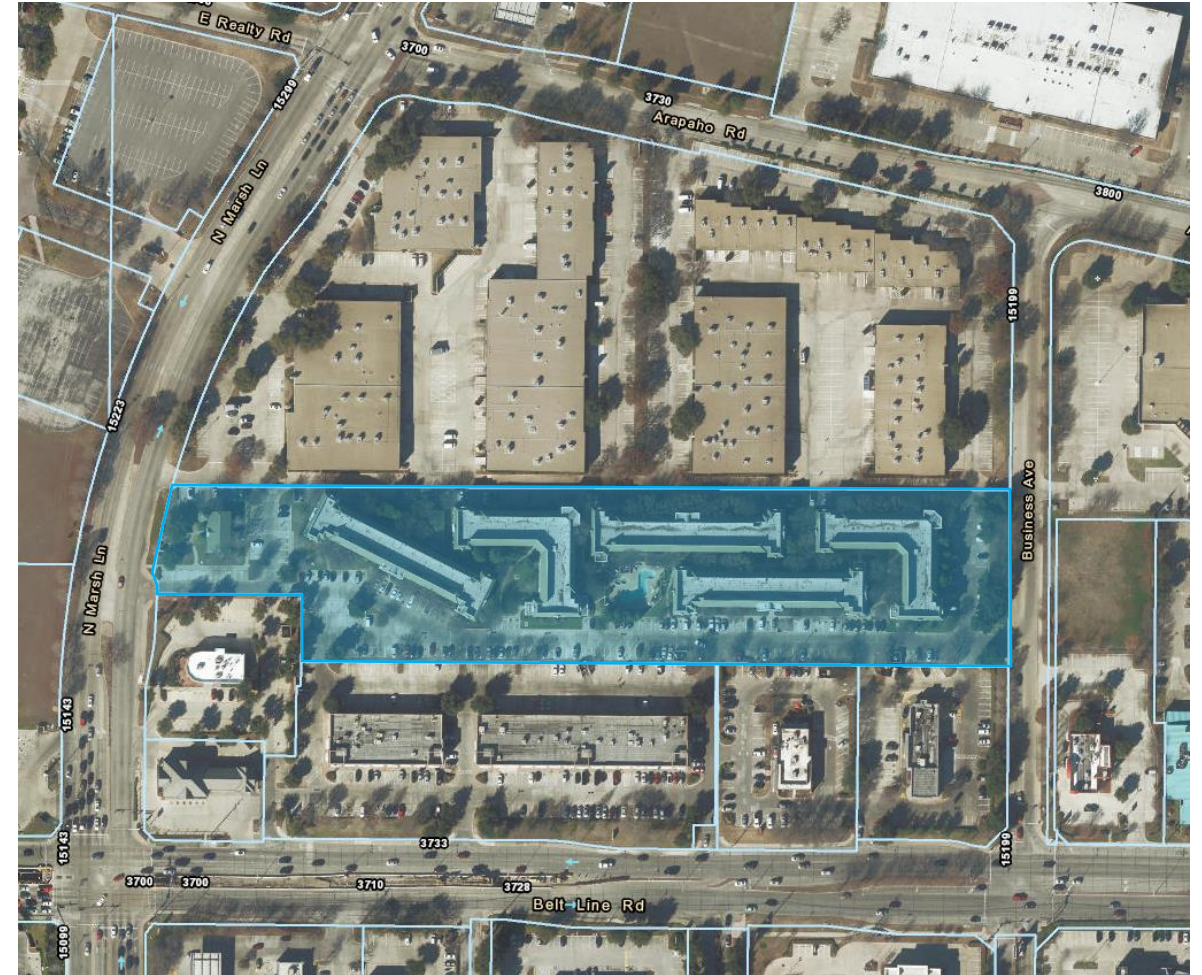
Previous Discussion

- Strategies to address aging hotels that do not meet community expectations
 - Council discussed issue to identify and define the problem
 - Revenue
 - Zoning
 - Code Enforcement
 - Public Safety
 - Staff proposed ordinance and administrative changes
 - New Hotel Occupancy Tax Collection audit process
 - New zoning requirements and development standards for hotels
 - New hotel licensing and inspection process
 - Council asked staff to determine if Town could focus on Budget Suites rather than implementing broad program

Overview

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- Budget Suites or Suites of America
- 15130 Marsh Lane
- 6.55 acres
- Constructed in 1999
- 6 Buildings
- 344 Rooms
- Owned by Bigelow Companies



- Property part of Planned Development O92-037
 - Hotel/motel not a permitted use
 - Town's general zoning ordinance says:

“The uses permitted in any specific planned development district should be enumerated in the ordinance establishing such districts”
- In 1998, two zoning cases were processed rezoning this property
 - O98-048 approved a Special Use Permit for a hotel/motel
 - O98-049 approved a revised development plan for PD O92-037 to incorporate the hotel
- Approval process should have also amended the list of permitted uses of PD O92-037 to include hotel/motel

Tax Code Chapter 156: Hotel Occupancy Tax

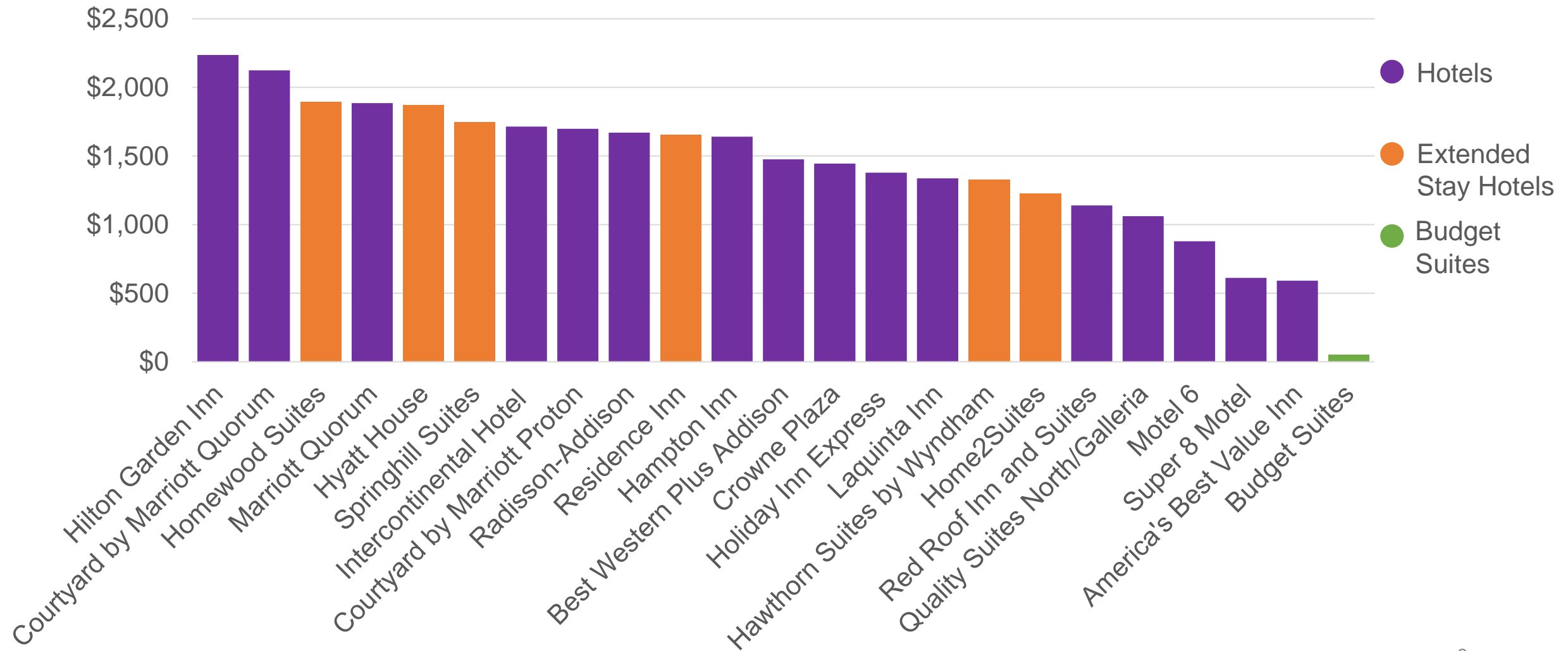
A blue circular logo with the word "ADDISON" in white capital letters.

- Sec. 156.051. Tax Imposed.
 - Imposes a tax on a person who, under a lease, concession, permit, right of access, license, contract, or agreement, pays for the use or possession or for the right to the use or possession of a room or space in a hotel costing \$15 or more each day
- Exceptions:
 - Sec. 156.101. Exception – Permanent Resident.
 - No tax on a person who has the right to use or possess a room in a hotel for at least 30 consecutive days, so long as there is no interruption of payment
 - Sec. 156.102. Exception – Religious, Charitable, or Educational Organization.
 - Sec. 156.103. Exception – State and Federal Government.

Hotel Occupancy Tax

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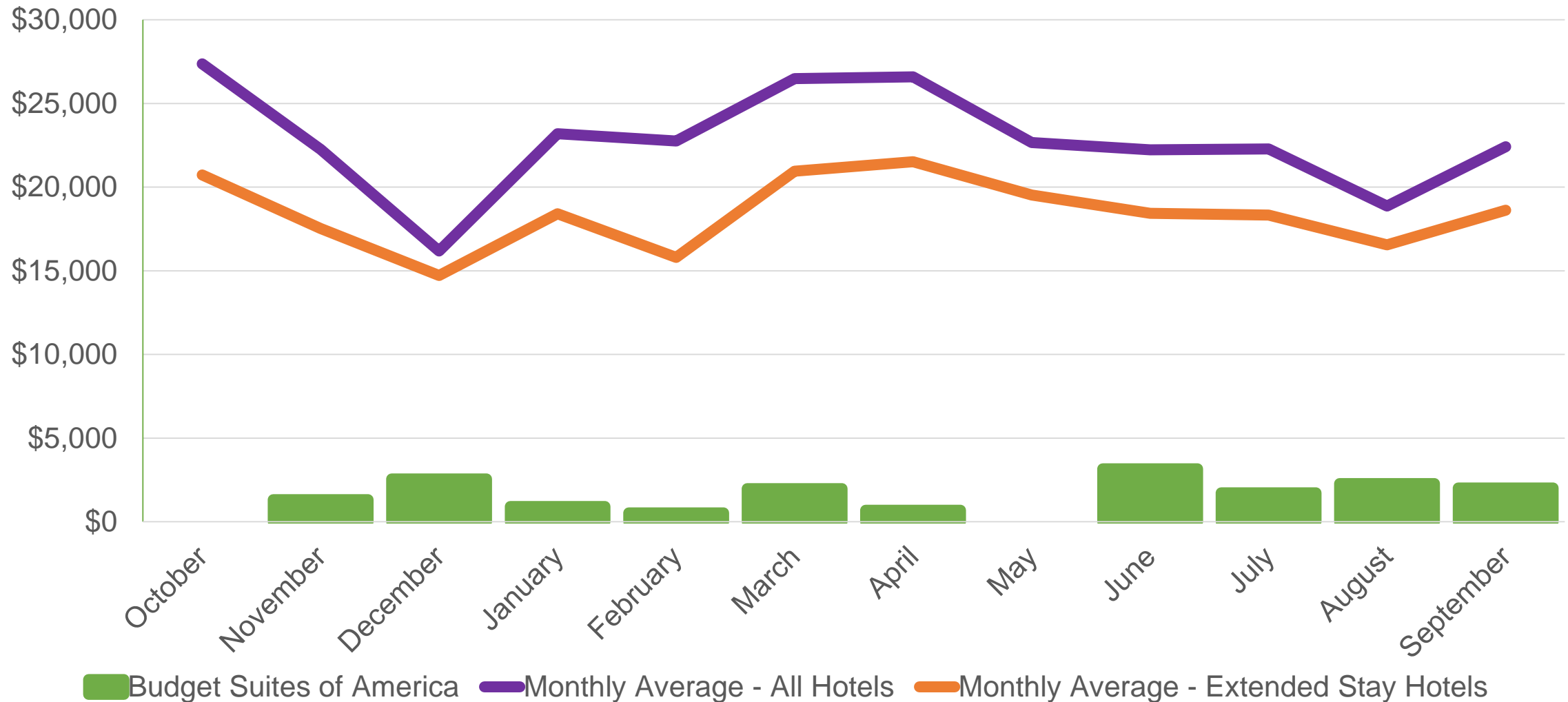
■ HOT Collections per Room per Hotel for Fiscal Year 2017



Hotel Occupancy Tax

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Collection Comparison for Fiscal Year 2017 (Oct 2016 – Sept 2017)



Hotel Occupancy Tax

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- Financial audit completed by Finance Department in February 2018
 - Audit Period: January 1, 2015 – September 30, 2017
 - Audit found an additional \$154.09 in HOT tax
 - Only claimed the permanent residency exemption
- Over the audit period:
 - 94.69% of actual gross receipts were non-taxable
 - 5.31% of actual gross receipts were taxable
- Average for taxable receipts for all Addison hotels is approximately 85%
- Hotel Occupancy Tax data shows that Budget Suites is not operating similarly to Addison's hotels, including extended stay concepts

- Budget Suites does not advertise or operate as a hotel
 - Promotes longer stays
 - References rooms as “apartments”
 - Uses words like “home” and “live”

Budget Suites Website

ADDISON



Home Suite Home

Welcome to Budget Suites where you can make one of our apartments your home for a week or beyond! Budget Suites invites you to relax and unwind in your own personal apartment whether you are a family relocating to a new city, a business traveler, vacationer, or just making a new start.

Our apartments are spacious, comfortable and equally affordable for any budget. Our properties are designed to serve you with many amenities including all utilities paid, full sized kitchens & appliances, pools and spas, laundry facilities with courtesy patrol, high speed internet, cable television with premium channels including Showtime & ESPN and much more. Budget Suites has the conveniences of a hotel, with all the comforts of home. We welcome you to your new home.

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CHOOSE YOUR DESTINATION



Established in 1987, Budgets Suites of America has been a reliable place for many to call home. We have locations in Nevada, Arizona, and Texas that offer fully furnished apartments with extended-stay style accommodations. Each of our locations has courtesy patrol, high cleanliness standards, and a courteous staff to make your stay as comfortable and enjoyable as possible. Use our interactive map or browse all locations to find the apartment that's right for you.

Budget Suites Facebook Account

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STORY

Budget Suites provides studios, one and two bedroom apartments with flexible payment options.

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8 following

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Signage in Lobby of Addison Location

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Additional Information

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- As part of financial audit, Budget Suites provided one tenant's receipts showing continuous occupancy dating from January 2010-February 2017
- Department of Public Safety records show 450 Drivers Licenses with address of 15130 Marsh Lane
- 81 students permanently enrolled in Dallas Independent School District
- According to Budget Suites staff, USPS can deliver to residents

Possible Next Steps

- Rigorous Code Enforcement
 - Would address potential code violations, but not the issue of use
- Revise ordinance to add length of stay limitations
 - Would apply to all hotels
 - Difficult to enforce except in extreme circumstances
- Staff determines that Budget Suites is not operating as a hotel, violating zoning
 - Decision is appealable to the BZA
 - Town could write citations, revoke CO, file Chapter 54 lawsuit
- Rezoning/Amortization Process
 - Town could initiate rezoning to rescind SUP and start an amortization process requiring the business to cease operations after a certain period of time

Questions?

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