



August 20, 2021

Arlington County Board
2100 Clarendon Boulevard, Suite 300
Arlington, VA 22201

Dear Chair de Ferranti,

The Arlington Chamber of Commerce encourages Arlington County to include industry-specific terms for hotels in its upcoming business recovery grant program. Hospitality faces unique and ongoing challenges, and an effective and equitable grant program will address its needs directly, rather than attempting to serve all businesses with the same terms. Existing hotel grant programs can provide a basis for Arlington County to design its program.

Hospitality and tourism is a major contributor to Arlington's local economy. Arlington enjoyed the largest visitor spending in the Commonwealth for 12 consecutive years prior to the pandemic, rising to a record \$3.6 billion in 2019. While Arlington's historical success in hospitality has been a cause of celebration, it also means that the stakes for supporting our hotels are even greater. This industry supported more than 27,000 jobs, including at restaurants and stores patronized by visitors during their stays in Arlington, and contributed nearly \$100 million in local tax receipts in 2019. Continued struggles for hospitality will have negative consequences for all Arlingtonians, even those without a direct connection to this industry.

The pandemic's impact on hospitality has been particularly large and is particularly pervasive here in Arlington. In the first half of 2021, Arlington hotels' occupancy was less than 35% and revenue per available room was less than \$40, compared with more than 75% and \$130, respectively, in comparable periods of 2018 and 2019. Moreover, business travel has been slower to recover than leisure travel, and Arlington's hotels depend heavily on business travel, so we reasonably expect that these rates will continue to lag for some time. A well-designed grant program will allow Arlington's hotels to preserve jobs that currently exist and to maintain their capacity to hire as room occupancy increases.

An effective grant program will meet the needs of hotel applicants, which are different from those of other businesses that the grant program will seek to support. Chamber member hotels have raised concerns that a fixed size limit for grant eligibility, for example no more than 50 employees, could preclude many hotels from even applying for the grant, notwithstanding their demonstrated need. Similarly, a grant cap that may be appropriate for other small businesses could limit the utility of the grant for the hotels that do qualify. Arlington County should take care not to create an inequitable outcome by applying one set of criteria to all grant applicants.

Fairfax County offers an instructive example in its PIVOT program, which has provided qualifying hotels with grants of \$400 per room, and separate terms for other eligible categories. Hotels are the only category in the PIVOT program without a maximum grant amount, and each of the other categories has a maximum set for its own needs, ranging

from \$5,000 for smaller arts organizations to \$18,000 for restaurants. Given the similarities in our markets, a similar design would work well for Arlington's hotels.

Grants remain the most impactful tool for local governments to support businesses still feeling the pandemic's impacts, and to preserve the jobs they provide the community. Hospitality faces particular challenges, but a well-designed grant program has the potential to preserve many thousands of jobs in hotels and supported by our hospitality industry. We encourage Arlington County to consider this industry's specific needs in designing an effective grant program and we thank you for your consideration of these comments.

Sincerely,

A handwritten signature in black ink that reads "Kate Bates". The signature is written in a cursive, flowing style.

Kate Bates
President & CEO

CC: Arlington County Board Vice Chair Katie Cristol, and members Christian Dorsey, Libby Garvey, and Takis Karantonis; County Manager Mark Schwartz; Deputy County Manager Shannon Flanagan Watson; CFO Maria Meredith and Budget Director Richard Stephenson, Department of Management and Finance; Director Telly Tucker, Deputy Director Cindy Richmond, BizLaunch Director Tara Palacios, and Arlington Convention and Visitors Service Director Emily Cassell, Arlington Economic Development