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Date: 5/23/2019 8:29:31 AM
Subject: Interim Hotel Development Policy

Good morning Mayor and Council,

In response to a recent question regarding the above-referenced policy, Planning staff have provided the following background information for your reference.

I hope this information is useful.

Best,
Paul

Background

The *Metro Core Jobs and Economy Land Use Plan (Metro Core Plan)*, adopted by Council in 2007, directed staff to provide opportunities for new hotels to locate close to and within the CBD and along Broadway and to report back with a hotel conversion policy. The Plan also resulted in zoning changes in the Central Business District (CBD) and CBD shoulder areas that resulted in significant increases in commercial development and the development of some new hotels.

Although the economy related to tourism and conferences has continued to grow, the number of hotel rooms in the city has declined by 1,105 rooms over the past decade. A further 1,674 hotel rooms are at risk in the short and medium term for redevelopment, primarily to residential. This will constrain job growth in the tourism industry and put further pressure on the use of residential homes for short term rentals. Tourism Vancouver is projecting the city will lose our competitive edge when competing for conferences due to challenges securing hotel room blocks at a price comparable to other major centres.

Over the past few years, illegal short-term rental (STR) of residences in the downtown and adjacent neighbourhoods have met some of the increased demand for tourist accommodation. While staff acknowledges the benefit STRs provide to the tourism industry, in the face of an affordability crisis and record low vacancy rates, the City had to prioritize housing to people who want to live and work in Vancouver. In 2017 Council introduced new regulations on short-term rentals to minimize the loss of rental housing to STR use by limiting STRs to those associated with principal residences. By increasing the supply of hotel rooms, staff are hopeful that this will not only help to expand and support the tourism economy, but will also reduce the STR use of residential apartments by tourists.

Interim Hotel Development Policy

The *Interim Hotel Development Policy*, approved by Council at Public Hearing on July 31, 2018, was put in place to flag these issues related to loss of hotel rooms in the city. In summary, the policy is proposed to:

- Reaffirm the importance of hotels and related meeting facilities to the city's economy, especially in the downtown and emerging office areas.
- Be used in the evaluation of enquiries and applications for the development of new hotels, the expansion of hotels and the demolition of existing hotels.

- Moderate the loss of hotel rooms and encourage new hotels while limiting impacts to existing housing. This includes the introduction of a hotel conversion policy to minimize the loss of rental housing stock and of hotel rooms.
- Inform community planning such as the Broadway Plan and other City-wide planning initiatives.
- Aim to produce no net loss in the city's hotel room stock until new targets are brought forward to Council for consideration.
- Retain hotel uses in the downtown by including hotel as a conditional use in the Downtown Official Development Plan (DODP) Areas 'L1' and 'N'.

It should be noted that the *Interim Hotel Development Policy* does not provide incentives for the development of hotels, nor is it an enabling policy for rezoning.

The link the Council report is below:

<https://council.vancouver.ca/20180710/documents/p2.pdf>

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The City of Vancouver acknowledges that it is situated on the unceded traditional territories of the Musqueam, Squamish, and Tsleil-Waututh peoples.