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To: "Direct to Mayor and Council -

Date: 4/8/2025 6:15:43 PM

Subject: Council Prep Package: Hotel Policy Updates (PDS) (April 15, 2025)

Mayor & Council,

In preparation for the proposed changes to the City's hotel policy coming to Council for consideration on April 15, and the release of a Destination Vancouver [report](#) from the Hotel Development Task Force, staff have prepared a brief package with key messages, key facts and relevant Q&As that may be helpful to you in media interviews or conversations with stakeholders and constituents. The Council agenda will be live tomorrow, but we wanted to share this information with you now, given DVan's report is being circulated.

Item in brief

- On the morning of Tuesday, April 9, Destination Vancouver will issue a news release (attached) announcing a [report](#) from the Vancouver Hotel Development Task Force, which outlines recommendations for how the City can help increase hotel supply.
- City staff worked closely with Destination Vancouver as members of the task force, which helped shape both the task force report and the upcoming recommendations to Council.
- On April 15, staff will present a report to Council outlining proposed changes to the City's hotel policy, aimed at incentivizing the development of new hotels to meet future demand.

Communications approach in brief

Given the timing of Destination Vancouver's report and the City's upcoming Council report, staff are coordinating closely with Destination Vancouver to ensure both organizations' public messaging highlights collaboration.

As part of this coordination, Destination Vancouver have included a quote from Mayor Sim in their April 9 news release. Likewise, should Council approve the proposed hotel policy changes on April 15, the City will issue a news release that includes a quote from Destination Vancouver.

Key messages

- The City is grateful to Destination Vancouver for their leadership in developing the recommendation report and for their role convening the Vancouver Hotel Development Task Force. Destination Vancouver's recommendations were important in the development of draft updates to the City's Hotel Policy, which City Staff will be presenting to City Council later this month.
- Proposed changes to Hotel Policy aim to encourage the development of more hotels and a broader range of property types to support Vancouver as a top tier destination for tourists and major events.
- In developing the updated Hotel Policy, City Staff worked with industry, including Destination Vancouver and the BC Hotel Association, through the Vancouver Hotel Development Task Force to shape proposed updates aimed at incentivizing new hotel developments.

Key Facts

- The updated Hotel Policy includes significant measures to encourage new hotel developments, including:
 - Incentivizing hotel development in the Downtown Core by temporarily relaxing restrictions on mixed hotel-residential developments in the Central Business District.
 - Unlocking opportunities for hotel development in the Broadway corridor by relaxing minimum site size requirements for narrow sites in some areas. This builds on Broadway Plan updates approved in 2024, which allowed additional height and density for hotel developments.

- Allowing additional density for hotel developments on commercial high streets across Vancouver.
- Establishing a policy to allow more rooms in existing hotels that might otherwise not be financially viable, on a case-by-case basis.
- Tourism is one of the key sectors that drive Vancouver's economy, and the availability of hotel rooms is critical to attracting major events and visitors to the region. Conferences, cruise ships, concerts and major sporting events all require host cities to have a healthy hotel supply that can accommodate visitors.
- Major events significantly boost the local economy. For instance, Taylor Swift's three concerts in Vancouver saw 150,000 fans attending with an estimated 80,000 rooms booked across the region, generating an estimated \$157 million in economic impact and the 2024 Grey Cup brought in 30,000 out-of-province attendees and \$125 million in economic benefits.
- Metro Vancouver has seen a decline in hotel supply. If hotel development does not keep up with demand, the regional economy could forgo up to \$30.6 B in economic output by 2050.
- There are approximately 13,000 hotel rooms spread across 78 hotels in the City of Vancouver.
- According to the analysis by Destination Vancouver, the region requires approximately 20,000 new hotel rooms to close the hotel gap, half of which should be in Vancouver.
- With the resurgence of the tourism industry and the growing need for hotel rooms, there is renewed interest in the development of new hotels. As of the first quarter of 2025, the City has approximately 4,200 rooms in the hotel development pipeline across 22 projects. This does not include enquiries submitted by developers interested in building hotels.
- The proposed updates represent the first steps in closing the hotel supply gap. City Council also directed staff to continue working with the Vancouver Hotel Development Task Force to explore other opportunities to support a diversity of hotel development.

Questions & Answers

What makes hotel developments so difficult?

Hotel projects require significant upfront investment, and financing can be harder to secure than for residential developments, which generate revenue more quickly.

Hotels may also take longer to recoup their investment, making them a riskier option for developers compared to residential or office projects.

The updated hotel policy is intended to address these challenges by allowing additional density for hotels, allowing residential units in hotel developments, reducing the minimum land size requirement for mixed hotel-residential developments and providing more clarity about our zoning and requirements for office to hotel conversions.

Will the new policy enable more hotel rooms in time for FIFA?

Previous work to encourage hotel development has already incentivized three new hotels for a total of 200 additional rooms that will be available to visitors in time for FIFA 2026. Additionally, two projects with 141 rooms were completed last year and one project with 53 rooms is anticipated to be completed in time for FIFA. It is unlikely that additional projects in the development pipeline will be ready in time for FIFA.

The City is working to explore how pod hotels and floating hotels, which have potential to be developed in shorter timelines by making use of existing infrastructure, can be used for major events such as FIFA.

Much like the Olympics, we expect visitors will be spread out across the region, bringing huge positive economic impact for the entire Metro Vancouver.

It's important to note that the focus of the current work is to attract major events and visitors beyond FIFA 2026. We are working to expand our ability to host multiple events at the same time. This makes Vancouver a more desirable location for major events and for visitors.

For additional questions about hotel supply for FIFA 2026, please contact Destination Vancouver.

If there are not enough hotels, why is the City's short-term policy so restrictive? Can't STRs like Airbnb and VRBO provide additional hotel space for tourists?

The City's regulations on short-term rentals aligns with the Province's regulations and are designed to prioritize long-term housing for residents while still allowing homeowners and renters to legally operate STRs in their principal residences.

Unlike hotels, which are purpose-built for tourism and contribute to Vancouver's visitor economy through jobs, taxes, and services, STRs can take away much-needed housing.

By incentivizing hotel development in commercially zoned areas, the City is working to address the hotel shortage without impacting housing availability. This balanced approach supports both Vancouver's tourism industry and its long-term housing needs.

Related links

- Council motion: [Addressing the Hotel Supply Gap to Support Tourism Economy and Reduce Pressure on Local Housing](#)
- Destination Vancouver materials:
 - [Hotel Community Impact Assessment Report \(2025\)](#)
 - [Economic Analysis of Hotel Supply and Projected Demand in Metro Vancouver, 2023 to 2050 \(2023\)](#)
 - o [Lack of hotel capacity in Vancouver could cost the city billions in lost economic impact \(2023\)](#)

If you have any questions about the foregoing, please reach out to Maria at maria.pontikis@vancouver.ca.

Best,
Paul

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The City of Vancouver acknowledges that it is situated on the unceded traditional territories of the xʷməθkʷəy̓əm (Musqueam), Skwxwú7mesh (Squamish), and səlilwətaʔ (Tsleil-Waututh) Nations.