REGULATIONS INVOLVED IN OPENING AND OPERATING
BED AND BREAKFASTS IN THE STATE OF TEXAS

THESIS

Presented to the Graduate Council of the
University of North Texas in Partial
Fulfillment of the Requirements

For the Degree of

MASTER OF SCIENCE

By

Michael I. Cohen, B.B.A.
Denton, Texas
August, 1994
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Cohen, Michael I., *Regulations Involved in Opening and Operating Bed and Breakfasts in the State of Texas*. Master of Science (Hotel and Restaurant Management), August, 1994, 53 pp., 6 tables, bibliography, 20 titles.

This study was conducted to determine what regulations are, and should be, involved in opening and operating a bed and breakfast in the State of Texas. Specifically, this study examined bed and breakfast regulations in Texas to identify the existence of, or need for, standards related to various legislation (including, but not limited to, zoning ordinances, building and fire codes, and insurance requirements).

Bed and breakfast owners/operators in Texas made up the random sample that produced 106 usable survey responses. Regulations are in place at the state, county, and city levels of government. Bed and breakfast owners/operators were most concerned about insurance related matters, and various aspects of effective promotion and advertising.
The author would like to express sincere appreciation to Dr. Johnny Sue Reynolds for her untiring support, guidance, and time throughout the thesis process, as the major professor. Gratitude is also expressed to Dr. Barbara Coe and Dr. Daniel Emenheiser for their contributions as committee members. The author also wishes to thank Dan and Carole Cohen for their unending support and encouragement throughout all academic and career pursuits.
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CHAPTER I

INTRODUCTION

Originating in Europe, bed and breakfast operations have become a popular lodging alternative to hotels and motels (Rundback & Kramer, 1987). Since 1980, the number of bed and breakfasts in the United States has increased dramatically, from approximately 1,000 to well over 15,000. Because many bed and breakfasts are not listed in any of the published guidebooks, the actual total of bed and breakfasts may be considerably higher (Lanier & Berman, 1993). Despite this rapid growth, research on this area of the lodging industry has been limited.

A bed and breakfast operation is a very unique and highly local product. According to a 1993 publication of the Alabama Cooperative Extension Service (Aycock, 1993, p. 5),

the term 'bed and breakfast' may refer to either a bed and breakfast inn or a bed and breakfast home. A bed and breakfast inn is a commercial facility used primarily for guest lodging, usually with several rooms for that purpose. . . . A bed and breakfast home is part of a private home, generally with fewer guest rooms than an inn. For purposes of this research, the term "bed and breakfast" was used throughout, referring to both bed and breakfast inns and homes.
"Regulations or ordinances that can affect the operation of [bed and breakfasts] are primarily in the areas of zoning, fire codes, and public health. To some degree, these regulations may be in effect at the municipal, county, and state governmental levels" (Buchanan & Espeseth, 1991, no page number).

**Purpose of the Study**

The purpose of this study was to determine the regulations involved in opening and operating a bed and breakfast. Specifically, this study examined bed and breakfast regulations in the State of Texas (in which there are over 450 operations) to identify the existence of, or need for, standards related to zoning, building and fire codes, insurance, signage, regulations for compliance with the Americans with Disabilities Act (ADA), and other legislation.

Specific objectives were (a) to determine what regulations are involved in opening and operating bed and breakfasts in Texas, and (b) to determine differences between state and local regulatory bodies with regard to the implementation and impact of regulations for this segment of the lodging industry.

This research contributes to the limited amount of information available about the bed and breakfast lodging
option, and enhances the current knowledge base of what is
required to open and operate a bed and breakfast facility.

Statement of the Problem

Although bed and breakfasts have been a viable lodging
alternative for a number of years, a limited amount of
quantitative research regarding bed and breakfasts has been
available. Therefore, little has been known about this
lodging alternative and the regulations involved in opening
and operating bed and breakfasts. Unanswered questions
include the following: Which levels of government affect
bed and breakfast operations? Has the bed and breakfast
growth rate in Texas been significant since the second
quarter of 1987? Do bed and breakfast operators need more
information pertaining to this segment of the lodging
industry? As a result of this research, regulations
involved in opening and operating bed and breakfasts in
Texas, as well as what regulatory and operational bed and
breakfast information is of most use and importance to bed
and breakfast owners/operators, were identified.

Research Questions

The following research questions were used in the
study:

1. At what levels of government are regulations
enforced on bed and breakfasts in the State of Texas?
2. What regulations have the biggest impact on the opening and operating of a bed and breakfast in Texas?

3. What regulatory areas do bed and breakfast owners/operators believe should be standardized for the industry in Texas?

4. What areas of future research do bed and breakfast owners/operators consider most important to the industry?

5. What was the growth rate of bed and breakfast operations in Texas, over a six year period, from June 1987 through June 1993?

Significance of the Study

This descriptive study provides a delineation of the types of regulations involved in opening and operating bed and breakfasts in Texas. Answers were sought to questions such as the following: What levels of government regulate this segment of the lodging industry? What specific regulations have the most impact on the industry, and are they standardized? This information can assist current and potential owners and operators in their decision-making processes. In addition, this study highlights the significance of the bed and breakfast operation as a viable form of lodging in the hospitality industry.

This study was also intended to encourage further investigation of bed and breakfast regulations (and the standardization thereof) in the United States. This
research provides valuable information for the Texas Hotel and Motel Association, the Historic Hotel Association of Texas, and the Professional Association of Innkeepers International, as well as the State Travel and Tourism Office (Department of Commerce), the Texas Agricultural Extension Service, and local convention and visitors bureaus.

Limitations

The information obtained with regard to regulations and growth of the bed and breakfast industry in Texas was limited by the significantly small amount of literature currently available. Also, there are a limited amount of governmental regulatory bodies in the industry. The data obtained was also limited by the accuracy and truthfulness of answers given to questions through personal interviews and the telephone survey. Personal experiences of each survey respondent may have biased any answers (positively and/or negatively); as well as the fact that the survey respondents may have had varying levels of education.

Delimitations

The generalizability of this study was restricted by the regional aspect of bed and breakfast operators and regulations in the State of Texas in 1993.
Assumptions

For purposes of this study, it was assumed that the interview questions, as well as the survey questions, were answered truthfully, and that the regulatory information obtained was current.

Definitions

The following definitions are to help clarify any technical terminology used in the study:

Bed and Breakfast - A generic term encompassing a wide variety of accommodations, having anywhere from one to 100 guest rooms. Some kind of food service at breakfast time is provided as part of the price (Hillestad, 1989).

Occupancy rate - The number of rooms sold, divided by the number of rooms available, multiplied by 100 (Coltman, 1989).

Operator - An individual person primarily responsible for the day-to-day functions of the property.

Regulation - An authoritative rule or principle dealing with details of procedure (Webster, 1981).

Zone (Zoning) - A region or area set off or characterized as distinct from surrounding or adjoining parts; created for a particular purpose (Webster, 1981).
CHAPTER II

REVIEW OF LITERATURE

Introduction and Background

Limited research has been conducted in the area of bed and breakfasts, despite the fact that they have provided a viable lodging alternative for more than 100 years. Other bed and breakfast studies have been conducted throughout the country, at Michigan State University, the University of Georgia, Cornell University, as well as for the State of Massachusetts.

The first inns, which were not even houses, offered only minimal shelter and often amounted to only "a plot of ground near a spring, which sometimes was walled in, or had a rude fence surrounding it. . . . allotted as a camping ground for travellers" (Ludy, 1927, pp. 4-5). Ludy continued by stating that "while it would be the merest guesswork to set a time when the first inn was in being in the Ancient World, there is very good reason to believe that by the year 500 B.C. the inn was already a fixture in Greece" (p. 7). Technically, the inn dates back to the ruined City of Pompeii, and the first hostel with a morning meal service dates back to Europe in the Middle Ages (Ludy, 1927).
In Europe, the idea of bed and breakfasts began with homeowners and operators of small restaurants and inns in the countryside who opened a room or two to travelers. "Before sending off their overnight quests in the morning, the host or hostess served an ample breakfast" (Plawin, 1989, p. 71). In America, bed and breakfasts date back to the earliest days of colonial time, when it was the custom to open one’s home to travelers. Later, in the 1950s, country guest houses became a "popular alternative to the costly hotels in resort areas" (Rundback & Kramer, 1987, p. 1). To make up for the lack of hotel amenities, the guest house hosts provided comfortable bedrooms and lavish breakfasts at a reasonable price.

According to Notarius and Brewer (1992), a bed and breakfast is "a generic term for accommodations offered in private homes rather than commercial facilities such as hotels or motels" (p. 9). Because the industry does not have a standard definition of bed and breakfast, various classifications are found throughout the literature (including bed and breakfast home, bed and breakfast inn, bed and breakfast hotel, and country inn). "The term bed and breakfast can mean anything from attic bedroom to luxury suite. With such a diversity of accommodations grouped under the same umbrella, the common thread connecting all Bed and Breakfasts is personal attention" and hospitality
(Plawin, 1989, p. 72). See Appendix A for more categorical definitions of bed and breakfasts.

For years bed and breakfasts have offered the "coziness of down-home accommodations amid antiques and handcrafted furnishings" at rates that many travelers find more affordable than those of hotels (Barron, 1987, p. C1). In addition, bed and breakfasts have demonstrated growth and greater responsiveness to consumer interests, but in a more strategic manner (Lanier & Berman, 1993). Today's bed and breakfasts offer a greater proportion of private baths due to an overwhelming preference for privacy by American travelers (Lanier & Berman, 1993).

In a study of Michigan bed and breakfasts, Edward M. Mahoney (1988) found a need for bed and breakfast operators to identify a particular market segment rather than attempt to appeal to the typical bed and breakfast guest. Roha (1989) summed up this unique form of lodging by stating that bed and breakfasts "surround guests with an ambience akin to a theater performance in which the play is crafted by the personal touch and presence of the innkeeper" (p. 66).

According to a 1991 report by the Professional Association of Innkeepers International (PAII), bed and breakfast operators are predominantly between the ages of 40 and 55 years old, over three-fourths are college graduates, most own their own property, 75% operate bed and breakfasts with fewer than 10 guest rooms, and approximately 35% are
supplementing their income. Of those operators who have more than 10 guest rooms, run a restaurant, or have been in business more than 7 years, more than one-half make more than $50,000 annually. A financial survey conducted by PAII revealed that operators’ annual incomes varied according to the number of guest rooms (from a net loss of $8,051 to a net gain of $166,920), and occupancy rates for 1989 ranging from 35% to 60%.

Current Conditions and Trends

In the United States today, there are more than 20,000 bed and breakfasts (Notarius & Brewer, 1992). As posted in the Texas Hotel Occupancy Tax Accounts Report (second quarter 1993), there are over 450 bed and breakfasts in Texas. (This number is based upon personal interpretation of the listings.) Bed and breakfast sites are as varied as urban apartments and historic mansions, country farmhouses and remote mountain retreats, and modern suburban homes. Furnishings range from simple bedroom furniture to authentic Early American or Victorian antiques, and breakfast ranges from simple continental style to a full homemade meal (Dawson, 1988).

Lanier and Berman (1993) pointed out that most industry experts currently predict that bed and breakfasts will continue to become more integrated into the existing hospitality market, with more state tourism offices including Bed and Breakfast listings in their materials, more Bed and Breakfast associations organizing for
marketing and other purposes, greater regulation by local governments, and increased standardization of ratings by groups [such as the American Automobile Association (AAA)] and [the American Bed and Breakfast Association (ABBA)], as well as increasing cooperation among innkeepers and travel agents (p. 23).

Currently, the only bed and breakfast regulation at the state level in Texas is the hotel tax. Health regulations are initiated at the county level, while any other regulations (if in existence) are at the city and municipality level. Despite the need for recognition of, and regulations pertaining to, bed and breakfasts, some feel that the industry must resist formalization of such regulations and temper them with reasonableness (M. Hancock & D. Hansen, personal communication, October 14 and October 19, 1993), so as to provide entrepreneurs with a logical flow of procedures and reasonable chances for success.

Mark Hancock, proprietor of Miss Molly's Bed and Breakfast and a member of the Fort Worth Zoning Commission, suggested that there "should be regulations and restrictions within each jurisdiction to make sure that someone doesn't just come in and exploit the situation and put the public at risk. . . . [we] don't want to compete with someone cutting all the corners" (M. Hancock, personal communication, October 14, 1993). However, Hancock also feels that government offices and bureaucracy can make or break small businesses with regard to the application process. Don Hansen, executive vice president of the Texas Hotel and
Motel Association, recommended a uniform standard of accounts for bed and breakfasts. As noted by County Extension Agent Mary Sue Cole, of the Texas Agricultural Extension Service, however, the economic impact on smaller areas must be considered with regard to regulation of bed and breakfast operations (M. S. Cole, personal communication, October 5, 1993).

According to Hancock (personal communication, October 14, 1993), the most notable regulations in most areas are city zoning ordinances which determine where a bed and breakfast can be located, the maximum number of guest rooms it can have, whether or not it can be an inn or a homestay, what can be served (food and beverage), what can be sold (souvenirs), and what functions it can hold or provide (such as meetings, tea parties, weddings, etc.). Other regulations of significance that may or may not exist in cities concern signage, food service, parking, insurance, the Americans with Disabilities Act (ADA), and building and fire codes.

According to Hancock (personal communication, October 14, 1993), there are two motivations for some form of regulation: (a) the potential (sizable segment); cities must encourage entrepreneurs and bring the industry under a regulatory umbrella, to prevent businesses from operating undercover, and, as a result, (b) tax and association revenues would be lost (if people are not encouraged and
helped with the process of opening and operating the bed and breakfast).

A concept that is increasing in popularity is the "inn cluster," in which bed and breakfast operators purchase adjacent properties and convert them into bed and breakfasts. This allows them to provide more guest rooms and a greater variety of accommodations. Inn clusters often use a single area for food service in order to "maintain unity among the different structures and to maintain a sense of intimacy among guests" (Lanier & Berman, 1993, p. 18). According to Ron Callari (cited in Lanier & Berman, 1993), president of INNovations, a sales and marketing agency, more and more bed and breakfasts are converting their space to accommodate business travelers and groups. Inn consultant Bill Oates, of the firm Oates and Bredfeldt, described a shift among those interested in running bed and breakfasts toward younger persons who have a stronger interest in business and investment than in life-style (Lanier & Berman, 1993).

In recent years, more articles and guidebooks than ever before have been written with regard to bed and breakfasts. Only a handful, however, have been research-oriented or related to specific geographic markets. Methods used in searching for studies of the bed and breakfast industry included review of trade journals, business periodicals, books, various research journals, dissertation abstracts,
personal and telephone interviews, and inquiries of various associations and organizations. The lack of definitive research regarding bed and breakfasts and their operators leaves a need for more information about this growing segment of the hospitality industry.
CHAPTER III

METHODS

The purpose of this study was two-fold: (a) the identification of the most significant informational aspects (both existent and non-existent) of the bed and breakfast segment of the lodging industry, and (b) determination of what regulations are, and should be, involved in opening and operating bed and breakfasts.

Design

In order to identify the regulations involved in opening and operating bed and breakfasts in Texas, and other significant informational aspects of this lodging segment, a descriptive, survey research type of study was conducted. A telephone questionnaire was administered to a random sample of bed and breakfast owners/operators in the State of Texas. An initial introductory letter was mailed to each participant prior to conducting the telephone survey.

A telephone survey, rather than a mail survey, was used for various reasons. The process of administering the survey was more controllable, there was a more immediate response (faster turnaround), there was a greater ability to capture in-depth responses to questions, and a higher
response rate was obtained than might have otherwise been possible.

Sample

The population for this research included the 472 bed and breakfast owners/operators listed in the Texas Hotel Occupancy Tax Accounts Report, second quarter, 1993 (Texas Comptroller of Public Accounts, 1993), as interpreted for this study. This particular population was chosen because it contained the largest, most comprehensive list of bed and breakfast operators in Texas. Approximately eighteen hours of research were spent interpreting the listings in the Hotel Occupancy Tax Reports and subsequently finding the appropriate telephone numbers for use during the telephone survey (as the report listings had only names and addresses).

A convenience sample of 236 (50 percent) of the population was randomly chosen, using a random numbers table (Churchill, 1988). Of the 236 randomly chosen bed and breakfasts, 204 had working telephone numbers. The telephone numbers were obtained by use of various city and county telephone books and directories from all over Texas, as well as operator and directory assistance over the telephone.
Instrument

A questionnaire (see Appendix B) to assess the areas of concern covered in the research questions in Chapter I was developed. The questionnaire contained both closed-ended and open-ended questions, with nominal, interval, and ratio levels of measurement. The survey took approximately twelve minutes, per sample member, to complete (with the exception of those respondents who chose to elaborate).

The telephone questionnaire was composed of two sections. The first section of the instrument included questions pertaining to the bed and breakfast owner/operator and the actual bed and breakfast operations, such as number of guest rooms, average daily room rate, and number of years the owner/operator had been in the business. The second section of the instrument included questions pertaining to bed and breakfast regulations and other information pertaining to the industry, such as which regulations had an impact on the opening/operating of the bed and breakfast, how often their operation was visited by a regulatory body, and what further studies bed and breakfast owners/operators feel are necessary for the industry.

Procedures

An initial letter of introduction stating the purpose of the study, confidentiality of participation, and the respondent's permission to participate, was sent to the
defined sample (see Appendix C). The letter of introduction included a statement of intent to contact the recipients by telephone approximately one week later to conduct the telephone survey (or to determine a time that was mutually convenient) if they chose to participate. It was expected that the general enthusiasm and pride of the bed and breakfast owners/operators would motivate them to participate in the research study.

As suggested by Tuckman (1978), to determine clarity, reliability, and validity, the instrument was pretested using a group of six respondents who were a part of the intended population, but who were not a part of the sample. Based on suggestions and input by the pretest participants, the instrument was revised and used with the chosen sample in a telephone survey format. The surveys were completed by the beginning of April, 1994. The data were coded and analyzed by the end of April, 1994.

For reasons of time and consistency of survey application, a professional research company (Moore Diversified Services, Inc. - MDS) in Fort Worth, Texas was hired to perform the telephone survey. Prior to selecting MDS, four research companies were investigated. MDS was chosen because they were professional, straightforward, and had twenty-two years of experience, with no Better Business Bureau complaints (see copy of the contract in Appendix D).
During the initial implementation meeting held at the MDS office, 210 copies of the questionnaire, with a list of the survey sample, were given to the MDS staff. Weekly meetings (as well as telephone conversations) were scheduled during the three weeks of data collection to discuss the research progress and exchange the completed questionnaires.

Data Analysis

After completion of data collection, the instrument was coded and the data were entered into a computer (by the Computing Center staff at the University of North Texas). Data collected in this research were analyzed by computer, using the Statistical Package for the Social Sciences (SPSS-PC+). From these data, statistical tests were conducted to determine frequencies, means, correlations, and any levels of significance.
CHAPTER IV

RESULTS

Introduction

This study was conducted to determine the regulations involved in opening and operating a bed and breakfast in the State of Texas. Specifically, this study examined bed and breakfast regulations in Texas in order to identify the existence of, or need for, standards related to various legislation. Pertaining to the above mentioned objectives, a telephone survey was developed to help answer specific research questions. Frequency counts and percentages, as well as descriptive statistics such as means, standard deviations, and minimum and maximum values were used to provide a frame of reference for the data analysis, and to provide an overview of the aggregate information derived from the sample. The data were also used in conjunction with an analysis of responses to the open-ended questions in the survey, to answer the research questions. The Statistical Package for the Social Sciences (SPSS/PC+) was used to analyze the data collected from the closed-ended questions of the telephone survey.

Characteristics of the Sample

The sample for this study was taken from the listing of
lodging properties in the Texas Hotel Occupancy Tax Accounts Report (second quarter, 1993). Usable responses for this research totalled 106 (52 percent of the sample). As shown in Table 1, just under half (46.2 percent) of the bed and breakfasts were owned/operated by females only, just over one-eighth (13.2 percent) by males only, and more than one-third (40.6 percent) are dually owned/operated (male/female couple). More than half (57.3 percent) of the bed and breakfast owners/operators were 55 years of age or older.

Table 1
Bed and Breakfast Owner/Operator Characteristics

\[ N = 106 \]

<table>
<thead>
<tr>
<th>Demographic</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male only</td>
<td>14</td>
<td>13.2</td>
</tr>
<tr>
<td>Female only</td>
<td>49</td>
<td>46.2</td>
</tr>
<tr>
<td>Couples</td>
<td>43</td>
<td>40.6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>under 35</td>
<td>8</td>
<td>7.8</td>
</tr>
<tr>
<td>35 to 44</td>
<td>17</td>
<td>16.5</td>
</tr>
<tr>
<td>45 to 54</td>
<td>19</td>
<td>18.4</td>
</tr>
<tr>
<td>55 and over</td>
<td>59</td>
<td>57.3</td>
</tr>
</tbody>
</table>

*three respondents chose not to report their age.
Statistical Analysis

As illustrated in Table 2, means, standard deviations, and minimum and maximum values were computed for appropriate variables (including number of guest rooms, number of employees that are family and non-family members, the average daily room rate in dollars, the average occupancy rate in percents, and the number of years the owner/operator had been in the business).

Table 2
Aggregate Mean Variable Computations

<table>
<thead>
<tr>
<th>Variable</th>
<th>M</th>
<th>SD</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of guest rooms</td>
<td>4.00</td>
<td>3.60</td>
<td>1</td>
<td>25</td>
</tr>
<tr>
<td>Family member employees</td>
<td>1.70</td>
<td>.79</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Non-family employees</td>
<td>.83</td>
<td>2.14</td>
<td>0</td>
<td>20</td>
</tr>
<tr>
<td>Average daily room rate</td>
<td>72.40</td>
<td>19.49</td>
<td>25</td>
<td>135</td>
</tr>
<tr>
<td>Occupancy percentage</td>
<td>67.59</td>
<td>18.13</td>
<td>20</td>
<td>100</td>
</tr>
<tr>
<td>Number of years in business</td>
<td>4.05</td>
<td>3.48</td>
<td>1</td>
<td>21</td>
</tr>
</tbody>
</table>

*one respondent chose not to report the average daily rate.

26 respondents did not have an occupancy figure to report and/or chose not to report the information.

A wide range of responses to the number of guest rooms existed, with just over three-fourths (75.5 percent) of the bed and breakfasts having four or fewer guest rooms, and only 10.4 percent having six or more guest rooms; resulting
The mean non-family member employees score of .83 was reflective of the fact that over three-fourths (80.2 percent) of the bed and breakfasts had zero or one non-family members as employees, with 99.1 percent having four or fewer non-family members as employees.

The mean number of years the bed and breakfast owner/operator had been in the business was 4.05, despite the high of 21 years. Just under half (47.2) had been in the business for two or fewer years.

Table 3 reflects the number of respondents who were aware of specific regulations regarding the opening and operating of bed and breakfasts in Texas at the state, county, and city levels of government. Over half (60.4 percent) of the respondents were aware of regulations at the state level, with 65.6 percent of those responses being hotel tax related. Only 20.8 percent of the respondents were aware of regulations at the county level, and just over one-third (36.8 percent) of the respondents were aware of regulations at the city level.
Table 3  
**Awareness of Regulations at Various Levels of Government**  

<table>
<thead>
<tr>
<th>Level of Government</th>
<th>Aware #</th>
<th>%</th>
<th>Not Aware #</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regulations at state level</td>
<td>64</td>
<td>60.4</td>
<td>42</td>
<td>39.6</td>
</tr>
<tr>
<td>Regulations at county level</td>
<td>22</td>
<td>20.8</td>
<td>84</td>
<td>79.2</td>
</tr>
<tr>
<td>Regulations at city level</td>
<td>39</td>
<td>36.8</td>
<td>67</td>
<td>63.2</td>
</tr>
</tbody>
</table>

Two regulations in particular had the biggest impact on the opening and operation of a bed and breakfast in Texas. Over one-half of the respondents indicated that building and fire codes, as well as insurance requirements had the most impact, with 66.0 percent and 80.2 percent respectively. Ranked responses regarding the impact of various regulations on opening and operating bed and breakfasts in Texas are given in Table 4.

Table 4  
**Impact of Regulations on Bed and Breakfasts**  

<table>
<thead>
<tr>
<th>Regulation</th>
<th>Impact #</th>
<th>%</th>
<th>No Impact #</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance requirements</td>
<td>85</td>
<td>80.2</td>
<td>21</td>
<td>19.8</td>
</tr>
<tr>
<td>Building &amp; Fire codes</td>
<td>70</td>
<td>66.0</td>
<td>36</td>
<td>34.0</td>
</tr>
</tbody>
</table>

(Table continues)
Various regulatory areas affect the bed and breakfast industry. Table 5 describes what regulatory areas bed and breakfast owners/operators think should, or should not, be standardized for the industry in Texas (either regardless of location or for a specific geographic area). Of the eight areas of regulation listed, more than half (mean of 64.6 percent) of the respondents did not want any form of standardization for six of the regulations. The only two regulatory areas that more than half of the respondents wanted some form of standardization were building and fire codes (70.8 percent) and insurance requirements (53.7 percent).
Table 5
Standardization of Bed and Breakfast Regulations

<table>
<thead>
<tr>
<th>Regulation</th>
<th>Response&lt;sup&gt;a&lt;/sup&gt;</th>
<th>Response&lt;sup&gt;b&lt;/sup&gt;</th>
<th>Response&lt;sup&gt;c&lt;/sup&gt;</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>#</td>
<td>%</td>
<td>#</td>
</tr>
<tr>
<td>Americans w/ Disabilities Act</td>
<td>12</td>
<td>11.3</td>
<td>8</td>
</tr>
<tr>
<td>Building &amp; Fire codes</td>
<td>48</td>
<td>45.3</td>
<td>27</td>
</tr>
<tr>
<td>Food service regulations</td>
<td>28</td>
<td>26.4</td>
<td>12</td>
</tr>
<tr>
<td>Insurance requirements</td>
<td>47</td>
<td>44.3</td>
<td>10</td>
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<tr>
<td>Parking restrictions</td>
<td>6</td>
<td>5.7</td>
<td>22</td>
</tr>
<tr>
<td>Signage</td>
<td>13</td>
<td>12.3</td>
<td>35</td>
</tr>
<tr>
<td>Water &amp; Sewage disposal rules</td>
<td>19</td>
<td>17.9</td>
<td>24</td>
</tr>
<tr>
<td>Zoning ordinances</td>
<td>9</td>
<td>8.5</td>
<td>37</td>
</tr>
</tbody>
</table>

Note. Listing is in alphabetical order by regulation.

<sup>a</sup>Number of subjects whose responses were that regulations should be standardized regardless of location.

<sup>b</sup>Number of subjects whose responses were that regulations should be standardized for a specific geographic area.

<sup>c</sup>Number of subjects whose responses were that regulations should not be standardized.

From the respondents of the survey, more than thirty different answers were given when asked what types of research studies and general information was necessary and important for the bed and breakfast industry. Of those answers, two were continually given by just under three-fourths (73.6 percent) of the respondents. The two most frequently given responses were, (1) insurance related
matters, and (2) aspects of effective promotion and advertising. Additionally, two responses were given by just over half (52.8 percent) of the respondents. Those two responses were, (1) geographic feasibility studies, and (2) issues regarding taxes. Other issues mentioned were, a bed and breakfast rating and classification system, educating the public on what a bed and breakfast is, regulation guidebooks, and liability matters. These and a number of other responses were given by less than half of the respondents.

There was a tremendous growth rate in the number of bed and breakfast operations in Texas from June 1987 through June 1993 (as interpreted from the listing in the Texas Hotel Occupancy Tax Accounts Report for each of the two time periods). There were 210 bed and breakfasts in Texas in June of 1987 and 472 bed and breakfasts in Texas in June of 1993. These numbers represented a 124.8 percent growth rate during the six year period of time (which was an average of 20.8 percent growth per year, or the equivalent of 44 bed and breakfasts per year).
CHAPTER V

SUMMARY AND RECOMMENDATIONS

Summary

Bed and breakfasts originated in Europe hundreds of years ago, but in the United States the idea did not catch on until the early 1980s. Over the last ten years, the number of new bed and breakfast operations opening in the United States rose from approximately 1,000 to almost 20,000. With this growth came increased recognition of the bed and breakfast as a viable lodging alternative to the hotel and motel. The State of Texas alone had approximately 500 bed and breakfasts (with more than half of them having opened in the last six years). Bed and breakfast entrepreneurs are challenged by the government and the public to provide consumers with a quality lodging operation.

This study was conducted to determine what regulations are, and should be, involved in opening and operating a bed and breakfast in the State of Texas. Specifically, this study examined bed and breakfast regulations in Texas to identify the existence of, or need for, standards related to various legislation (including, but not limited to, zoning ordinances, building and fire codes, and insurance requirements).
A two-part questionnaire was developed and utilized in a telephone survey to collect the data for this study. Part One of the questionnaire included seven closed-ended questions pertaining to the bed and breakfast owner/operator and the actual bed and breakfast facility (such as the number of guest rooms, the average daily room rate, and the number of years the owner/operator had been in the business). Part Two of the questionnaire included three closed-ended and three open-ended questions pertaining to bed and breakfast regulations and other information related to the industry (such as which regulations had an impact on the opening/operating of the bed and breakfast, how often the operation was visited by a regulatory body, and what further research studies bed and breakfast owners/operators feel are necessary for the industry).

The sample for this research was randomly chosen from among a population of 472 bed and breakfasts listed in the Texas Hotel Occupancy Tax Accounts Report (second quarter, 1993) as interpreted for this study. This list represents all those bed and breakfast owners/operators who individually filed their taxes with the State of Texas (as opposed to using a bed and breakfast reservation service to file). From this population, 236 (50 percent) were randomly chosen for the sample (of which, 204 working phone numbers were obtained for use as the sample). A total of 106 usable responses (52 percent) were obtained for analysis. The data
obtained from the closed-ended questions were analyzed using frequency counts and percentages, as well as means, standard deviations, and minimum and maximum values. An analysis of answers to the open-ended questions was also performed, with frequencies and percentages calculated as well.

Just under half (46.2 percent) of the bed and breakfasts were owned/operated by females only, while very few (13.2 percent) were owned/operated by males only, and more than one-third (40.6 percent) were dually owned/operated (male/female couple). More than half (57.3 percent) of the bed and breakfast owners/operators were 55 years of age or older.

The findings obtained from the research and analysis of data answered the research questions in Chapter I. It was evident from the information provided by the survey respondents, that regulations are currently in effect at the state, county, and city levels of government; with taxes having been the most prevalent at the state level, fire codes at the county level, and zoning and taxes at the city level. The two regulations that had the greatest impact on the opening and operation of a bed and breakfast in Texas were insurance requirements (80.2 percent response) and building and fire codes (66.0 percent response). The next highest response was zoning ordinances (at 34.0 percent).

The four most significant regulatory areas that bed and breakfast owners/operators thought should be standardized
for the industry in Texas were, regardless of location, (a) building and fire codes (45.3 percent) and (b) insurance requirements (44.3 percent), and, for a specific geographic area, (c) zoning ordinances (34.9 percent) and (d) signage (33.0 percent). However, many owners/operators indicated that they would prefer no standardization of regulations.

The areas of future research that bed and breakfast owners/operators considered most important were insurance related matters and various aspects of effective promotion and advertising. Also, geographic feasibility studies and issues regarding taxes were often mentioned.

The final research question involved the growth rate of bed and breakfast operations in Texas over a six year period (from June 1987 through June 1993). The research determined that there were 210 bed and breakfast operations in June of 1987, and there were 472 bed and breakfast operations in June of 1993. These numbers indicated a 124.8 percent growth rate during that period of time, which is an average of 44 new bed and breakfast operations per year.

Conclusions and Recommendations

Bed and breakfasts are a very unique and individualized business concept that have gained great popularity and recognition over the last decade. Each bed and breakfast owner/operator is as unique as the operation they run. The subjects who participated in this study represented bed and
breakfast owners/operators from all over the State of Texas. Therefore, the results of this study are only generalizable to bed and breakfast owners/operators in Texas.

The fear of many bed and breakfast owners/operators with regard to regulations and standardization thereof, is that it will remove the individuality from the bed and breakfast concept; they believe that the creativity would be lost. A number of owners/operators also mentioned that the marketplace and/or consumer regulates the bed and breakfasts, and if the bed and breakfast is not a quality facility, the guests will not come back and the operation will not survive. One bed and breakfast owner/operator went so far as to say that if the government starts regulating bed and breakfasts, he/she will close their bed and breakfast facility. The fact is that regulations currently exist, but the details are unknown by most bed and breakfast owners/operators.

An understanding from both sides (the bed and breakfast owners/operators and the Texas governmental agencies) needs to be obtained. Results of this study indicate that the bed and breakfast owners/operators are not sure about governmental expectations when opening and operating a bed and breakfast facility. Governmental agencies such as the Department of Commerce, and the Division of Housing and Urban Development, do not necessarily understand the bed and breakfast lodging concept. Both sides need to become more
informed with regard to each other's wants, needs, and expectations.

Bed and breakfast owners/operators should understand that the regulations and issues brought up in this study are not intended to devalue their facilities or do away with the individuality of each property. Standardization of regulations appeared to have negative connotations with many of the owners/operators. The owners/operators seem to have related standardization to the physical facility and its appearance rather than as a guideline for basic business functions and operating fundamentals.

The various levels of government must understand more about the bed and breakfast industry before implementing permanent regulations, restrictions, or standards. Results of this study indicated that many of the bed and breakfast owners/operators were interested in knowing more about insurance, tax, and zoning issues. The state governmental regulatory agencies have a unique opportunity to develop basic regulations for the bed and breakfast industry in Texas, so that the bed and breakfast owners/operators can, in turn, develop their own standards for the industry.

Specific recommendations as a result of this study are:

1. to expand this research, to include a more in-depth look at the regionalized impact of bed and breakfast regulations in the State of Texas and to
determine the types of standards the industry has for future bed and breakfast operations.

2. to encourage additional assistance and involvement from the Small Business Administration and other industry related associations, for current and future bed and breakfast operators (so that the serious entrepreneurs could have a more effective and stream-lined bed and breakfast business plan).

3. to encourage collaboration by bed and breakfast owners/operators in an effort to educate and inform the various state governmental regulatory agencies that have an impact on the industry.

4. to conduct a study regarding other states’ bed and breakfast regulations and standards, in order to make correlations, suggestions, and improvements to the regulatory systems in the State of Texas.

An accurate and realistic guidebook of common regulations and standards for the bed and breakfast industry in Texas, as well as in-depth, comprehensive seminars, would be a beneficial tool for current and future bed and breakfast owners/operators. This could alleviate the bed and breakfast owner/operator "want-to-be’s" from hastily entering the business and over-saturating the market (as has happened in Fredericksburg, Texas, where there are so many bed and breakfasts that the market is saturated, and the bed
and breakfast owners/operators are unable to really make any money).

Consumers should be able to have basic expectations that they know must be met, regardless of which bed and breakfast they patronize in Texas; basic standards and regulations (such as food safety and fire codes) are a feasible means to this end.
APPENDIX A

CATEGORIES OF BED AND BREAKFASTS

36
Categories of Bed and Breakasts

According to Hillestad (1989), the following are distinct categories of bed and breakfasts:

A *boarding house* or *bed and board* is not a bed and breakfast. People staying in a boarding house do so for a long period and consider it their permanent address, whereas a bed and breakfast provides only temporary lodging.

A *guesthouse* is an entire house, cabin, or possibly a condominium for rent; it is most often not considered a bed and breakfast.

A *homestay establishment* normally is a bed and breakfast. It is primarily a private home where the owner rents out one to four or five spare bedrooms.

A *B & B inn* is a structure devoted principally to the care and comfort of overnight guests. The owners may or may not live there. Typically, such inns have four to 25 rooms. The innkeepers run the establishments as a full-fledged business.

A *country inn* is much like a bed and breakfast inn, except that the country inn is usually located in rural areas with fewer places to eat nearby.

*Boutique B & B* may be developing as a new term. It refers to a bed and breakfast inn or country inn so superior in attractions, accoutrements and amenities as to deserve a category of its own.
Lodges are often country inns located in a wilderness area. It cannot be a bed and breakfast if it does not include breakfast in the room price.

Dude ranches are not usually thought of as bed and breakfasts, even though a meal may be included.

Historic hotels are full-service bed and breakfasts with some or all of such extras as bars, restaurants, shops, room service, bellhops, concierge, valets, etc. Not all historic hotels are bed and breakfasts.

Hostels are not bed and breakfasts even if breakfast is included. They provide dormitory-style living.

Hillestad (1989) also stated that each category has its own advantages and disadvantages, as well as its own charm. A particular bed and breakfast may even overlap into two or more categories. There is no right or wrong category.
APPENDIX B

QUESTIONNAIRE
Hello, this is __________, with Moore Diversified Services, Inc., calling on behalf of Michael Cohen, graduate student at the University of North Texas, who sent you a letter approximately one week ago regarding the bed and breakfast research he is conducting. Do I have your consent to participate? Is this a convenient time for you to spend approximately ten minutes on the telephone with me? I would like to reiterate the confidentiality of your participation, as the data will be used as an aggregate, with no mention of names and/or locations. I would also like to reiterate that you can discontinue your participation at any time during this interview.

Part One: Please respond to the following questions concerning you and your property.

1. How many guest rooms does your property have?

(4-5) __________ guest rooms

2. How many of your employees are:

(6-7) family members? __________

(8-9) non-family members? __________
3. What is the average daily room rate at your property?

(10-12) $__________

4. What is the average occupancy rate at your property during:

(13-15) High season? __________%

(16-18) Low season? __________%

5. What type of breakfast is served?

1. Continental (coffee, juice, bread)

2. Full (cooked)

5a. If Full (cooked), is the kitchen on property classified as a commercial kitchen?

(20) 1. Yes 2. No
6. How many years have you (owner/operator) been in the bed and breakfast business?

(21-22) ___________ years

7. Is your property in a historically designated area?

(23) 1. Yes   2. No

7a. If Yes, are there any particular problems and/or challenges that you have had with regard to this designation while opening or operating your property?
Part Two: Please respond to the following questions concerning regulations and other industry information.

1. What specific regulations are you aware of, with regard to opening and operating bed and breakfasts in Texas:
   a. at the state level?
   b. at the county level?
   c. at the city/municipality level?

2. Did any of the following have an impact on the opening and operating of your bed and breakfast? (circle all that apply)
   1. Americans with Disabilities Act
   2. Building & Fire Codes
   3. Food Service Regulations
   4. Insurance Requirements
   5. Parking Restrictions
   6. Signage
   7. Water and Sewage Disposal Rules
   8. Zoning Ordinances
   9. Other ___________________________
3. Should the following areas of regulation be standardized for the bed and breakfast industry in Texas: (circle all that apply)

a. regardless of location?

b. for a specific geographic area?

(36) Americans with Disabilities Act
1. a. 
2. b. 

(37) Building and Fire Codes
1. a. 
2. b. 

(38) Food Service Regulations
1. a. 
2. b. 

(39) Insurance Requirements
1. a. 

(40) Parking Restrictions
1. a. 
2. b. 

(41) Signage
1. a. 
2. b. 

(42) Water and Sewage Disposal Rules
1. a. 
2. b. 

(43) Zoning Ordinances
1. a. 

(44) 9. Other ________________________________
4. How often is your operation visited by a regulatory body?

1. quarterly
2. twice a year
3. once a year
4. every two years
5. never

5. What other types of research studies do you feel are necessary and important to the bed and breakfast industry?

6. In your opinion, what type of information relating to any aspect of the industry is lacking for bed and breakfast operators?
Additional Information

1. Would you like a copy of the results of this study?

(46) 1. Yes 2. No

(47) 2. Which of the following age groups do you fall into?

1. under 35
2. 35 to 44
3. 45 to 54
4. 55 and over

3. Gender of the owner/operator:

(48-49) 1. Male 2. Female
APPENDIX C

LETTER OF INTRODUCTION
February 18, 1994

Bed & Breakfast Owner/Operator
1234 Historical Road
Anywhere, TX  77777

Dear Bed & Breakfast owner/operator,

I am Michael Cohen, a graduate student at the University of North Texas, studying for a Master of Science degree in Hotel and Restaurant Management. Currently, I am working on a thesis entitled Regulations Involved in Opening and Operating Bed and Breakfasts in the State of Texas.

You were chosen to participate in this study by means of a random sample of bed and breakfast operations listed in the Texas Hotel Occupancy Tax Accounts Report (second quarter, 1993). Your participation is completely voluntary and will be held in strict confidentiality, with resulting data reported as an aggregate, with no reference to names and locations. The results of this study will have an impact on the Professional Association of Innkeepers International, the State Travel and Tourism Office, as well as current and future bed and breakfast owners and operators in areas related to regulations involved in the industry.

Your participation in this study adds credibility and value to the study. As the population for this study is relatively small, your participation is a very important part of the resulting data and analysis. If you desire, results of this study can be sent to you upon completion.

The telephone survey should take approximately ten minutes to complete. A professional researcher from Moore Diversified Services, Inc. will call you within the next two weeks to obtain your consent to participate and to conduct the survey, or set up a time that is mutually convenient. I invite you to contact my thesis advisor, Dr. Johnny Sue Reynolds, Assistant Professor of Hotel and Restaurant Management at the University of North Texas, at 817-565-2436 if you should have any questions about this study.

Thank you in advance for your participation and I look forward to speaking with you soon.

Sincerely,

Michael Cohen
APPENDIX D

RESEARCH CONTRACT
February 10, 1994

Mr. Michael Cohen
248 Southwest Parkway - #808
Lewisville, TX  75067

Dear Mr. Cohen:

I appreciated the opportunity to speak with you today regarding a survey of Texas bed and breakfast operators. Based on our conversation, I understand the following:

1. You are interested in conducting a telephone survey of bed and breakfast operators in Texas.

2. You will be designing a survey instrument consisting of approximately 14 questions -- 10 close-ended questions and four open-ended questions. You anticipate that the survey will run 10 to 15 minutes in length.

3. You will be providing the names and phone numbers of the sampling of 200 to 250 prospects to be interviewed. In advance of the survey, you will be sending a letter informing prospects of the survey and encouraging their participation.

4. Upon completion of the surveys, the completed questionnaires will be returned to you for data processing and analysis.

It is with this understanding that we have proposed the work scope contained herein.

Scope of Work to be Conducted by MDS

Based on our conversation, it is my understanding that MDS’ role in your project is solely interviewing. We will use a survey instrument provided by you.

MDS will make three attempts to contact each name on the list of names that you will be providing. Every effort will be made to schedule interviews at the convenience of the prospect and to conduct an interview with as many of the prospects as possible.
We will be using MDS’ professionally trained interviewers with experience in surveying professionals and business executives -- in order to maximize our completion rate with this sample.

Project Schedule

MDS will require approximately two weeks to complete the work scope described above.

Project Cost

Following is the firm-fixed cost for two different options that you asked me to consider:

<table>
<thead>
<tr>
<th>Option</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Option I -- 200 Prospect Names</td>
<td>$1,050</td>
</tr>
<tr>
<td>Option II -- 250 Prospect Names</td>
<td>1,300</td>
</tr>
</tbody>
</table>

The only cost that would not be covered by this fee would be long distance charges. This cost would be billed to you at direct cost -- with no markup.

Progress Payment Schedule -- In order to be able to cover our costs on a timely basis, MDS will request the following progress payments:

<table>
<thead>
<tr>
<th></th>
<th>Option I</th>
<th>Option II</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Initiation Fee (Due upon project authorization)</td>
<td>50% $525</td>
<td>50% $650</td>
</tr>
<tr>
<td>Project Complete -- All Completed Surveys Delivered to the Client</td>
<td>50% $525</td>
<td>50% $650</td>
</tr>
<tr>
<td>TOTAL PROJECT COST</td>
<td>$1,050</td>
<td>$1,300</td>
</tr>
</tbody>
</table>

If you are in concurrence with this Memorandum of Understanding and wish to authorize this engagement, please sign and date one copy, indicating your preference of options, and return to the MDS office with a check for the project initiation fee.

Thank you for the opportunity to submit a proposal for this engagement and we look forward to the opportunity of working with you.

Approved by: Lynne Moore

Date: 2-7-94
BIBLIOGRAPHY


