



To: Senator Brad Hawkins
Senate Housing and Local Government Committee

From: Wenatchee Valley Chamber of Commerce
Leavenworth Chamber of Commerce
Lake Chelan Chamber of Commerce

RE: Senate Bill 5513

On behalf of our respective Chamber members, we want to express our appreciation to Senator Hawkins and the Senate Housing and Local Government Committee for continuing to work on the challenging issues related to affordable housing in our region.

We also want to express our gratitude to Senator Kuderer, Chair of the Senate Housing and Local Government Committee, and other Committee members who spent a day, pre-COVID pandemic, in Chelan County to learn about affordable housing availability and contributing issues.

Since 2013, income levels in the County have risen by 25%, yet median home prices have increased by 81%. In 2019, first time home buyers could afford a \$219,000 home in Chelan County, yet only 27 homes under \$300,000 were for sale in Douglas and Chelan Counties. There is a supply imbalance driven by several factors that contribute to the lack of housing for first time home buyers and workers in the region. This imbalance has continued through the pandemic.

SB 5513 would allow for a diversion of up to 33% of lodging tax revenues from tourism promotion and marketing towards support for affordable housing projects. According to the Employment Security Department's November labor market analysis, 55% of the non-farm jobs lost in the region during the pandemic were from the tourism sector. The November report also pointed out that tourism jobs have rebounded from a pandemic low of 5,300 to more than 6,600 in the region. Tourism and recreational activities contribute about \$500 million to our local economy, and every dollar spent by a visitor is multiplied 1.59 times in our region.

This astonishing rebound in jobs and the economic activity in tourism is due, in part, to the success of strategic tourism promotion and marketing in the region. Our Chambers are concerned with diverting resources from efforts that are proving successful in bringing jobs and economic activity to our region.

Instead, we suggest revisiting ideas embodied in SB 6328 that passed unanimously out of the Senate Housing and Affordability Committee in 2020. SB 6328,

- Allowed for a remittance of 4.37 percent of the state sales and use tax on the construction of affordable housing under a local infrastructure investment program.
- More accurately reflected median income levels in Chelan and Douglas Counties.
- Providing an opportunity for the state to facilitate partnerships between developers and local jurisdictions.



Undoubtedly, the Senate Housing and Local Government Committee will examine several approaches to easing the shortage of affordable housing across Washington State.

We urge the Committee to re-examine the concepts in SB 6328 as you move forward. Our Chambers also urge restraint on diverting resources from efforts proving successful in bringing jobs and economic activity to our region.

Thank you for your consideration.

Lake Chelan Chamber of Commerce

Wenatchee Valley Chamber of Commerce

Leavenworth Chamber of Commerce