

Subject: CPHD: Consultant Support for Hotel Conversions

**FY 2023 Proposed Budget
Budget Work Session Follow-up**

4/7/2022

The following information is provided in response to a request made by Ms. Cristol at the work session on 03/08/2022, regarding the following question:

Would additional consultant support be beneficial to assist with the development of guidance, including the potential impacts to the housing market / hospitality industry and best practices, on hotel conversions?

Yes, consultant support will advance the timeline for this work. Based on the Community Planning, Housing, and Development (CPHD) Planning Division Work Program presented to the County Board in September 2021, staff does not anticipate analyzing and formulating policy recommendations for multifamily residential conversions to hotels until late CY 2023. If consultant support were available, the study could begin sooner. Staff estimates that up to \$75,000 in consultant support could provide appropriate resources to advance this work. Alternatively, this study could start sooner if reprioritized with other earlier planned zoning studies.

Ideally, consultants retained for this effort would be well-qualified to address a robust scope of study and provide a third-party perspective drawing from familiarity and similar experiences in other markets. That said, even if consultants were involved, County staff time would be required to develop a scope of work, conduct a procurement process, and manage the project consultant's work – potentially slowing down or pausing other work. It is estimated that hiring a consultant for this work could result in its completion at least 12 to 18 months earlier than anticipated (based on current work program priorities). Assuming a timely procurement process, the goal would be for the consultant to begin this work by the end of 2nd Quarter of FY 2023. A preliminary (though not exhaustive) list of study considerations and areas to be analyzed include:

- Total Pipeline Multifamily Residential Development (under construction, approved, pre-entitlement) in Arlington, and recent notable trends;
- Total Pipeline Hotel Development (under construction, approved, pre-entitlement) in Arlington, and recent notable trends (i.e., major loss in hotel rooms since March 2020 due to COVID-19);
- Economic and market analyses investigating potential impacts of residential to hotel conversion on multifamily residential rents/sales prices;
- Assessment and inventory of Multifamily Residential Properties across Arlington known to operate/offer leases for fewer than 30 days (i.e., corporate housing), without seeking necessary land use approvals;

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- If desired, the scope could also include assessment of public policy opportunities and costs associated with conversion of existing hotels to residential uses; and
- Other applicable factors, patterns, and trends.