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June 26, 2022

To: City Council

Re: Interim Urgency Ordinance Limiting New Hotel Development Pending Completion Of The 2023 Housing Element
(June 28, 2022 Council Agenda, Item #19)

Mayor Rowse and Council Members,

Allied Neighborhoods Association appreciates the opportunity to comment. We understand that the focus of this agenda item is the Inland area (Title 30 zoning area).

Zoning is fundamental. Zoning is a road map. Zoning reflects decisions by prior Councils about the types of land uses allowed and where, with the backdrop of conditions at that time.

In the Inland area, it's very important to understand where housing and hotels are both allowed in the same zones:

- C-G zoning allows both hotels and housing (much of State Street, much of the Central Business District, much of Milpas, part of De La Vina)
- R-MH allows both hotels and housing (large area of west downtown that's not C-G, part of De La Vina)
- M-C zoning allows both hotels and housing

Hotels compete with housing for land, where zoning allows both. We only have so much land and need to be judicious and deliberate in our choices.

Hotel room rates have greatly increased. Hotels may be much more attractive and more profitable than just a few years ago.

Looking at hotel zoning, where it competes or frustrates housing, is another tool in the tool box.

Our current General Plan (adopted in 2011) included the new concept of Adaptive Management - course correction or adjustment, as needed, and billed at the time as the ability to be nimble.

The Interim Urgency Ordinance (Inland area only) is about taking a pause during completion of our new Housing Element (to be adopted in February 2023). There is no proposed pause in the Coastal Zone now or in the foreseeable future as the Coastal Zone has a focus on visitor-serving accommodations.

Much of the Budget/Financial Information section (Council Agenda Report, pg. 3), we don't agree with. Why? Tourism is bouncing back big time, room rates are up over pre-pandemic levels (most likely highest room rates ever), and 767 new hotel rooms are on the Pending and Recently Approved Hotel Projects chart (Attachment – General).

In the Ordinance as drafted, all projects go forward, including 236 new hotel rooms in the Inland area. This includes 115 pre-application Inland hotel rooms which, as Ms. Brooke explained, could be just a planner consultation; none have submitted a formal project application, and obviously none have been deemed complete.

With the new Housing Element, there will be decisions to be made about the Inland area. Decisions such as whether or not to continue with all or part of hotel zoning in the same areas as the higher and highest density housing zoning. We have already adopted new Housing Element Goals, and the new Housing Element will have policies and implementation actions.

We urge you to support the Interim Urgency Ordinance. As stated in the Council Agenda Report, pg. 2, *"An interim urgency ordinance would limit hotel development in the non-coastal zone and allow staff to study the impacts of hotels on housing while preparing the update to the 2023 Housing Element."*

Housing, and especially Affordable housing, as reflected in our new Housing Element Goals, is the priority. Let's not, potentially, lose any more Inland area land to hotels in the interim.

Thank you for consideration of our comments.

Sincerely,
Allied Neighborhoods Association

Cc: Renee Brooke
Elias Isaacson
Dan Gullett
Tava Ostrenger
Ariel Calonne
Rebecca Bjork