

# Hotel Invasion: Residents Fight To Keep Hotel Development At Bay In Major Cities Across The U.S.

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U.S. hotel demand may be at record highs, but that doesn't mean residents in every part of the country are excited to see hotel projects breaking ground in their backyards.



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A Four Seasons under construction in Seattle

Occupancy, average daily rates and revenue per available room were up in the U.S. hotel industry in the second quarter. RevPAR had its 100th consecutive month of growth, demand was up 3.1% and each key performance metric that hotel data firm STR tracks was at its highest level of any Q2 on record.

With nearly 209,000 rooms currently under construction — the highest figure Lodging Econometrics has recorded since 2007 — neighborhood organizations from New York to Florida to California are concerned the hotel surge may come at the cost of longtime residents.

“Displacement comes in different forms. It’s not just razing an apartment building for low-income residents and putting up an expensive condo,” NOlympics Los Angeles and DSA Los Angeles organizer Jonny Coleman said. “It’s also just making a neighborhood more

expensive.”

Los Angeles was awarded the 2028 Summer Olympics in 2017, and development is already underway to add more hotel rooms around the city in anticipation of the estimated 500,000 to 650,000 visitors expected to flock to the city in a decade.

NOlympics L.A., a coalition started by the Los Angeles Democratic Socialists of America chapter’s Housing & Homelessness Committee, is concerned about the city’s aggressive building efforts in preparation for the big event. Supporters of the cause claim the Olympics will lead to developers drumming up false panic over missing deadlines in order to expedite projects without proper deliberation by regional planning boards.



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NOlympics Los Angeles is fearful the 2028 Summer Olympics host city will use the games to advance real estate projects that could displace low-income residents.

Similar scare tactics were deployed ahead of the 2016 Olympics in Rio de Janeiro. The city’s mayor joked the games were a great way to get projects to come to fruition, even if they didn’t have to do with the Olympics. He was investigated in 2017 for alleged bribery relating to Olympics building contracts.

Los Angeles has already greenlighted a plan to speed up 28 transportation projects around Los Angeles County to be completed in time for the opening ceremony. While the expedited transit timeline will address the city’s notorious traffic, NOlympics organizers worry the accelerated process could eventually extend to private real estate development.

The Fig, a proposed mixed-use development near the University of Southern California, includes a 298-room hotel, but Coleman cautions those rooms would come at the expense of lower-income residents. The project would lead to the demolition of eight rent-stabilized buildings, displacing roughly 100 residents and setting precedent for more hotels of its kind, Coleman said.

“We have these crippling social problems in the city, but instead we’re prioritizing the needs of hotel developers and tourists,” Coleman said.

Farther up the California coast, San Jose residents are also looking to keep a check on hotel development. The South DeAnza Neighborhood Community in the western part of the city has opposed a string of hotel proposals on grounds that it would lead to congestion and diminish the character of their city.

While proponents of the developments, a 90-room hotel and a 125-room hotel, argue they would bring tax revenue to the city, the city council representative overseeing the affected area says he wants to see the city draft a master plan that could eliminate some confusion and resident pushback regarding commercial development in the neighborhood.

“The residents are concerned,” San Jose Councilman Chappie Jones said. “It’s a lot happening quickly, and there hasn’t been an opportunity for them to digest the development taking place. They have legitimate concerns, and we’re trying to address them.”



Courtesy of Sarah Rotholz

The proposed hotels are in a part of San Jose designated as an urban village area that is expected to become a walkable community. Jones wants to see a master plan come to fruition that would give a comprehensive path for hotels, retail and multifamily development before greenlighting proposals like the hotels currently under consideration.

“Everybody doesn’t always get what they want or wind up happy with the end result,” Jones said. “That means you have a good compromise. You got something but also gave up something.”

Across the country, the scene in Miami Beach is concerning residents due to fears that unchecked development is changing the character of neighborhoods, catering to tourists and displacing residents in need of permanent homes.

“As the hotels invade the old residential neighborhoods, the little sandwich shops close for six months and come back as trendy \$80/plate restaurants,” Horwath HTL Managing Director and Miami Beach resident Andrew Cohan said. “There are these local residential services that one expects from an urban area, but as it becomes more tourist like, its appeal as a place to live goes away.”

For years, hotels in Cohan’s neighborhood have been largely concentrated on the waterfront Ocean Drive, but more recent development has started to spread inland into residential areas, he said. The area has remained extremely popular with tourists, and developers have indicated Miami Beach is even underserved when it comes to development, leading some to push into formerly residential areas. There were 14 hotels totaling nearly 1,700 rooms in various stages of development for Miami Beach in March, according to a South Florida Business Journal report. The rise in upscale hotels has made it more difficult for many employees in the area to find a home.

“It’s already a place where working people can’t afford to live,” Cohan said. “The hotel conversions may be a great real estate deal, but it means waiters and housekeepers now have to move to the suburbs.”

## **Big Apple Hotel Block**



[Wikimedia Commons/King Of Hearts](#)

Long Island City

Tourism to New York City has grown in recent years to the point that the hospitality and tourism industry is the city's sixth-largest industry, adding the most jobs of any industry since the Great Recession, [Skift reported in 2017](#).

Finding a place to put new hotel rooms hasn't always come easy. With land at a premium throughout the city, developers have turned their sights to the lofts and underutilized warehouses in Manhattan's [Garment District](#) and Brooklyn's [Red Hook](#), dubbed M1 districts, for uses that bring in more revenue, such as hotels.

M1 zones account for [13% of existing hotel rooms](#) in New York and 30% of the construction pipeline — but not everyone is pleased to see the development.

The New York City Department of Planning has proposed a zoning amendment to require special permitting for future M1 hotels, which many in the city's real estate community see as a deterrent to tourism growth and the revitalization of the M1 neighborhoods.

"If you go to some of these neighborhoods, they're true industrial neighborhoods, so putting a hotel there helps improve the tax base," [LW Hospitality Advisors](#) Chief Operating Officer [Evan Weiss](#) said. "It's really difficult to understand the motivations as to why this is taking place. If hotels can't be built there, what will be?"

New York will generate \$37.1B in additional visitor spending and \$25.6B in wages from continued M1 hotel development by 2028 under current conditions, according to an LWHA study. The study also forecasts a drop in tourism if the measure passes, as hotels will become costly and could drive away potential visitors.

The New York Hotel Trades Council, said to be the biggest proponent of the bill, did not respond to a request for comment in time for publication.

Weiss has observed successful revitalization in areas like Long Island City thanks to hotel development furthering interest in the neighborhoods, so he said he is at a loss as to why the city would try to deter the industry's ongoing progress.

"I just don't understand why the government is getting involved in something that seems to be working," Weiss said.