

CITY OF DEER PARK

51-16

710 EAST SAN AUGUSTINE

DEER PARK, TEXAS 77536

Minutes

of

A PUBLIC HEARING OF THE BOARD OF ADJUSTMENT OF THE CITY OF DEER PARK, TEXAS, HELD AT CITY HALL, 710 EAST SAN AUGUSTINE STREET, DEER PARK, TEXAS ON JULY 2, 2018 BEGINNING AT 6:20 P.M. RELATING TO THE REQUEST OF DIRHU PATEL FOR A ONE HUNDRED AND EIGHTY-EIGHT (188) FOOT VARIANCE TO THE DISTANCE BETWEEN A RESIDENTIAL LOT LINE AND AN APARTMENT HOTEL TO BE CONSTRUCTED AT 825 CENTER STREET, WITH THE FOLLOWING MEMBERS PRESENT:

DON TIPPIT
DOUGLAS COX
RAY BALUSEK
VIRGINIA SMITH

CHAIRMAN
COMMISSIONER
COMMISSIONER
ALTERNATE COMMISSIONER

OTHER CITY OFFICIALS PRESENT WERE:

LARRY BROTHERTON
SHANNON BENNETT

BUILDING OFFICIAL
CITY SECRETARY

1. NOTICE OF PUBLIC HEARING – The public hearing was opened by the City Secretary reading the Notice of Public Hearing. (Exhibit A)
2. HEARING OPENED FOR THOSE PERSONS DESIRING TO SPEAK IN FAVOR OF THE REQUEST – Chairman Tippit opened the public hearing for those persons desiring to speak in favor of the request.
 - a. David Parker, 4016 Kurry Road, Manvel, commented, “I’m here helping Mr. Dirhu talk about his project. I did a little presentation to go over. The vision is to develop a Studio 6 Extended Stay, which is a lodging property that has a full kitchen in every room. It has a full size refrigerator with a sink and cooktop and a coffee pot and television. It’s a completely contained apartment. Most importantly, it’s an interior corridor property. It is nicely finished as you can tell by the level of furnishings. Gone are the days when Motel 6 was an economy property. These are now considered very nice and very appealing. Studio 6 is an elevated branding for the property. The question would come up as to who would use it? Particularly its refinery specialists who are paid by the employer to work here. Sometimes people relocate to the area. If they are relocating at the invitation of a company, sometimes again, it’s paid by the employer. The average cost per unit in this particular project is \$2000 per month. It’s still a strong rental rate and people are staying AN average of 10 days. The specifics of the request, just to give everybody a picture, here is a north up Google map. Center Street is to the left of the hotel site and Ninth Street is across the bottom. The hotel footprint is pushed as close to the adjacent business as possible to create a buffer for the neighborhood because this is

important to the owner as much as it is to the neighbors. We've laid in a row of trees across the back, a detention pond and the parking lot. The hotel is as far away from the adjacent neighborhood as possible. The specific request is a 188 foot variance, but truthfully, it will probably be closer to 169 feet in terms of distance. It's 130 feet from the back property line. Here's a rendering of it. As you can see, it's very contemporary and it will be very attractive. More importantly, I stress that it's an interior corridor so it's not a typical exterior corridor design that you might be familiar with. I did a market study to understand the kind of impact the hotel will have on a local community and this is very important. Presently, the hotel will compete with these properties that are here in Deer Park; Holiday Inn Express, Hampton, Candlewood, La Quinta, Comfort Suites, Best Western, and America's Best Value. In total, you have 431 hotel rooms in your community. For the past 5 years, there have been no additions. The red bar as shown here is level. That is the total number room nights that are for sale. It's 431 X 365 is almost 160,000 room nights a year. It's been static for some time. The blue bar is the total amount of demand. So, you can take the divisor of those to get occupancy. I didn't want to bore you with a lot of numbers. I just wanted to show you graphically. The yellow is the amount of leisure demand. These are people who are staying on the weekend. As you can see, its pretty level. The green is where you have the greatest amount of economic impact to your community and that is the business traveler. For short, it says individual business traveler. These are people that are working in your refineries and local businesses. As you can see from 2013 to 2016, it's been a steady decline. The reason for that is very important because it has everything to do with all of the hotels that were added in Pasadena, four miles to the south. They are gravitating to the new. That is where the new is. Now the 2017, the light blue bar tipped up just a little bit. It's coming back to where it was five years ago. That is the result of the dark blue line at the bottom where it says "Harvey". That's the temporary impact of hurricane displacement. It helped save 2017, but I'm not so sure that it's a permanent fix. So again, this is 2017 to 2021. Again, the red bars are static going across the top. The blue is the sum of all of the demand segments. In my opinion, it's going to continue to decline as more development occurs at Fairmont Parkway. The solution would be to start adding hotels to Deer Park. To show the impact of it, we have Studio 6 added in 2020. There is a precipitous jump in supply and it drags with it, all of the other metrics. The yellow goes up, that's the people staying on the weekend. The green goes up, that's people working in your community. The blue goes up as the sum of everybody. In summary, on the hotel, I see it as having a stabilized occupancy of 71%. The average daily rate of about \$80 per night. Over 10 years it will pay over a million dollars in hotel occupancy taxes that will get spent by your tourism outlet. This hotel will employ about 10 people and those 10 people will make over 2.5 million dollars collectively over 10 years. This is creating jobs and contributing to the livelihood of people here in Deer Park. Just to point out a couple of things, the developer has already been developing in Deer Park. He opened the Best Western in 1998. It was the first hotel built in Deer Park since its founding over 100 years ago. Since it opened, it has paid to the City of Deer Park about \$390,000.00 in property taxes. It has paid over 1 million dollars in hotel occupancy taxes, and it employs about 10 people. Five years later, the developer opened a Comfort Suites in this community, which opened in 2003 with 57 rooms. It has paid over \$300,000.00 in property taxes and over 1 million dollars in hotel occupancy taxes. It employs

about 12 people. Lastly, one of the newest hotels, the last hotel to be added to your community, was the Holiday Inn Express which opened in 2008. It has paid about \$320,000.00 in property taxes and \$830,000.00 in hotel occupancy taxes and it employs about 18 people. The owner has three hotels representing 189 hotel rooms, which is 44% of the comp set of your market in this city. Collectively, he has paid over 1.3 million in property taxes and over 3.4 million in hotel occupancy taxes and has created over 40 jobs."

Commissioner Balusek asked, "What is it going to cost to rent a room or apartment in there?"

Mr. Parker responded, "About \$80 a night is the average."

Commissioner Balusek asked, "For that particular one?"

Mr. Parker responded, "Yes."

Chairman Tippit asked, "Was there a rendition of the rear of the property that would back up to the houses and can we see that?"

Mr. Parker responded, "Yes."

Commissioner Balusek asked, "How far from the boundary will that be?"

Mr. Parker responded, "130 feet from the fence. Nearly 1.5 basketball courts. Not to mention, the fact that the back of the property will have oak trees or whatever the recommended planting and the detention pond. There is ample screening and noise separation from the adjacent houses."

Chairman Tippit asked, "Do you know what the eave height is on the second floor?"

Mr. Parker responded, "The eave height, I am going to guess that a standard 10 foot plate would place it at about 20 feet."

Commissioner Cox asked, "You mentioned it being in an interior corridor."

Mr. Parker responded, "It's interior on the second floor. The first floor is an exterior corridor which is usually considered a convenience to the guests that are coming back from the plants that do not want to walk through a corridor. Certain guests are going to take the second floor with the corridor and then the guests on the first floor will have that option."

- b. Dimple Patel commented, "I am the owner at the Holiday Inn Express here in Deer Park. I am the previous owner of the Comfort Suites in Deer Park. My address is 201 West West X Street. I wanted to mention a little bit of biography of my dad, the owner of the property and the one asking for the variance. He is 78 years old and has been married for 57 years. I am one of four kids and he has 10 grandkids. He's been in the United States since

the early 70's. He got his degree in Mechanical Engineering from the University of North Carolina. He holds two patents when he was working as an engineer. We moved to Deer Park in 1997. His first hotel he built here in Deer Park was the Best Western. We are not unfamiliar with this situation where in 1996 when we came in front of City Council asking for our first variance to build a hotel in Deer Park. Since then, Deer Park economy has seen a benefit of substantial revenue growth and tax dollars from what my dad has spearheaded in Deer Park. He actually came to the city with our family background in hotels. Our first hotel was in La Porte and the City of La Porte had a city occupancy tax. He came to Mayor Wayne Riddle at that time and told him it's something the City of Deer Park should consider approving also because of that 7% revenue that comes straight back to the city. The best thing is that it's not the constituents that are paying the taxes, it's people that are coming in from out of town providing the City of Deer Park that revenue. Being in the hotel industry as long as we have, there are some benefits that the City has used. We have given out free conference space to the Police Department and the Fire Department, donated free rooms to area charities to raise money, and given out free rooms to people really needing shelter in a time of need. We've also housed a lot of people locally. I know the Mayor himself was a resident of the Best Western multiple months when he was having work done on his house. There are local people still staying in our hotels also. I did have some other things to mention about myself. I've been in the hotel industry since 2001 when I started with Comfort Suites. I was born in Arkansas and raised in a hotel, so I am a product. Never having an actual driveway myself, but working the front desk and knowing the industry through and through. I graduated from Texas A&M as a Computer Engineering major and moved to Deer Park in 2001 after that. Some of the benefits of this project coming to Deer Park is the added revenue, which Mr. Parker represented with it bringing more guests to the area. Also, something that he didn't mention is improving the northern part of Center Street. It will actually give a new vibrant feel to the north side of Center Street. We've taken into account as much as we could, the neighbors adjacent to us on the east side of the property. We are giving as much a buffer as we physically can and to still have a feasible product with the tree lines and detention pond. We feel that it will actually benefit them by giving them added security because now they have a buffer where nobody will be able to walk back there with the trees and the detention pond and the parking lot with added security cameras on the back of the hotel. One other thing that the hotel will add is it is going to supplement the area businesses. Everybody that is coming into the hotel is going to be providing and spending dollars into area and local restaurants whether it's at Antonio's or Cattle Drive BBQ. People come in and they do spend money locally. It's actually the exact opposite. While I've been in Deer Park the last 20 years, I know the feeling of the community, which is my own personal feeling of what multi-family does to the economy. This is the exact opposite. We're not just adding an additional strain with multifamily development. We're actually supplementing the economy by providing the tax revenue and the guests providing additional revenues to local businesses. So it's the exact opposite product of what a multi-family in general when you have 500 room apartments bringing in and stressing area ISDs and everything. When we do build this hotel, hopefully we can, we're getting a proven track record of a developer that has been in the hotel industry for a significantly long time. We've also had great reviews on our current hotels. If you look at the reviews of the Holiday Inn Express, you'll notice that we have a lot of positive reviews from the guests that stay with us. We strive for high service quality. The last thing that I want to close with is what would happen to this land if we are not

granted the variance? It is already zoned multi-family and with the rendering we've shown you, to provide what we believe to be the most economically feasible product of a Studio 6 with the most number of rooms that we can, which is about 55 to 60 units, to provide the biggest impact. Now if this doesn't pass, it's sad to say what would happen is, we would be forced to build a one story property without having to justify the tree line and the detention pond and the parking lot. Where now we could be as close as maybe 5 to 10 feet to that back neighboring property to make complete use of the land as possible. I don't believe that is in the best interest for the city to have a one story non-franchised extended stay hotel on this lot. In closing, I do want to say that we believe that what we presented to you, asking for this variance is the best use of this land and to try to be as accommodating as we can with the layout and the footprint that we've shown you tonight."

3. RECESSED/RECONVENED – Chairman Tippit recessed the Public Hearing at 6:28 p.m. to open the regular BOA meeting and reconvened the public hearing at 6:28 p.m.
4. RECESSED/RECONVENED – Chairman Tippit recessed the Public Hearing at 6:30 p.m. to open the regular Planning and Zoning meeting and reconvened the public hearing at 6:30 p.m.

Chairman Tippit asked, "If you are not granted the variance, do you intend on a one story building there?"

Mr. Patel responded, "We've had this property in our control I believe since 2007. We've been waiting for the right time; stability in the market to build a property. We would definitely have to pursue other options if it's not granted and that would be one of them that we would be pursuing."

Commissioner Balusek asked, "Will the number of apartments be affected by it being one story only?"

Mr. Patel responded, "Yes. It would probably go down to about 30 units. We haven't done any renderings to show any layouts, but it would definitely be significantly less because we have to fit as many as we can on a one story plot verses a two story plot."

Commissioner Cox asked, "You mentioned the detention would go away?"

Mr. Patel responded, "No, because we have not laid it out, it could be in a different corner of the property. This one worked out really well where we could do it along the entire line. Maybe we wouldn't need the full detention and we would have some lots or some buildings closer to the property line. So just because we haven't put a rendering to it I couldn't say."

5. HEARING OPENED FOR THOSE PERSONS DESIRING TO SPEAK AGAINST THE REQUEST – Chairman Tippit opened the hearing for those persons desiring to speak against the request.
 - a. John Story, commented, 117 East Tenth & 121 East Tenth, "I own two properties adjacent to the property in question. The reason why I'm here is because they back up to Ninth Street. I have a little different situation in that I am on the south side of the property in question, which actually puts me closer than the 112 feet distance that you are currently considering.

I went out there this evening on my way to work and did a little measurement and I could be as close as 62 feet from their property, in which case, if it were a two story, they could look down into the backyard and very easily see whoever was lounging around any pool that I may have back there. I'm one of the industrial specialists that this gentleman was referring to earlier. I have stayed at these types of hotels in the past. The last one was about a year ago. I stayed in one for two and a half months. The gentleman painted a good picture for his side, but let me tell you some of the drawbacks. Because they contain full kitchens, most people end up cooking and in most cases they are not real considerate of how they cook as if they were in their home. Last time I had to move to three rooms because the roaches got so bad. Basically, you have a bunch of men cooking and it was a real jungle in there. I would have picked a different spot, as a matter of fact, I went to a couple of other hotels to try to get a price match for my company, but they would not go as low as the extended hotel. It's not a rosy picture on the clientele that frequent these places. A lot of times they are construction crews. A lot of times they are pretty rough. The one that I stayed in had a shooting in the back parking lot. And I'm not trying to insinuate that this place is going to be the same, but they really do attract a rough crowd because they generally offer a cheaper rate over a period of a month. You're naturally going to draw a different type of clientele. The 112 foot variance on the rear of the property doesn't sound like much to me. If you go up 22 feet high and you are projecting that on a line of sight, I would imagine that you could still see into the back yard of these residents on Grove Street. I didn't have time to plot it out but that's just my suspension. Like I said, being on the south side I even have maybe half of what these folks on Grove Street have as far as exposure to the second floor of the building. I tried to pick up the measurements on the gentlemen's graph, but I didn't see any on the south side of that plot. So, tonight all I'm asking you folks to do is just to please abide by our current zoning laws. They were put into place, I feel, for a good reason. Of course, I didn't live back when they were put in place. I understand it was in the 40's and 50's, but the two story addition to this project is going to add a completely different aesthetic look to the place. It's going to make our home town look more like a big town or a big city. I've lived in this town since 1977 and one thing I've appreciated is that it has a symblance of a home town being located so close to a megatropolis like Houston."

Commissioner Balusek asked, "Exactly where is your residence?"

Mr. Story responded, "I have two. One is at 117 East Tenth and 121 East Tenth. I have the second and third house behind the Tony's Fish Galley. It actually puts me in closer proximity to the side of this project than the residents on Grove Street. Basically, it's across the street from me on the back street. I appreciate your time. I just ask that you abide by the current zoning laws."

- b. Al and Blanca Castaneda, 818 Grove Street, "We bought that house about 4 years ago as a forever home to kind of down size from a big two story that we had. While I was there the neighbor was remodeling a little two bedroom one bath. He told me one day that he was out of money and asked if I wanted to buy it from him. I didn't want a rent house next to me so I told him I'd buy it from him. I turned it into a 3 car garage with a circular driveway hooked to my driveway. We got it all approved. I think the Planning and Zoning Commission approved that. Anyway, I spent an extensive amount of money

to do this and now were talking about having a pool put in. All of a sudden, a letter comes in stating that we might have a two story apartment building looking down into our back yard. The home has been remodeled inside because we had a one car garage and that has become a part of the home. So, it's a real nice house and we don't want to go anywhere. There are effects of the variance, I won't name them all because there are other people who want to say something too. At first it's going to look nice and I like Deer Park. I've lived here half of my life, I'm 64 years old. I've lived here the whole time I've worked at Shell. I've never gone to Beaumont like some of these guys that want to live away from here. I think the property value will decrease if I ever try to sell that home later. I'm saying right now it looks really beautiful, but think about 10 or 20 years from now when it's a rundown unmanaged apartment unit. My wife and I managed 20 units in Pasadena, Mr. Patel is talking about 30 units in a one story. The 20 units were old, but we went in there to try to straighten things out because there was some embezzling going on. The owner asked if I could go over there and do something about it. I went over there as the owner, and found out the manager was embezzling money and there were drugs everywhere. Smoking pot in front of kids on the upper decks. I'd have to confront these people. Now, I'm not saying that's going to happen. That's a very nice hotel that they are going to build, but what's going to happen 10 or 20 years from now? We ran into a lot of problems there at the apartments. We had to evict a lot of people and finally we got the apartments all cleaned up. They are on located on Preston. I don't know if you know the Hollywood Apartments, but the owner ended up selling them. He was a Vietnamese man, but we went through a lot of trouble there because of that. I do know something about apartments. Maybe not when they are new, but we may be here 10 to 20 years from now and what are they going to look like? They didn't speak about dumpsters for their apartments. Somebody's going to have to have dumpsters out here to get rid of the trash. Right now, we have one. If you know where the JSC Credit Union is, my house is on Center Street where this property is sold. The garage is on the backside of where the JSC parking lot dumpster is. Every Tuesday and Friday morning at 5:00 a.m. the machine comes through and makes noises and banging sounds and we're asleep. He knocks it down on the concrete and then he goes to Wells Fargo and dumps that one too. We don't hear that one too much. Are we going to get maybe Monday, Wednesday and Thursday to dump the apartments? Everyday it's going to be like a BANG! It's just what I'm picturing here. They are talking about putting trees up. I don't know how the lighting will effect lighting up the back yard. I'm not saying they are going to have crime, but I know there was a lot of crime over there in Pasadena with drugs and prostitution and sex offenders. I had to tell one guy at work that every day you go off to work, your wife drives off with these guys and she's prostituting herself. He didn't like it, but oh well. I told him you've got to move and he got rid of her. I want progress in Deer Park, but not two story apartments in our backyard on the fence line.

Mrs. Castaneda, asked, "Would you like apartments in the back of your house, in your backyard? That's all we're asking you to think about."

Mr. Castandea asked, "Are these trees, are they going to be tall enough where you won't see the apartments? Are they going to be little trees? The only other thing I wanted to say is that I have a petition here with around 30 signatures. Do I hand them to you?"

Chairman Tippit commented "Please hand them to City Secretary."

Mrs. Castaneda commented, "I would like to ask if I could get a show of hands of people that are against this variance. I guess that's everybody on this side of the room. I'd like to thank you for your time and that's about it. Thank you."

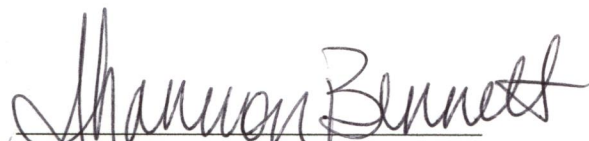
- c. Noah Ford, commented, 822 Grove Street, "Right next to Mr. Al's property, is the back line of our property right up against this. First thing, the retention pond that was being talked about, as we all know living in Texas we have a mosquito problem. I know that Deer Park does a great job at spraying, but a pond that can fill with stagnant water that's just going to attract even more especially living so close to it. That would be something to think about along with snakes as well. We have dogs as well as a lot of people on our street have dogs, and our property is backed up right next to this pond. We are really worried about snakes and other pests coming in. We don't want our dogs to die."

Larry Brotherton, commented, "It's a detention pond. It detains the water until the City's system goes down and then it releases. Retention holds the water in an event it would have water in it, but then it would go down."

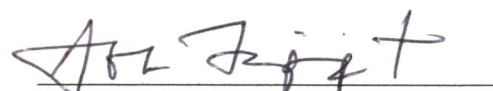
Mr. Ford continued, "The trees as well, take a long time to grow when they plant the trees. I imagine they are going to be kind of smaller saplings. It's going to take a few decades to grow to these big trees that we are used to seeing. By the time they actually help anybody, if they do help, then it will kind of be too late for us living there. Also, there was no mention in the presentation of maintaining the trees. I don't know if the apartment will take care of that, but I saw no mention of that. I want to bring up the bar graph of supply and demand. The demand had not eclipsed 120,000 rooms in all of the years shown, so there is really no growth in the demand so I do not see why there should be a growth in the supply as well. We spoke of aesthetics before. We have a lot of hotels in Deer Park, and they are kind of ugly to look at. I really like this City, it's an amazing City, but I just feel like all of these hotels are just going to drive people away from building their homes here. We're a lot better than La Porte, we're a lot better than Pasadena. I don't see why we need to stoop to their level and have all of these apartment complexes and just degrade our City. One last point on infrastructure. Ninth Street is a really small street, with only two lanes. A lot of people park their cars there. That's something to think about especially with Deer Park Junior High between Ninth and Thirteenth. There are a lot of people going to school in the mornings and leaving in the afternoons. There will be a lot more people and traffic congestion if they are living there or working from that apartment complex. Especially at times when people are parking in the street and there is only one lane you can go through. That just degrades the roads even more. That's all I had to say. Thank you."

4. HEARING CLOSED – Chairman Tippit closed the public hearing at 6:47 p.m.

ATTEST:

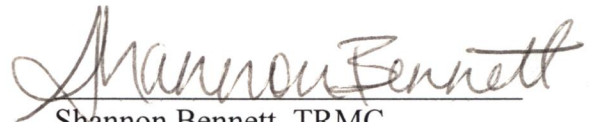

Shannon Bennett, TRMC
City Secretary

APPROVED:


Don Tippit, Chairman
Board of Adjustment

NOTICE OF PUBLIC HEARING

Notice is hereby given that the Board of Adjustment of the City of Deer Park, Texas will hold a public hearing at City Hall, 710 East San Augustine Street, Deer Park, Texas at 6:10 p.m. on the 2nd day of July, 2018 at which time and place they will hear all persons desiring to be heard on or in connection with any matter or question relating to the request from Dirhu Patel for a one hundred eighty- eight (188) foot variance to the required separation of a two story apartment complex from a residential lot line at 825 Center Street.

A handwritten signature in dark ink, reading "Shannon Bennett". The signature is fluid and cursive, with the first name "Shannon" and last name "Bennett" clearly distinguishable.

Shannon Bennett, TRMC
City Secretary

Dated this 6^h of June 2018