

Subject: AED - Tourism and Business Investment

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

4/7/2022

The following information is provided in response to a request made by Mr. Dorsey at the work session on 03/10/2022, regarding the following question:

(1) Does the County track or receive any data on how hotels re-tooled to the loss of room revenue during the pandemic? Is there any data on hotel operational changes (offerings/services) that will endure regardless of the pandemic?

(2) Does County staff receive information on vulnerable and distressed hotel properties where we could see ownerships/transactions taking place in the future?

(3) Does AED make it explicitly known to prospective businesses that we have an expectation that the way labor is treated in Arlington is important to the County (i.e., protect against worker exploitation)?

(1) Does the County track or receive any data on how hotels re-tooled to the loss of room revenue during the pandemic? Is there any data on hotel operational changes (offerings/services) that will endure regardless of the pandemic?

Monthly and weekly Smith Travel Research (STR) reports are the only official hospitality data sources the County receives. These reports provide aggregate data and do not provide information on the re-tooling of operations or if/how these efforts drive recovery. However, based on information gathered through ACVS's ongoing discussions with the hotels and participation in local and regional hospitality groups, some hotel recovery can be attributed to increased regional leisure travel and the resumption of some student travel beginning in Fall 2021.

There is no Arlington-specific data on the longer-term operational changes that will endure post-pandemic. However, based on conversations with local and regional hospitality partners and industry research, the following post-pandemic trends are likely to become permanent at many Arlington properties:

- contactless check-in,
- health and safety communications and procedures,
- socially distanced dining,
- pandemic-ready ventilation systems, and
- outdoor multi-purpose spaces.

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Articles from "[Rethinking the Future](#)" and the [Boston University School of Hospitality Administration](#) provide additional background and concepts.

(2) Does County staff receive information on vulnerable and distressed hotel properties where we could see ownerships/transactions taking place in the future?

AED staff occasionally hears anecdotal comments from hotel stakeholders, but does not have a formal, consistent data source to track this.

In terms of hotel assistance, smaller local hotel and motel owners who face difficulty paying their real estate taxes by the due date can enroll in the Taxpayer Assistance Program (TAP) managed by the Arlington County Treasurer. TAP is a loan program through John Marshall Bank that provides approved property owners up to 10 months to pay real estate taxes in equal monthly installments.

(3) Does AED make it explicitly known to prospective businesses that we have an expectation that the way labor is treated in Arlington is important to the County (i.e., protect against worker exploitation)?

AED does not have explicit discussions with prospects about fair labor standards and protections against worker exploitation as part of its business attraction process. AED most frequently engages with business prospects that become tenants occupying office real estate (professional services firms, tech companies, nonprofits, etc.). These firms hire high-wage workers and are typically not responsible for the labor practices associated with building construction, space upfit, and building maintenance. For business prospects with which the County has a job-based performance incentive agreement, the company's performance is measured by the creation of company-based jobs that meet specific fair labor and high-wage requirements. AED is explicit with business prospects that Arlington is a progressive community committed to inclusivity and equity, and AED includes information about County's initiatives like the Equity Resolution and the Racial Equity Action Plan in our marketing materials.

Real estate developers are more directly responsible for pre-development and development labor. AED does not directly recruit or incentivize real estate development in the County, but we do work with developers, in collaboration with the Planning Division of CPHD, to help navigate the County's regulatory processes, which includes communicating to developers new to the County the myriad of County policies and priorities that impact the development process.

Regarding specific standards for workers engaged in pre-development efforts, construction projects, or building maintenance services, those regulations are generally determined by the Virginia Department of Labor and Industry rather than Arlington County.