



**ICVB Board of Directors
Destination Development Committee**

**Quarterly Meeting
November 4, 2019**

**Committee Goal:
Create Destination-Defining
Development**

A faint, light gray architectural floor plan of a building serves as the background for the slide. The plan shows various rooms, corridors, and furniture like desks and chairs. In the center, there are labels for 'LINE STORAGE' and 'VENDING & ICE'.

AGENDA

1. Irving's Hotel Development Ordinance
2. Minutes – August 6, 2019
3. Committee Chair's Report
4. Future Meeting Items

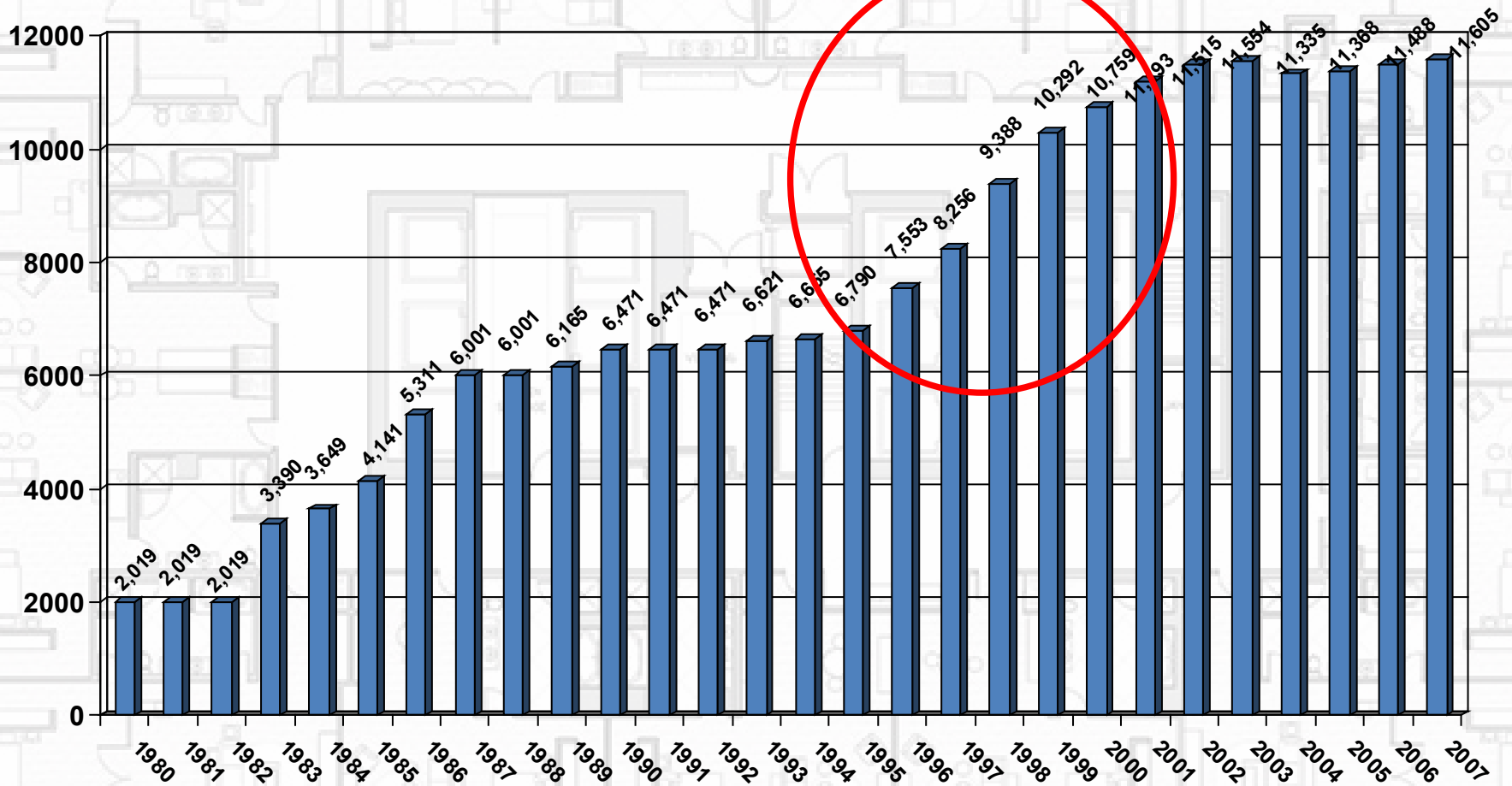


Irving's Hotel Development Ordinance

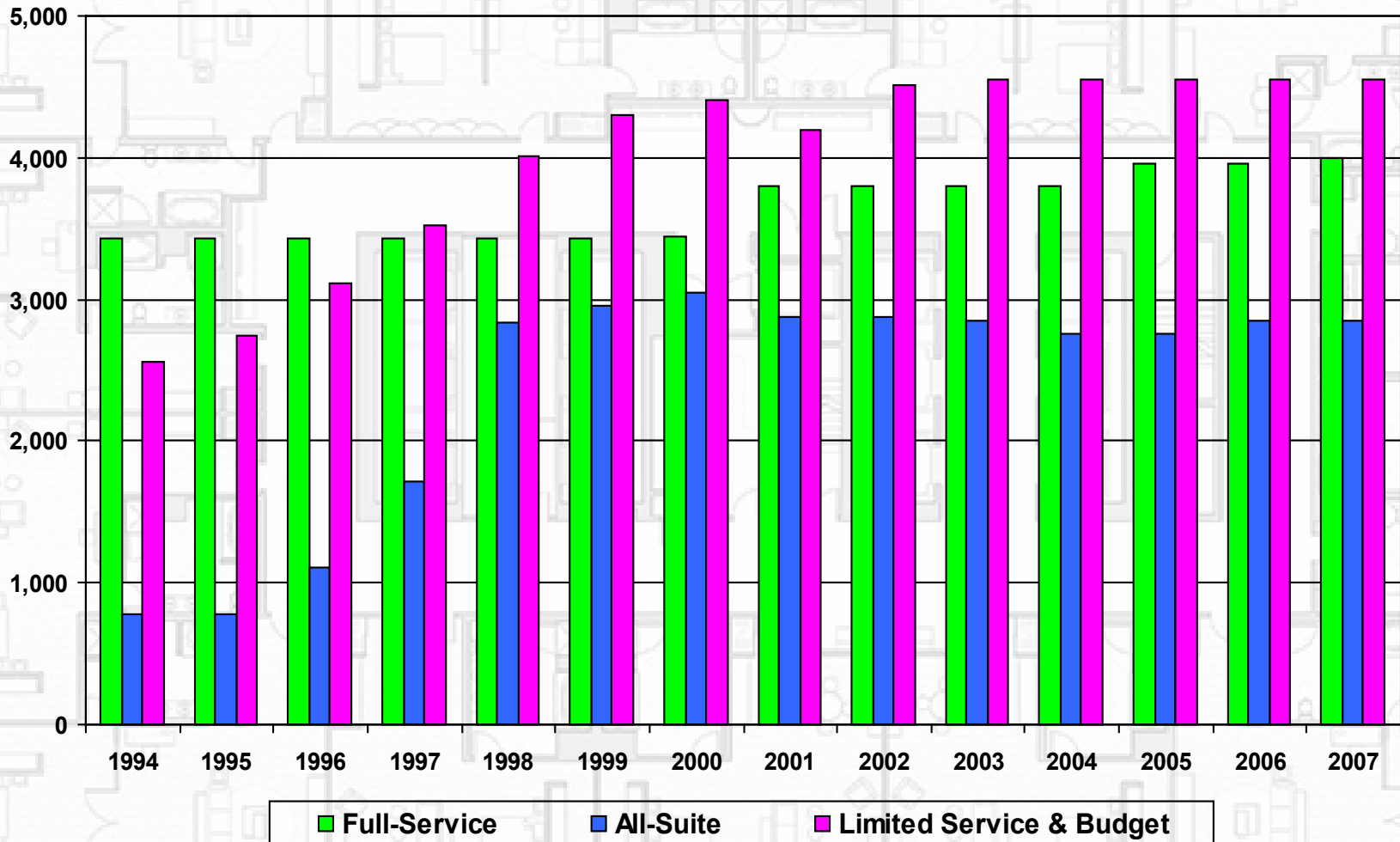
Concerns that led to the 2006 changes

- Overbuilding
 - Market for lending, development was flush
 - Nearby cities were revising their zoning and pushing more development into Irving
- Rate integrity, especially post 9-11
 - With no “demand generator” of meeting space, properties primarily compete on rate
- Neighborhood and property integrity
 - Underperforming properties had become criminal and code nuisances
 - Flag changes had resulted in non-branded properties and thus no brand expectations/obligations

Irving Room Inventory History



Irving Room Inventory by Segment



Source: Smith Travel Research

Current Ordinance Requirements

- 200 sleeping rooms minimum
 - 300 sf minimum/room
 - Fully furnished
 - Limited kitchenette facilities in-room
- 5000 sf (combined) meeting space minimum
- Swimming pool or other recreational facilities – 1000 sf
- Full-service restaurant, open for breakfast and dinner (minimum) daily
- Daily housekeeping option
- Council has the right to grant variances – these were established to allow the council to consider individual situations

Hotel Development Status

Hotel Name	Location	Projected Opening	#Rooms	Room Variance Req'd?	Project Status
Element Hotel (Sfuzzi site)	114 @ Meadowcreek (Sfuzzi site)	Apr-20	159	Yes	Construction
IHG-3 property combo	DFW North	Q4 2021	320	Yes	Approved; IHG combination Staybridge, Avid & Even. https://www.connect.media/ihg-triple-brand-development-arriving-avion-business-park/
IHG Cambria & Indigo	Urban Center	TBD	293	Yes	8-story 143 rooms Cambria; 13-story 150 room Indigo; shared garage & outdoor deck; has not been approved by LCA's ACC yet
Towne Plaza Suites	DFW North		119	Yes	OPENED AUGUST 7, 2019
Four Points by Sheraton	183/DFW South	TBD	125	Yes	Zoning approved
Home2Suites	DFW North			Yes	Construction
Aloft	635/DFW North	Oct-20	145	Yes	Construction
Marriott AC & Residence Inn or Hilton Tru & TBD	Urban Center	1-Jan	TBD	Likely	Going to P&Z in Nov 2019, with a 2022 opening; https://vimeo.com/364323462
Hampton Inn & Suites	DFW North; Carpenter @ Esters	TBD	130	Yes	Approved
AVID/Holiday Inn	DFW North	TBD	125-150	Yes	Rumored
Northland Properties - Sandman and Sutton Place	Blue Star Site 161 @ 114 (Meridian)	TBD	200+	No	Going to P&Z likely early 2021
TBD	Verizon/Hidden Ridge Campus	TBD	200+	No	Consultant retained to assess flag opportunities
Embassy Suites	771 W. Carpenter	2021	168	No/Grandfathered (1998)	Zoning approved 12/13/18; site work has begun but is going VERY SLOWLY. Rumor has it that it is being shopped.
Holiday Inn Express	7800 Carpenter	TBD	TBD	Likely	Rumored
La Quinta	635 @ Beltline	TBD	TBD	Likely	Deferred; site being shopped
Tru by Hilton	DFW Airport South	2020-2021	125	Yes	Being proposed as a combo with HGI South; P&Z approved Oct 7, 2019; Approved 10/24
Conrad Hilton	Urban Center				Rumored; preliminary meetings with various parties
Radisson Hotel	DFW Airport North; 114 @ Esters; 8230 Esters	TBD	180	Yes	Approved
Avid/Staybridge Combo	183 @ 161	TBD	176 total	Yes	P&Z case postponed. Oncor & TxDOT issues; fire access issues; Apollo Hospitality/Mitesh Patel; Rochelle Valley Property Dev/Dawood Jameel; nearby hotels opposed.
TBD	311 W. Carpenter Freeway	Mid 2022	TBD	Likely	Going to P&Z Nov 18 - then Dec 12 City Council; CGH Colinas LLC - owner; Jay Davies & Bobby Stewart involved

State of the Irving Market

	Year to Date - September 2019 vs September 2018											
	Occ %		ADR		RevPAR		Percent Change from YTD 2018					
	2019	2018	2019	2018	2019	2018	Occ	ADR	RevPAR	Room Rev	Room Avail	Room Sold
Irving, TX+	72.6	73.8	110.62	108.47	80.33	80.03	-1.6	2.0	0.4	4.7	4.3	2.6
Luxury/Full Service Irving+	71.2	72.6	149.46	147.81	106.36	107.25	-1.9	1.1	-0.8	8.8	9.7	7.6
All Suite/Extended Stay Irving+	75.6	76.1	95.25	94.66	72.03	72.05	-0.6	0.6	-0.0	1.6	1.6	1.0
Limited Service Irving+	72.8	74.3	111.26	111.26	80.98	82.72	-2.1	0.0	-2.1	-0.1	2.1	-0.1
Budget Irving+	71.0	72.2	57.65	56.62	40.91	40.91	-1.8	1.8	0.0	0.0	0.0	-1.7
Las Colinas+	71.8	74.5	126.99	123.50	91.21	92.00	-3.6	2.8	-0.9	9.4	10.3	6.4
DFW North+	76.2	77.8	105.92	105.24	80.68	81.89	-2.1	0.6	-1.5	-1.3	0.2	-1.9
DFW South+	69.8	68.3	91.64	90.63	63.99	61.94	2.2	1.1	3.3	4.2	0.8	3.0
Full Service Las Colinas+	66.5	69.6	179.37	181.46	119.33	126.33	-4.4	-1.2	-5.5	17.4	24.3	18.7
Limited Service Las Colinas+	75.7	77.4	93.49	92.37	70.75	71.49	-2.2	1.2	-1.0	0.9	2.0	-0.3
Full Service DFW North+	75.3	77.8	137.00	135.95	103.14	105.76	-3.2	0.8	-2.5	-2.5	0.0	-3.2
Limited Service DFW North+	76.8	77.8	85.42	84.52	65.58	65.78	-1.4	1.1	-0.3	0.0	0.3	-1.0
Full Service DFW South+												
Limited Service DFW South+	67.8	67.8	81.60	81.33	55.33	55.14	0.0	0.3	0.4	1.6	1.2	1.2

Source: Smith Travel Research, September 2019

State of the Irving Market

Supply: Demand

Year to Date - September 2019 vs September 2018										
	Supply			Demand			Revenue			
	2019	2018	% Chg	2019	2018	% Chg	2019	2018	% Chg	
Irving, TX+	3,454,332	3,312,114	4.3	2,508,479	2,443,952	2.6	277,486,847	265,084,649	4.7	
Luxury/Full Service Irving+	1,315,958	1,199,562	9.7	936,467	870,426	7.6	139,960,472	128,654,848	8.8	
All Suite/Extended Stay										
Irving+	980,343	964,507	1.6	741,331	734,065	1.0	70,613,986	69,489,712	1.6	
Limited Service Irving+	487,578	477,768	2.1	354,871	355,210	-0.1	39,483,103	39,519,547	-0.1	
Budget Irving+	670,453	670,277	0.0	475,810	484,251	-1.7	27,429,286	27,420,542	0.0	
Las Colinas+	1,415,330	1,283,098	10.3	1,016,542	955,808	6.4	129,092,550	118,038,888	9.4	
DFW North+	1,073,253	1,071,231	0.2	817,550	833,583	-1.9	86,593,911	87,722,882	-1.3	
DFW South+	965,749	957,785	0.8	674,387	654,561	3.0	61,800,386	59,322,879	4.2	
Full Service Las Colinas+	596,057	479,661	24.3	396,556	333,953	18.7	71,128,940	60,597,930	17.4	
Limited Service Las Colinas+	819,273	803,437	2.0	619,986	621,855	-0.3	57,963,610	57,440,958	0.9	
Full Service DFW North+*	431,613	431,613	0.0	324,940	335,753	-3.2	44,517,439	45,646,810	-2.5	
Limited Service DFW North+	641,640	639,618	0.3	492,610	497,830	-1.0	42,076,472	42,076,072	0.0	
Full Service DFW South+										
Limited Service DFW South+	677,461	669,497	1.2	459,416	453,841	1.2	37,486,293	36,912,771	1.6	

Source: Smith Travel Research, September 2019

Full-Service, Las Colinas and Full Service Las Colinas being driven primarily by additions of Texican and Westin.

* STR shows Sheraton DFW North reporting a change in rooms, although we are not aware of any significant additions to the full-service market in DFW North.

Trends in the market

- Corporate travel demand remains healthy
 - Group demand strong
 - Seller's market – hotels willing to trade occupancy for rate
- Development radius restrictions are now really narrow – 3 miles
- Limited true full-service flags available or in development
- Every brand continues to develop range of “select” service flags
 - Leading format among new construction projects for US chains
 - Low-risk from a lending standpoint; easy to finance, efficient to operate
 - “Less is more” approach – compact guestrooms (averaging 250 sf)
 - Seen as “amenities” within some mixed-use environments
- Reinventions of existing brands
- Emergence of short-term rentals into the business travel space
 - Marriott now converting rooms within its European hotels to “communal suites”
- Niche interests: millennials, authenticity

Trends in the market

- Emergence of multi-brand hotel complexes
 - Available land limited in primary locations
 - Land and building costs continue to increase
 - Financing return requirements continue to rise
 - New supply makes the operating environment more aggressive
 - Construction & operational expenses can be shared, thereby creating less overhead and greater cost efficiency
 - Brands must be able to mix and operate in harmony, typically same brand family, and typically fairly similar on the family chain scale
 - Shared facilities and amenities

2018 ICVB Destination Development Committee Recommendation

- While there was discussion about considering different standards in different parts of the city via overlay zones or other mechanisms, the decision was made to leave the current standards in place, with variances still allowed.
 - Keeps the bar high throughout the city
 - Protects rate integrity
 - Protects neighborhood & property integrity
- While there was recognition of trends toward select service development over full service, the desire remained to keep the bar high rather than re-setting it lower and likely still seeing variances

Considerations

- Should there be consideration for different standards in different areas, via overlay districts?
 - DFW Airport North
 - DFW Airport South
 - Urban Center core
 - Las Colinas Outer/635 Corridor
 - Stadium site
 - 183/161
 - 114/161

Considerations

- Should/can there be requirements for a certain height/minimum number of stories for buildings?
- Could/should the city require a certain minimum number of years commitment on the brand/franchise agreement?

Considerations – Sleeping Rooms

- When considering multiple/combined properties, should a formula/ratio be considered for the requirements, i.e., 75% of the required inventory?
 - For example: if two properties, a minimum of 300 rooms is required; if three properties, a minimum of 450 rooms is required?
 - Require legal documentation that coincides with franchise agreement/s that validates that the properties will be operated in tandem and that customers at any of the properties can use the other's amenities as though they were staying there themselves (i.e., room key charges/access, etc.)
- Variances for room size requirements are routinely being requested
 - Current requirement is for 300 sf/room

Considerations – Meeting Space

- Requirements are for a combined minimum area of 5,000 sf
 - Variances are routinely being requested
 - Staff recommends NOT eliminating entirely
 - Consider different requirements when multiple-property package (even if one of the properties is already operating)?

Considerations - Parking

- Parking requirements per Code are significant
 - Uber, Lyft et al have impacted the need
 - Airport and guest shuttles provide considerable relief
 - The site size should be considered – the more uses added on to a site, the more parking requirements those uses bring
 - Variances are routinely being requested of 25-35%
 - Suggested starting points:
 - Parking variances of up to 35% can be approved by staff with proof of an independent parking study?
 - Require shuttle radius to 10 miles (should allow for access to more area restaurants for more properties and thus further limit on-site parking needs)?

Considerations - Amenities

- Variances for restaurant requirements are routinely being requested
 - Some areas of the city now have multiple nearby restaurant options for hotel guests, and Uber/Lyft make it easy to go to them, as well as hotel shuttles
 - Services like Uber Eats and DoorDash are being used more and more
- Variances to recreation amenities (pool, fitness centers, etc.) are routinely requested
 - Consider different requirements when multiple-property package (even if one of the properties is already operating)?

Considerations - Other

- Consider a citywide “need/demand” study
 - Citywide market assessment of what’s here, what’s potentially on the books, and what is needed over the long-term
 - Where does/will demand continue to outpace supply over the long-term?
 - What is the supply that is needed/should be prioritized in terms of planning & zoning?
 - Provide strategies for upgrading/enhancing the caliber of all properties, and/or resources for eliminating properties creating code/criminal nuisance issues

A faint, light gray architectural floor plan of a building serves as the background for the slide. The plan shows various rooms, corridors, and furniture like desks and chairs, but the details are subtle and mostly obscured by the text.

Recommendations for Next Steps

- Action Item on December ICVB Board Meeting
- Board Recommendations will go to Council Planning & Development Committee in December

Committee Chair's Report

- Approval of August 6, 2019 Minutes
- Future Meeting Subjects:
 - On-site meeting & tour at Irving Golf Club
 - Development updates as available: Hidden Ridge
 - Other items of interest?