



Anaheim Hotel Program

- **What:** a city of Anaheim program to encourage the development of luxury hotels
- **Provisions:**
 - Four-diamond-quality hotel developers can apply for an incentive payment equal to 70 percent of the annual transient occupancy tax, or hotel-stay tax, they collect
 - Owners of renovated hotels can apply for an incentive equal to 50 percent of additional hotel-stay tax generated annually by renovation to four-diamond quality
- **Incentive duration:** 20 years
- **Who can apply:** hotel developers or renovators that build or upgrade to four-diamond quality
- **Adopted:** June 16, 2015
- **City Council vote:** 3-2 with Mayor Pro Tem Lucille Kring and council members Kris Murray and Jordan Brandman in support; Mayor Tom Tait and Council Member James Vanderbilt against
- **Why:** to expand the city's hotel and visitor industry, Anaheim's primary source of revenue to fund city services and neighborhood revitalization for residents
- **Fiscal impact:** The hotel program requires *no* new city spending and has *no* impact on spending from Anaheim's general fund, which finances services for residents, businesses and visitors
- **Incentive payment:** The city makes an incentive payment to a hotel developer or renovator *only* if a new or improved hotel is determined to be four-diamond quality and the hotel successfully generates hotel-stay tax; any payment would be offset by the tax generated by the new or renovated hotel
- **Bond financing:** The hotel program requires *no* city bond financing

Economic Impact

- Role of hotels:** Revenue from hotels and other visitor-related businesses makes up 50 percent of Anaheim's general fund and is the primary way the city funds services for residents, businesses and visitors
- Hotel revenue:** The hotel-stay tax, Anaheim's largest revenue source, provides \$149.8 million in annual revenue to the city's general fund (*see chart*)
- Anaheim Resort:** 1,100-acre district including the Disneyland Resort, Anaheim Convention Center and most of the city's hotels
- Total resort revenue:** Including hotel-stay, property and sales taxes, the Anaheim Resort is projected to generate \$163.3 million for the 12 months through June 2017
- Net benefit:** After factoring in the cost of city services and other expenses, the Anaheim Resort is projected to provide \$70.5 million in net revenue, or nearly a quarter of the city's general fund for the 12 months through June 2017
- Resident benefit:** Revenue from hotel stays funds:
 - 155 police officers
 - Five fire companies
 - Seven library branches and Orange County's only Bookmobile
 - Staffing for 57 parks and 10 community and youth centers
 - The city's entire spending for graffiti removal, maintaining and replacing streetlights and keeping up medians and parkways

Hotel Stay Impact	
<i>Annual transient occupancy tax revenue</i>	
Fiscal Year	Amount (in millions)
1991-92	\$29.7
1992-93	\$32.4
1993-94	\$33.0
1994-95	\$33.9
1995-96	\$44.7
1996-97	\$44.9
1997-98	\$44.8
1998-99	\$45.1
1999-00	\$46.2
2000-01	\$57.9
2001-02	\$58.0
2002-03	\$56.2
2003-04	\$63.1
2004-05	\$67.3
2005-06	\$75.5
2006-07	\$84.4
2007-08	\$87.2
2008-09	\$80.1
2009-10	\$77.1
2010-11	\$82.6
2011-12	\$90.4
2012-13	\$102.9
2013-14	\$110.1
2014-15	\$120.4
2015-16*	\$140.0
2016-17**	\$149.8

**projected **proposed*

- **Adding value:**
 - A limited-service hotel on a 2.5-acre site brings in less than \$1 million annually in hotel-stay tax
 - A four-diamond hotel on a 2.5-acre site generates more than three times that
- **Daily room rate:**
 - Four-diamond-quality hotels benefit existing Anaheim hotels by lifting the city's average daily rate, or the amount hotels charge for a room
 - Every dollar increase in the average daily rate equals \$1 million in additional yearly revenue for the city from hotel stays
- **Revenue growth:** Since the expansion of the Anaheim Resort in the late 1990s, city revenue from hotel stays has more than doubled

Four Diamond

- **What:** a hotel that meets or exceeds AAA four-diamond criteria as determined by the city of Anaheim (*see four-diamond-quality standards below*)
- **What are AAA Four Diamond hotels?:** upscale hotels with restaurants, spas and other amenities, a high-level of customer service and notable exterior and interior design

- **Required?:** An AAA four-diamond rating is welcomed but not required under Anaheim's hotel program

- **Four-diamond hotels in Anaheim:**

- Disney's Grand Californian Hotel & Spa
- Disneyland Hotel

Visitor Market	Four-diamond hotels	Millions of annual visitors
Orlando area	30	62
San Francisco	20	17
Los Angeles	13	46
San Diego	13	34
Las Vegas	13	42
Denver	8	15
Phoenix	7	19
Santa Monica	5	8
Santa Barbara	4	6
Anaheim	2	25

Source: AAA

- **Proposed four-diamond-quality hotels:**

- JW Marriott Anaheim
- 1700 S. Harbor Blvd., Anaheim Plaza Inn & Suites project
- 1030 W. Katella Ave., Anabella Hotel project
- 1401 Disneyland Drive, Disneyland Resort

Anaheim's Four-Diamond-Quality Standards



Construction

- New construction spending of \$160 million or more
- Construction cost of \$225,000 or more per guestroom
- Renovation cost of \$100,000 or more per guestroom
- Furniture, fixture and equipment costs for new or renovated guestrooms of \$30,000 or more



Exterior design

Upscale architecture, prominent, covered entry with a water feature, oversized artwork or landscaping



Landscaping

High level throughout entryway, courtyards, gardens, pools, walkways and parking



Pool

Upscale building materials and finishes, poolside furniture, cabanas and food and beverage service



Decor and style

Professionally styled by an interior design firm with quality wall coverings and finishes, high-grade floor coverings of high-density carpet, wood, marble, granite or other stone, mature plants, oversized pots, integration with outdoor landscaping



Interior furnishings

Contemporary or antique-style furniture



Lighting

Upscale chandeliers, spotlights, recessed lights and accent lighting as well as exterior LED lights



Service and amenities

Valet, door attendants and bell service, concierge, laundry service, high-speed Internet in lobby area, fitness center with state-of-the-art equipment, concierge access to dining, spas, concerts, night clubs, comedy clubs and lounges



Guest rooms

Upscale window and wall coverings, bedding, ceilings, floor coverings, seating, storage and workspaces



Guest baths

Spacious with an accent wall, furniture or other design enhancement, oversized shower and bath, architectural features on ceilings



Guest parking

Secured, private and covered in a structure concealed or enhanced with landscaping, lighting or exterior graphics; valet, taxi and shuttle services available