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ECONOMIC OPPORTUNITY ANALYSIS: 2021

Wallowa County

Prepared by PARC Resources
800-758-6812 – info@parcresources.com

Wallowa County: Economic Opportunity Analysis

This Economic Opportunity Analysis uses a community-centric process with participants made up of local leaders, community members, State representatives, and consultants. The process is overseen by the Wallowa County Board of Commissioners:

Commissioner John Hillock
Commissioner Susan Roberts
Commissioner Todd Nash

The Wallowa County staff guiding the project are:

Franz Goebel – Planning Director
McKenzie Walters – Planning/Building Codes

The County also works closely with the Oregon Department of Land Conservation and Development (DLCD) and Business Oregon. The state representatives assigned to this project are:

<u>Name</u>	<u>Affiliation</u>
Jon Jinings	DLCD
Tamra Mabbott	DLCD
Leigh McIlvaine	DLCD
Brian McDowell	Business Oregon

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Wallowa County Commissioners upon initiating the Economic Opportunity Analysis (EOA), appointed a Citizen Technical Advisory Committee made up of representatives of various economic sectors active in the County. Those TAC members are:

<u>Name</u>	<u>Affiliation</u>
Kelly Birkmaier	Rancher
Rob DeSpain	Real Estate Broker
Michael Junkins	M. Crow Company
Lisa Dawson	Northeast Oregon Economic Development District
Natalie Millar	Terminal Gravity General Manager
Katy Nesbitt	Freelance Journalist

Special Thanks to Jeffrey Phillips Photography for use of his photo, “Spring Storm on Tick Hill.” This and other photos of Wallowa County are viewable at <https://jefferyphillipsphotography.com/wallowa-county/>

Executive Summary

The following Economic Opportunity Analysis was completed for Wallowa County as one of the first two counties to participate in this new process under the authority of Senate Bill-2. Any new process necessarily presents challenges; however, the arrival of the Covid-19 pandemic in March of 2020 presented a major impediment. Because this project has a statute-prescribed outcome, the process works best with fully engaged citizenry and community leaders. The required outcomes include six specific tasks that were all completed and that follow in this document. These tasks are:

- Task 1: Trend Analysis
- Task 2: Public Process
- Task 3: Site Suitability Analysis
- Task4: Inventory of Suitable Sites
- Task 5: Implementation Policies, Projects
- Task 6: Final Draft EOA & Goal 9 Plan amendments

Unfortunately, the reality of state and national mandates prevented large public gatherings and thus limited the public engagement possible. Nonetheless, Wallowa County was able to conduct several socially distance Technical Advisory Committee meetings, hold public drop-in sessions for interested property owners throughout the County and reach out to interested property owners to refine their interests in a zone change to support employment lands.

Wallowa County conducted a customary Goal 9 economic analysis despite the intent of Senate Bill 2 to give the eight most rural eastern counties the ability to re-zone up to 50 acres outside the standard administrative process. This Department of Land Conservation and Development requirement created some confusion for citizen participants, as they expected to work immediately on the process of site selection of new properties for inclusion in the employment lands inventory. This gap between expectations and required process resulted in frustration and complicated the process. A further complication was a post-hoc decision by the State to cut the budget by 20% and summarily modify the workplan without the active participation of the partners.

Despite these setbacks, the county and its partners completed the project and met the deliverable requirements with locally reviewed and approved outcomes that meet the goal of Senate Bill 2 and fulfills the objectives of the local governments. Five properties were reviewed, three were selected and two of these parcels are contiguous to municipalities who not only participated in this process, but fully supported the outcomes selected by the local TAC. One parcel is not contiguous to a city but less than 1 mile from a city limits and compliments an existing industrial site. No significant resource lands were recommended for inclusion and all parcels were marginal lands or irrevocably committed to employment land development by location and economic opportunities in the County.

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Chapter 1: Public Process

This analysis included an intensive community-involvement component. Economic development activities must be supported by the communities served and embraced as a grassroots effort toward economic prosperity. Any attempt to force an outside perspective will ultimately fail due to lack of understanding of the local culture, hardships, and priorities. Therefore, the public involvement component for the EOA included a combination of county officials and staff, community members, state representatives, and hired consultants working to bring together the local perspective and the outside expertise. These participants formed a Technical Advisory Committee (TAC) to oversee consultants and review the draft reports. In addition to the TAC, the project included multiple community meetings to gain broad public input. Below is a recap of each meeting's focus and outcome.

First Public Meeting

The first TAC meeting was held June 15, 2020 at the Wallowa County Courthouse. This meeting introduced the history of Senate Bill 2 and discussed the land use planning process envisioned under the EOA. A discussion of economic trends and primary growth sectors was initiated and a vision of the County's future was informally discussed. From this discussion a Trend Analysis was developed then reviewed by TAC members and finalized.

Second Public Meeting

During the second TAC meeting held on July 20, 2020 a draft Trend Analysis was presented for discussion. After some extensive discussion, additional data points were suggested for inclusion, which the Consultant did complete. The group discussed and reviewed a draft Economic Vision statement based on previous discussions, which is included in Chapter 3.

Third Public Meeting

A third TAC meeting was held on August 24, 2020 to finalize preliminary framework for assessing new parcels for the employment lands inventory. Key Economic sectors were discussed and opportunities for successfully attracting new businesses evaluated. Those sectors are reported in Chapter 3.

Fourth Public Meeting

A fourth public meeting was held with the TAC on March 3, 2021 at Wallowa County Courthouse. The purpose of this meeting was to engage the TAC in analyzing and electing the properties to be recommend for the SB 2 (ORS 197.715 rezoning process. included in the EOA eligible properties. TAC members reviewed the Site Evaluation summary for each parcel. From this review and evaluations, the Consultants prepared a final EOA employment lands inventory for adoption. These properties were determined to offer the best opportunity for Wallowa County and also the most likely to meet the standards set forth in ORS 197.715 and the spirit and intent of Senate Bill 2. All lands proffered by area landowners are included in the inventory displayed in subsequent chapters. It is important to realize that the threshold factor in selecting a potential property was to have a willing landowner; thus, while other lands may be suitable these are the parcels that were offered for consideration.

Fifth and Final Public Meeting – April 2021

A final public meeting in April 2021 before the Planning Commission to review and recommend action steps to the County Board of Commissioners based on the final recommendations from the Technical Advisory Committee (TAC). Consultant presented the final recommendations and the rationale for inclusion of the subject parcels in the final EOA recommendations.

Additionally, the Consultant provided the Planning Commission with a Memorandum that outlines policies and procedures to adopt the EOA. In addition, Consultant provided draft findings for inclusion in the final EOA that support the Comprehensive Plan amendments and adoption of the EOA as an appendix to the Comprehensive Plan.

Chapter 2: Wallowa County Trend Analysis

The following “Trend Analysis” for Wallowa County is organized to provide an overview of recent historic and existing demographic, population and economic conditions in the County. The purpose of the analysis is to provide a basis for examining the economic opportunities available to the County and to inform the residents of the County of those conditions.

The “Trend Analysis” begins with a consideration of population followed by an examination of current income levels and then moves to educational attainment. After the reporting of individual circumstances, the analysis moves to reporting the employment base followed by a consideration of the impact of tourism and visitation on the County. With this base, the “Trend Analysis” moves to addressing factors necessary to consider Wallowa County’s economic advantages and disadvantages, including:

- a) Location, size and buying power of markets;
- b) Availability of transportation facilities for access and freight mobility;
- c) Public facilities and public services;
- d) Labor market factors;
- e) Access to suppliers and utilities;
- f) Necessary support services;
- g) Limits on development due to federal and state environmental protection laws;
and
- h) Educational and technical training programs.

Population

Examining trends for any place, including Wallowa County requires an understanding of the people who live there, the economic and social decisions they make and making assumptions about how likely they are to continue to behave the same way. Economic projections are fundamentally a discussion about people and the activities they undertake. Consequently, population numbers matter, but so too do the characteristics of the population and the places they live. Keeping this relationship in mind, any analysis of historic patterns and projections of the future in Wallowa County, Oregon must take some inherently volatile variables into account.

Along with a careful consideration of the people and place, it is also important to consider what matters to the people of Wallowa County. Ultimately the examination of trends vital to the analysis, planning and prioritizing lands for future development. This

is to say, the aspirations and preferences of the residents will be the primary driver in consideration of specific trends and application of data in the land analysis.

It is vitally important to note that this project was undertaken amid a COVID-19 coronavirus pandemic that created unprecedented changes that will likely reverberate for years going forward. In particular, the pandemic, and the response to it has produced the following very important consequences.

- Business shutdowns
- Layoffs and furloughs
- School closures
- Increases in online education
- Return home for college students
- Loss of revenue for government and private sector
- Spiking unemployment rates
- Uncertainty
- Suspension or putting off of social and economic activities
- Reduction in travel
- Reduction in fuel tax revenue
- Reduction in visitation for business and recreational purposes
- Increased demand on health care system
- Potential for increased rates of urban flight
- Greater interest in rural places for urban residents to relocate, especially if they have access to high-speed internet and can work at home/remotely.
- Changes in recreation and vacation patterns

Taking the inherent uncertainty of any set of projections and adding the COVID-19 coronavirus pandemic produces a unique analysis environment, but one in which it is still possible to draw conclusions and provide a basis for planning. No matter what form the changes resulting from the pandemic take, there are many things that will not change, including the primary economic base and remote geographic location of Wallowa County to Oregon and the rest of the world.

The regional economy in Wallowa County northeastern Oregon has always been rooted in agriculture including stock-growing and natural resource industries. The historic population fluctuations in the table below highlight just how volatile these industries have been and how much the fluctuations are transmitted into the population base. Since World War II, the County has seen the ten-year Census count report negative population changes five times and positive changes three times. The most recent census showed positive growth however, the population today is lower than in 2000.

According to the 2018 US Census estimate, the Wallowa County population was 7,208 with a median age of 52.6 years. The population estimate prepared by the Population Research Center at Portland State University put the estimate for 2019 at a slightly

lower figure of 7,150.¹ The Research Center's 2018 figure was 7,175 and it is worthwhile noting that this represents an estimated decline and is probably the more accurate figure. The County is also in the midst of an upward spike in unemployment numbers, which has historically pushed people out of the County and out of the region.

Table 1: Historic Population 1890 – 2019

Census Year	Historic Population ²	
	Population	Percentage Change +(-)
1890	3,661	-
1900	5,538	51.3%
1910	8,364	51.0%
1920	9,778	16.3%
1930	7,814	(20.1%)
1940	7,623	(2.4%)
1950	7,264	(4.7%)
1960	7,102	(2.2%)
1970	6,247	(12.0%)
1980	7,273	16.4%
1990	6,911	(5.0%)
2000	7,226	4.6%
2010	7,008	(3.0%)
2019 (Census Estimate)	7,208	2.9%
2019 (PRC Estimate)	7,150	2.0%

Taking these historic figures and patterns into account, the future population of Wallowa County could rise or fall, as there is precedence for both. However, the state assumptions call for a continued, albeit slow decline in total population. The table below reflects the Oregon Office of Economic Analysis expectations that Wallowa County will stand in contrast to the state where the population will continue to grow. The projections are in the table below and it should be noted that while this is the most recent such projection, it is now seven years old and its 2020 project is already low, at the original figure of 7,058. The table below is corrected and uses the Population Research Center figure of 7,150 as a base, but the projected figures remain the same.

Another interesting measure of population comes from the public schools in Wallowa County. The County has four school districts and their recent fall enrollment reports are collated in the following table.³

¹ Population Research Center. 2019 Certified Population Estimates. *Portland State University*.

² US Census Bureau.

³ Oregon Department of Education. School Enrollment Reports.

Table 2: School Enrollment History 2009/10 – 2019/20

School Enrollment History			
Enrollment	School Year		
	2009/2010	2018/2019	2019/2020
Enterprise School District # 21	397	426	406
Joseph School District # 6	215	250	264
Troy School District # 54	7	2	3
Wallowa School District # 12	253	181	191
Total	872	859	864

The school enrollment has remained remarkably consistent and the very small decrease amounts to less than one percent. The stability bodes well for continued development as the presence of strong school districts are an important factor for recruitment.

Table 3: Forecasts of Wallowa County's County Population Change 2010 – 2050

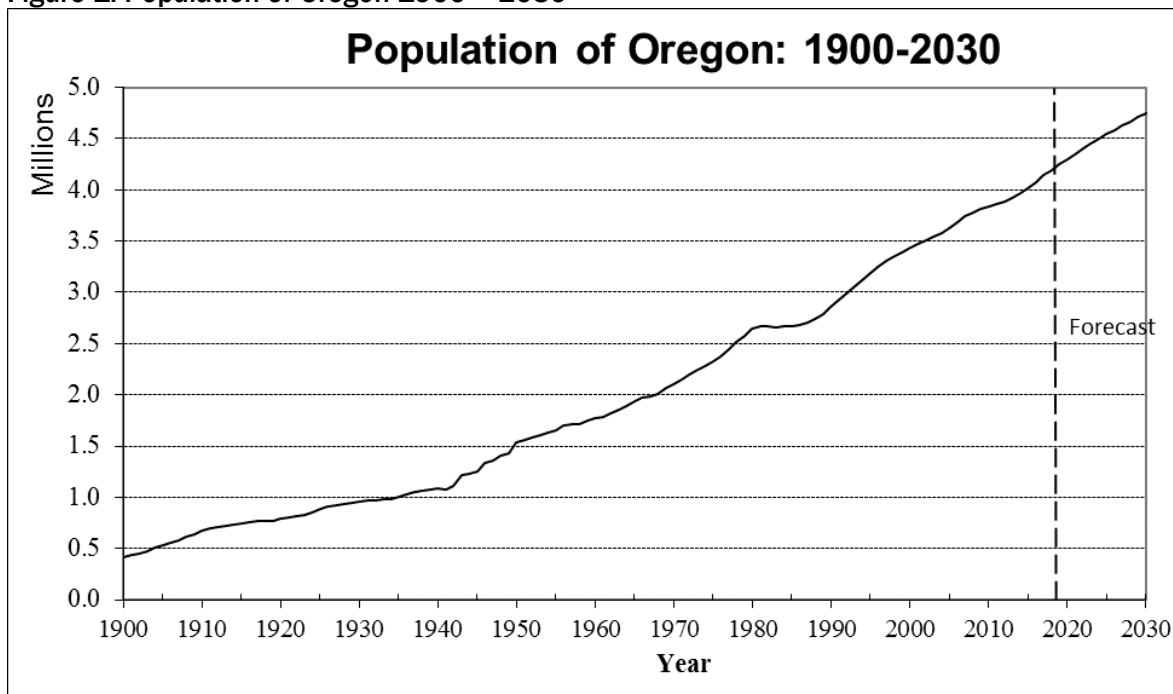
Forecasts of Wallowa County's County Populations & Components of Change 2010 - 2050 ⁴		
Census Year	Population	Percent Change +(-)
2020	7,150	-
2025	7,016	(1.9%)
2030	6,954	(0.9%)
2035	6,865	(1.3%)
2040	6,744	(1.8%)
2045	6,604	(2.1%)
2050	6,476	(1.9%)

Considering the state as a whole, the cart below reflects what the state expects to see in terms of the state's population.⁵ With the exception of the 1980s that saw the extreme contraction in the timber industry, the state has seen steady growth over the last 120 years and there is nothing at this point to suggest that trend will change.

⁴ Oregon Office of Economic Analysis. "Oregon's Demographic Trends."

⁵ Ibid., 2.

Figure 1: Population of Oregon 1900 – 2030



The projections are revealing in several ways and they also consider the components of population change and what drives it. The State's report remarked:

since 2010, 77 percent of the population growth was due to net in-migration. Oregon's population growth changes with its economic and employment outlook for the state and other competing states. The growth rate in the near future is expected to continue the path of decelerating growth. Oregon's population is expected to reach 4.744 million in 2030 with an annual average rate of growth approaching 1.0 percent.⁶

The fact that in-migration is such an important driver of growth is significant for Wallowa County. Simply put, the primary factor that is driving population grow in Oregon is not happening in Wallowa County. People are not moving to the County in rates high enough to offset those leaving. Compounding the lack of in-migration, is a relatively low birth rate. Absent other factors, there is no current reason to argue against the expectation of a shrinking population. An examination of the age of County residents likewise reduces the potential for population growth.

The following table reflects the 2010 Census age and sex breakdown according to the forecasts of the Oregon Office of Economic Analysis. Why their total figures do not agree is not clear and no effort was made to address the discrepancy.

⁶ Ibid.

Table 4: 2010 Census Population by Age and Sex

2010 Census Population by Age and Sex⁷			
Age	Total	Male	Female
0-4	380	188	193
5-9	365	177	189
10-14	351	178	173
15-19	318	167	150
20-24	290	136	154
25-29	366	175	191
30-34	327	159	168
35-39	283	140	143
40-44	330	151	179
45-49	465	190	275
50-54	605	294	311
55-59	720	357	362
60-64	612	326	286
65-69	476	238	238
70-74	372	205	167
75-79	276	142	134
80-84	235	112	123
85+	235	102	132
Total	7,005*	3,437	3,568

* The figure does not agree with the published Census figure

The median age is 52.6 years and there are relatively few young families present having children. Almost a third of the population is over age sixty, 31.5 percent. Absent a high birth rate, the other prescription for population growth is in-migration and that requires economic opportunities, or amenities to attract retirees. Given the existing transportation network, climate and medical facilities, it seems unlikely that the County will develop a focus on attracting retirees from other places to come to the region.

The Oregon Office of Economic Analysis has the following age distribution projections looking forward to 2040. As the figures show, the age distribution does not project a trend toward a younger population.

⁷ Ibid.

Table 5: 2040 Population Forecast by Age and Sex

2040 Population Forecast by Age and Sex⁸			
Age	Total	Male	Female
0-4	307	158	150
5-9	344	177	167
10-14	355	185	170
15-19	311	165	146
20-24	236	124	112
25-29	283	150	133
30-34	388	192	195
35-39	427	203	224
40-44	362	180	182
45-49	329	170	160
50-54	385	181	204
55-59	456	222	233
60-64	412	203	210
65-69	308	151	157
70-74	372	168	204
75-79	443	172	271
80-84	430	195	235
85+	597	266	331
Total	6,744	3,261	3,483

Conjecture across a range of potential scenarios is certainly possible if the age-breakdowns hold true. However, age distributions are projections within projections and these project that the senior population will grow as a percentage of the total. There are many factors that may influence this however, and it may also be that the seniors exit the County for places where there are more extensive hospitals and assisted care facilities.

The Population Research Center has likewise produced fifty-year population forecasts. As a background condition and assumption, the forecast notes the following. “As a whole, Wallowa County experienced a net-outmigration in the 00s, but its age specific migration rates reflect the patterns of many other Oregon counties. Young adults (20-29) leave the County seeking higher education and employment opportunities, but return in their 30s and 40s with their children. Retirees made up a large proportion of net in-migrants in the 00s, but left the County shortly thereafter to areas with medical facilities and end-of-life care.”⁹ The most recent forecast was published in 2019 and postulates the following.

⁸ Ibid.

⁹ Population Research Center. “Coordinated Population Forecast for Wallowa County, its Urban Growth Boundaries (UBG), and Area Outside UBGs 2019-2069.” p. 16.

Table 6: Population Research Center Population Forecasts

Population Research Center Population Forecasts¹⁰					
Location	Historical			Forecast	
	<i>2000</i>	<i>2010</i>	<i>2019</i>	<i>2044</i>	<i>2069</i>
Wallowa County	7,226	7,008	6,906	6,526	6,409
Enterprise	1,899	1,954	1,954	2,004	2,107
Joseph	1,082	1,093	1,090	1,127	1,196
Lostine	274	241	235	229	232
Wallowa City	973	914	885	847	841
Outside UGB	2,998	2,806	2,743	2,318	2,033

Both set of projections envision a County with a shrinking population and that the two largest incorporated cities will grow; the two smaller communities will shrink. Likely the number of people living in outlying unincorporated areas will decrease however, there is the potential that homes outside city limits will be popular for people migrating to the county.

The population projections suppose that the County's birthrate will remain relatively stable from the 2020 figure of fifty-eight live births to 2045 projection of fifty-three life births.¹¹ However, the average annual number of deaths is projected to rise steadily, from the seventy-six in 2010 to eighty in 2015 to eighty-eight in 2020. The projections further assume that by 2045 the county will see 127 deaths per year. As noted above. The combination of net out-migration, and a birthrate outpaced by deaths combine to forecast a shrinking population.

Income Levels

The local economy is dominated by agriculture, retail, tourism and other services. The County's agriculture focuses on the production of hay, cattle, barley and wheat. The largest employer in the County is government, followed by health care and social assistance and retail trade. The income levels of households and families in Wallowa County in 2018 are reported in the following table.

Table 7: 2018 Income Levels

2018 Income Levels¹²			
	Median Household Income	Median Family Income	Per Capita Income
Wallowa County	\$44,953	\$62,526	\$28,960
Oregon	\$63,426	\$77,655	\$34,058
as a % of State	70.9%	80.5%	85.0%

¹⁰ Ibid., 11.

¹¹ Ibid., 14-15. The figures forth births and deaths in this paragraph are all from this source.

¹² US Census Bureau. "ACS 5-Year Estimates."

The poverty rate in the County is 14.8 percent. The County has an above average percentage of veterans, fully 11.6 percent of adults served in the American armed forces. The County population by race is 95.1 percent White, and 1.0 percent American Indian making them the largest minority in the county. As the table and figures above demonstrates, Wallowa County residents are less wealthy than Oregon residents as a whole.¹³

Transfer Payments

Transfer payments, including retirement, Medicaid, Social Security payments and veteran benefits totaled \$94,070,000 the total population produces a total income of \$207,788,000. Thus, transfer payments equal 45.3 percent of the income in the county. Stated another way, almost half of the residents' income in Wallowa county comes from transfer payment, rather than active current employment. Per capita this translates to \$13,111. This figure is in relative agreement for the per capita figure from another source, the Oregon Employment Department, which put the figure at \$13,285, compared to the per capita for the state as a whole of \$9,546.¹⁴

Curiously, other data sources break down components of income into the following:

Table 8: Components of Personal Income

Category of Personal Income	Wallowa County %
1) Net earnings	43%
2) Dividends, interest, and rent	28%
3) Transfer receipts	29%

Despite the disagreement in methodology listed above, what is clear is that a significant percentage of Wallowa County's personal income does not come in the form of wages for work currently done in Wallowa County. Moreover, the figure higher than for the state as a whole and it is high for Eastern Oregon in general. Given the "formulaic" nature of transfer payments, it makes the trend in income levels stable, but it also keeps it at the relatively lower level.

Trends

The income levels in Wallowa County have lagged behind state levels for decades and there is no reason at this juncture to suspect that will change. The caveat to this observation is that if enough outmigration takes place, the remaining population may be those with the most available resources, land and businesses in particular that allow them to remain. This is particularly true in agriculture where increased mechanization diminishes the need for unskilled or semi-skilled labor. Some rural counties in Oregon have seen this situation to some degree, but as a strategy for economic development it is not particularly vibrant.

¹³ Ibid.

¹⁴ Oregon Employment Department, "Per Capita Personal Income in Eastern Oregon's 7,000 Club – 2018"

Education

Wallowa County's educational statistics reflect, at least in part, the age of the county residents, as well as the relative remoteness of the region. Fully 92.5 percent of the residents over age twenty-five has at least a high school education. This is slightly higher than the state's rate of 87.7 percent. This statistic reflects anecdotal evidence that suggests a clear value for education and the expectation that everyone will attend the public schools in the County. For a rural county, Wallowa County's residents are well educated as 24.7 percent of residents age 25 and over hold at least a Bachelor's degree or higher and in the State of Oregon, this statistic is 25.1 percent. Another 8.8 percent of residents hold an Associate's Degree, which means that over a third of the residents have started and completed a college degree program of some sort.

Trends

In all likelihood, the percentage of college educated residents will continue to rise as online education becomes more common and people become more accustomed to this modality. Indeed, the coronavirus has pushed even K-12 students into virtual or online classes and this may well make online college degree programs more attractive or familiar. The long-term trend is certainly a continued increase in the education levels. At the same time, there are no observable local forces or factors that suggest Wallowa County will see a dramatic spike in educational levels or that it will overtake the state levels in the near intermediate term, especially given how relatively high the level of educational attainment already is.

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Implications & Ramifications

The available workforce will likely continue to reflect the current trends. The workforce is certainly educable as the graduation rate of high school students reflects, but it is unlikely to have highly specialized, technical or professional skills absent those desired and cultivated by employers.

Employment Base & Industry

As noted earlier, the economy of Wallowa County is dominated by agriculture and support services, as well as recreation and tourism, especially in the spring, summer and fall. Support services include government, schools, stores and hospitality facilities. Looking at the most recent data from 2017, an upward trend is visible. "From 2016 to 2017, employment in Wallowa County, OR grew at a rate of 5.75%, from 2.87k employees to 3.03k employees. The most common employment sectors for those who live in Wallowa County, OR, are Health Care & Social Assistance (521 people), Agriculture, Forestry, Fishing & Hunting (417 people), and Construction (327 people)."¹⁵ The total number of employed persons 3,030 is approximately forty-three percent of the total population. This figure is relatively low, not surprising given the high average age and percentage of senior citizens who are not working.

¹⁵ Data USA, Wallowa County, OR.

According to the *Economic Opportunity Analysis (Oregon Statewide Planning Goal 9) Prepared for The City of Lostine, Oregon*, performed by Johnson Economics in 2019 the number of jobs in the County will increase by approximately 525 to 751 over the next twenty years.¹⁶ The analysis done for the City of Joseph also supports this conclusion with a projected ninety new jobs over the next twenty years.¹⁷ Given the projected population growth, the increase in jobs locally makes sense. The growth industries are likely to be in the following categories.

- Construction
- Health Care
- Leisure & Hospitality
- Education
- Administration Services
- Professional & Technical Services
- Manufacturing
- Wholesale trade
- Retail trade
- Finance & Insurance
- Real Estate

The Johnson Economics analysis concludes “taken together, the 20-year forecast in this scenario enumerates 1.2% average annual growth. Our outlook for real estate, health care, and leisure & hospitality is more optimistic than macroeconomic forecasts indicate—reflecting the area’s recent strength in these sectors. Strength in these sectors is expected to also provide support for the remainder of the economy.”¹⁸

The job growth projection appears to be contrary to the long-term projections for population decrease, however there are multiple factors at work in the figures. The jobs may be new jobs that replace old or lost positions. For example, at some point, mechanics and service stations replaced blacksmiths and forges. Similar changes may take place in Wallowa County, whereby some services or products are replaced with the new jobs that the projections reference. Determining what those employment and technology replacements might be in the future requires a measure of foresight and guesswork in connection with agriculture, tourism, travel and technical services. Given the growing importance of tourism, combined with the potential demand for outdoor recreation the County may find itself with significant opportunities to support undeveloped sites in proximity to campgrounds, natural areas, reserves and national forests.

Likewise, the County is also extremely attractive in the midst and hopeful aftermath of the COVID-19 coronavirus pandemic. Unfortunately, the trend over the last 40 years

¹⁶ Johnson Economics, “Economic Opportunities Analysis for The City of Lostine.” p. 29-35, 41-42.

¹⁷ Ibid., 25-31.

¹⁸ Ibid., 43.

has been toward a diminution of family wage level jobs, as highlighted by the contracting timber industry. This trend has no doubt contributed to out-migration. The new jobs forecasted above, whatever form they take, will likely require infrastructure upgrades and at the very least a reconfiguration of already developed parcels, along with the development of new facilities to accommodate the changes.

In addition to new development and redevelopment, it makes good sense for the County to adopt policies that are adaptable to emerging opportunities associated with the Tourism industry. Practices that provide a quick response for prospective development will spur new opportunities in recreational tourism. As part of this EOA process, consideration of sites that offer multi-purpose opportunities will be supported by re-zoning 50 acres to employment lands designation and the incorporation of an Economic Opportunity Overlay zone that suggests potential for future employment lands designation.

Travel & Tourism

The mechanism by which most people outside of the County and the region know of Wallowa County is through the travel and tourism industry. People come to the County to recreate, to hunt, boat, raft, fish, shop and relax and it is worth considering the impact of this industry. Travel Oregon contracts with Dean Runyan Associates to evaluate the “direct travel impacts” on each county and region. The following data comes from this analysis.¹⁹

Table 9: Oregon Travel Impacts

Oregon Travel Impacts (Wallowa County)				
	2010	2014	2016	2018
<i>Spending (millions)</i>				
• Total	25.7	27.6	29.3	31.8
• Other	1.0	1.1	0.8	1.0
• Visitor	24.7	26.5	28.5	30.8
○ Non-transportation	22.6	24.2	26.7	28.6
○ Transportation	2.1	2.3	1.9	2.2
Earnings (millions)	8.4	10.5	12.7	14.4
Employment (jobs)	460	550	630	670
<i>Tax Revenue (millions)</i>				
• Total	0.9	1.0	1.3	1.4
• Local	0.3	0.3	0.4	0.4
• State	0.6	0.7	0.9	1.0

¹⁹ Dean Runyan Associates, ‘Oregon Travel Impacts: Statewide Estimates,’ *Prepared for the Oregon Tourism Commission*. p. 185-186.

The growth in the number of jobs is particularly revealing. In less than a decade the industry has added 180 jobs. In these numbers there is a clear trend and the earnings and tax revenue reflect this reality as well. Despite the restriction in travel because of the pandemic, there is no systemic reason to suspect that the importance of travel and tourism will decrease. Instead, the industry is poised to continue to grow and be an increasingly important part of the County's economy.

Categories of Industrial & Employment Uses

The following list represents the major categories of industrial and employment uses that are reasonably expected to expand or relocate in the planning area. The list is consistent with the analysis prepared by in the recent past.²⁰

Warehousing and distribution

There is an existing high demand for new distribution infrastructure and in particular businesses that can meet provide logistical coordination services. The County is at the beginning of a long distribution chain for natural resources, agriculture and some value-added production, but its location also means it is at the end of the line when it comes to bringing in products including everything from toilet paper to farm equipment. This creates challenges and opportunities and as local production grows, along with potential in-migration it creates a clear and evident opportunity.

Natural resources

Forest health has long been an area of great concern for the residents and it will likely continue to be the focus of great interest. The potential for new businesses engaged in resource extraction exists and it is reasonable for the County to have within its developable lands inventory sites that are suitable for the processing of forest products.

Similarly, the agricultural and livestock industries in the County present a range of potential opportunities for value-added processing. There remains a strong interest (extremely popular in urban areas) in locally produced products and agricultural products with a specific provenance or history and Wallowa County has a particular resonance as a place of origin. Urban area restaurants in the Pacific Northwest and even California seek locally produced and processed products. This niche industry has a lot of potential in Wallowa County for example with beef, sheep and goat products both consumable products and clothing and leather products. There are many good reasons to suspect that the County will continue to attract new businesses and investment in the field. The inventory of developable lands should therefore include sites that are suitable for natural resource and agricultural processing and/or value-added products.

²⁰ Johnson Economics, "Economic Opportunities Analysis for The City of Lostine."

Energy

Throughout the state, there is a great deal of interest in energy self-sufficiency. Additionally, Oregon has an ambitious renewable portfolio standard that is driving the production of renewable energy generation projects such as wind, solar and associated battery storage. There are more limited opportunities for large scale energy projects in Wallowa County given the remote location and limited transmission capacity. However, there is an interest and opportunity for micro-grids, small scale hydro projects that provide options for small scale energy generation as well as self-sufficiency for persons who want to rely less on primary energy services or who want to live off the grid. Given the trends, it makes sense that the County's developable land inventory consider opportunities to have proximity to small scale energy services as well as an inventory for support services for energy development. Moreover, energy generation is allowed on most resource ground. Construction of energy projects require land-intensive areas for lay-down areas and storage of equipment. This is one example of use of employment lands to support future energy growth.

Increased demand for energy self-sufficiency will not only require less reliance on imported electricity but it will also require changes to the distribution grid and some new generation in the County. The County was once home to several small hydro-power generating sites and these have been mostly decommissioned. However, the potential remains and as energy self-sufficiency has become increasingly important it is reasonable to assume that some new hydro-power generation will come online.

Wallowa Resources has a new program to work with landowners to retrofit wells so that they generate small scale hydro power.

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The County is working on a small hydropower program. This is a great program that in part rejuvenates some of the old hydropower projects and also seeks to find new opportunities working directly with landowners. In addition to hydro there is potential for solar power in the county. The County should therefore expect interest in such generation and have land available for that purpose that is most likely to be lands that are not designated employment lands. It may be desirable to have some employment lands near generation sites for warehousing, support services and training purposes.

Manufacturing

The potential for new manufacturing in the County is a realistic one, but is likely to be related to agricultural production or the natural resource industries. Given its location, it is unlikely that Wallowa County will become a site for the importation of components or raw resources for manufacturing other than as it relates to products already present.

Professional/Technical Services

Wallowa County has considerable potential to attract new professional and or technical services. The field of "precision agriculture" is a growth field and there is every reason to suspect that new service providers will locate themselves in the County, or that existing providers will expand to address the need. Oregon State University and OSU Extension and Blue Mountain Community College offer certificates and research programs in

precision agriculture. Most college degrees in agri-business include training in precision agriculture. The land base required for this industry will like require access to high-speed internet more so than other utilities such as sewer and water infrastructure.

The expansion of professional and technical services will require office space, which is in limited supply in Wallowa County. Because of the need for high-speed internet, the land required will likely need to be within one of the County's incorporated communities, or at least the urban growth boundary.

Visitor Services

There is every reason to expect that the number and types of visitor services and businesses will continue to expand in the County. The impact of travel spending on the local economy has clearly been growing and despite the short-term impact of the COVID-19 pandemic there is every reason to expect the industry to grow. Currently, one of the biggest challenges to supporting this growth is finding housing for seasonal workers in the industry.

Among the types of businesses that are likely to come into the County are those that support the aviation industry and an increase in the use of the two airports. This could include aviation training and aviation maintenance services. The County also anticipates a growth in focus on mountain biking and possibly off-road vehicles and a supporting trail network. Therefore, shops or businesses that service bicycles, for example, are a likely development. Again, the land-base for such facilities could take the shape of retail stores as well as repair shops and light manufacturing facilities.

Other: Airports & Air Travel

The County is not served by regular air service or a large commercial carrier and this is unlikely to change, however, there are good reasons to expect that private use of the airports will continue to grow. Consequently, it will be important to have sites for these purposes in the available land inventory that are contiguous with or a part of the airport properties in Joseph and Enterprise.

Wallowa County's Economic Advantages & Disadvantages

Location, size and buying power of markets

At the core of Wallowa County's set of advantages and disadvantages is its location and size. The location is unparalleled, the scenic beauty is uncontested and there simply are not many places that can complete in terms of the location's grandeur. At the same time, the remote location also reduces the traffic and the size of the market. By the same token, the people who are in Wallowa County are there by deliberate choice and it creates a market that is all the more positively inclined toward the region.

The size and buying power of the market is a limiting factor, no matter how beautiful the scenery and this is important to understand as the County undertakes its Economic Opportunity Analysis. The relatively high percentage of transfer payments is part of this

limitation as individuals receiving transfer payments are not typically engaged in the same levels of discretionary spending that families do, by comparison.

These limitations may well point the County toward economic activities that focus on exterior markets. This is already the case for agricultural products and for value-added activities, the focus may well need to remain on exporting the resulting products out of the County.

Availability of transportation facilities for access and freight mobility

The transportation network and facilities are closely related to the location discussed above. Local residents and businesses are consistent in noting the need for logistical support as it relates to shipping products out of the County and consequently this is an existing disadvantage. The interrelated nature of production and shipping makes this consideration extremely important.

The cities of Enterprise and Joseph both have airports and Joseph is currently engaged in a master planning process that has the potential to improve access and availability. For at least some vacationers, the opportunity to use aircraft to access the County and its recreational opportunities is a significant draw.

Public facilities and public services

As in most rural counties, the availability of public facilities and public services are limited in Wallowa County when compared to the Willamette Valley. The County and state do provide a wide range of services, from the Parks & Recreation Department to the library system and museum, as well as a county fair and of course public safety.

Significantly, the presence of a hospital in the city of Enterprise provides a central location for medical services. The Wallowa County Health District has a Joseph location that offers a range of services as well. The services are, however, limited by the number of providers and the location and it is a significant factor for at least some potential residents and businesses.

Community Connection of Northeast Oregon provides public transportation services, including medical transport and dial-a-ride services. The transit services connect Enterprise and Joseph to La Grande and other out-of-county locations. A summer shuttle service expands the routes and availability of services during the summer, but the routes are limited and the absence of a more complete public transportation services, especially giving access to the rural areas of the County are a disadvantage worth noting.

Labor market factors

As noted earlier, the labor market reflects the economy of Wallowa County, in particular an economy that is dominated by agriculture and support services. The population is well educated and that bodes well for the introduction of new activities or industries. At the same time, there are limited training and post-secondary educational institutions and for a new employer that needs workforce training services may be a limiting factor.

However, if a new employer arrived with a training program, it will find a trainable work force.

The nature of rural communities often means that the labor market is dominated by “generalists” who work, or have worked in multiple fields and this is both an advantage and a potential disadvantage. The more relevant disadvantage is that the labor market is limited by the location and the physical distance to other labor pools. The demographic trends also reveal that young people often leave the community once they finish high school. These young people leave for education and opportunities and the challenge is to either hold them in the County with good jobs, or to entice them home after finishing their education.

Access to suppliers and utilities

The County is fortunate in that it has ready access to utilities and is not significantly limited by a lack of these critical inputs. The primary electrical power provider in Wallowa County is Pacific Power. There is no natural gas provider and this is a potential disadvantage, although propane is available. Internet services are available, but it, along with cellular telephone service can be intermittent, especially in the unincorporated regions of Wallowa County. The increasing reliance on GPS and telecommunications for everything from irrigation control and harvesting equipment, to inventory tracking and even the increasingly ubiquitous Zoom meetings makes this a disadvantage for the County as it pursues economic growth.

Necessary support services

The broad category of “necessary support services” embraces many of the functions that companies out-source, or require in order to conduct business. These include professional services ranging from legal and financial support to engineering, consulting and the trades. The ready availability of CPA and accounting services, support for human resource activities, insurance provision as well as plumbing and electrical services just to identify a few core functions are all potential advantages and disadvantages.

Rural Wallowa County invariably has few professional services than larger and more urban locations. As such the County is less likely to have professionals who specialize in technical aspects of the law, taxes, engineering, design and so forth. However, the nation is generally growing much more accepting of, if not comfortable with, remote services. This is true for everything from telemedicine and distance education to the aforementioned Zoom or Skype consultation with professionals. The potential hitch is internet speed and services, but these are challenges that can be overcome by the County and its proponents.

The availability of financial services is another potential disadvantage for many rural locations that have seen the number of banks and branches shrink. However, Wallowa County has several banks, financial service providers and a credit union that combine to provide a strong financial services network in the County. Also, worth noting is the presence of the Northeast Oregon Economic Development District whose services

include staff and programmatic support for Individual Development Accounts, as well as related financial literacy programs.

Limits on development due to federal and state environmental protection laws

In Wallowa County a significant percentage of the land-base is publicly owned. Therefore, it is common for planning and development activities to engage state and federal agencies. However, the requisite relationships already exist, are generally quite strong and mutually supportive and do not constitute a significant disadvantage for the County, especially when compared to other rural and eastern Oregon counties.

Educational and technical training programs

The lack of post-secondary education and technical training programs or institutions is a disadvantage, but one that Wallowa County shares with most rural communities. The County is located within the service district of Blue Mountain Community College and Eastern Oregon University located in La Grande in neighboring Union County. The proximity to Eastern Oregon University is a potential advantage that can be leveraged through thoughtful partnerships.

The University does represent an attractive, potential, labor force for employers. The students at EOU are already familiar with the region, its many attraction and benefits and the University is also eager to find employment opportunities for those students.

Chapter 3: Economic Vision and Sectors

This chapter opens with a conversation of the Economic Opportunity Vision Statement, which was developed by the Technical Advisory Committee in response to the community input from the initial community meetings. The second part of the chapter incorporates the economic activities and goals as determined by the Technical Advisory Committee to move Wallowa County toward its vision.

Wallowa County Economic Opportunity Vision Statement

Wallowa County, in the northeastern corner of Oregon encompasses 3,152 square miles of scenic alpine and valley topography and is marked by the remarkable beauty and rugged scenery. With approximately 7,200 people the County's economy is dominated by agriculture, ranching retail and service industries. Historically, Wallowa County was home to a thriving timber/ lumber industry. Today the county is able to support the production of 60,000-70,000 board feet of lumber and there is limited local processing of secondary wood products on a comparatively small scale, and saw timber is transported out of the County.

Nothing has replaced the timber /lumber industry at its peak, but Wallowa County has always been a place that it is known for its tight-knit and supportive communities, as well as the entrepreneurial talents of its residents. The unique combination of scenic beauty and remoteness has made the County a consistent travel destination, especially in the summer and fall. Throughout the EOA process, the comments of residents have stressed the importance of maintaining the strong, communal values that emphasize family, entrepreneurial opportunities and maintaining the high quality of life.

Given the articulated values, the economic vision for Wallowa County is to actively maintain and preserve its quality of life while offering continued sustainable modest community growth.

Economic Opportunity Analysis Vision Statement

Through a community-based process, the Technical Advisory Committee suggested two mutually compatible goals that reflect the values and attitudes of the local community.

Draft Economic Opportunity Analysis Vision Statement #1: Adopt policies, undertake activities and make land use decisions that support a growing and thriving economy. This shall be done by adopting land-use policies that support the expansion of employment lands and that serve to strengthen and diversify as many sectors of the economy as possible. These new Comprehensive Plan policies would serve to complement the existing Goal 3 and Goal 4 policies that protect farm and forest lands for the commercial production of agriculture and forest products.

The vision statement should be understood to include the adoption of policies that expand opportunities within core economic sectors. In particular activities that support the Culture and Custom of Wallowa County, including but not limited to; agriculture, forestry, renewable energy, transportation, recreation, tourism, government and entrepreneurial initiative.

Draft Economic Opportunity Analysis Vision Statement #2: To support our land based economic activities and communities in such a way that reflects a shared value for full-time residents, agricultural uses of the land and entrepreneurial innovation(s).

Economic Activities Goals

1. Strengthen existing natural resource industries by ensuring sustainable supplies of the natural resources that are available in the County remain available. Work with the agricultural and forest industries to build resilience within the industry, and support local capacity to produce quality products of the highest value. This should include enhancing the ability of the producers to respond to new opportunities or threats.
2. Strengthen the existing pillars of the local retail and service industry by seeking creative solutions to sustaining these resources such as cooperative freight management, seasonal housing strategies for tourism workers, and expanded siting opportunities.
3. Wallowa County supports local entrepreneurship through an active economic development program and other collaborative services through regional providers. Opportunities to nurture local start-up and expanding businesses will remain a high priority for diversifying the local economy.
4. Wallowa County has a unique suite of scenic vistas and wild places that have become increasingly rare in a world and a nation with an ever-expanding population. This uniqueness offers economic opportunities that may require innovation in land-use designations to accommodate the unique opportunities and conditions.
5. The experience of living in such a remote region has helped foster a resilience and resourcefulness that is often expressed by local craftsman who develop solutions to specific problems on the farm or ranch. The creative talent that exists should be nurtured and supported as potential pathways for existing and future entrepreneurs. Therefore, it is important for land-use policies to support local cottage industry, including manufacturing as at-home occupations. The land-use policies and available lands should be mechanisms to expand employment

opportunities. Policies that limit these opportunities should be evaluated and flexibility should be created to support local entrepreneurs.

6. Expansion of rural housing opportunities may be key developments that can support and retain professional personnel locating to the County. As a result of the global pandemic, rural residences are increasing desirable as a mechanism to ensure personal health and safety. Housing continues to be a challenge for rural communities seeking to attract specific professionals to the County.
7. All decisions made on land-use matters should be evaluated to determine the consistency of that potential decision with the “Culture and Custom” of the County. While this description is not specifically defined, it is generally believed to be practices and business activities that do NOT substantially change the landscape, land management practices or have impacts on the surrounding land-uses of the neighbors. Furthermore, any activity that seeks to restrict or limit current lawful sustainable land management practices will not be supported.
8. Seek modest sustainable growth through attracting new residents to the county. This effort will require more housing inventory, more flex-space that could be live-work space and additional efforts to attract new entrepreneurs who wish to bring their businesses to the County. Land use policies that may limit opportunities for recruiting new persons to the County will be reviewed and evaluated for consistency with the EOA.

Wallowa County EOA – Economic Sectors

The purpose of this analysis of the growth industries in Wallowa County is to address two main questions. These questions are:

1. What industries would be most likely to be attracted to Wallowa County?
2. Which industries best meet the County’s economic development goals?

In light of these questions, this analysis selected targeted industries that can make use of the natural resources and economic attributes present or available in the County. This approach is grounded in the assumption that most economic growth in the County will occur as a result of entrepreneurial activities within the County and not as the result of a large single employer selecting the County for a new manufacturing plant. This assumption is consistent with what has happened in the County, where most new activity has been the result of local initiatives and locally grown business development.

While unique circumstances might arise because of the Covid-19 pandemic or other sources, it is likely that future economic growth will occur in much the same manner as in the past. Natural Resource assets, such timber have been over appropriated in the

past and face stiff opposition on public lands utilization from outside environmental groups that consistently oppose public sales of timber harvesting. Despite the fact that sustainable forest management practices are widely employed in the County, market conditions, transportation costs and environmental regulations will combine to keep forest products production well below historic levels.

The industries identified through the EOA process as presenting the most likely potential growth for Wallowa County include the following.

Warehousing and Distribution.

Wallowa County has two state highways that provide the primary access. Highway 82 connects the valley with Union County and Interstate 84, while Highway 3 provides a connection north to Clarkston, Washington and Lewiston, Idaho. Given the geography and transportation, the County is in many ways the “end of the road” and consequently the freight costs for local manufacturers are higher than other locations in Oregon or the Pacific Northwest because most haulers either “dead-head” to the County or have limited size loads increasing the cost per product or cost per pound.

Given the constraints and local conditions, the best solution to meet this economic need is an effort to encourage a freight hauler or haulers, to locate a satellite facility in the county or assist local employers in developing a co-operative model to support the local economy. Despite the clear need and opportunity identified as well as the available lands, a large transportation company is not likely to select Wallowa County for its location due to the distance from major transportation corridors, specifically the Interstate system.

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Natural Resources

Production related to Agriculture and Forest Products still represent a significant percentage of local economic activity in Wallowa County. Despite the challenges of market conditions, processing plant locations and regulatory issues, Wallowa County still produces 60-70 million board feet of lumber each year, primarily from private lands. There are 25,000+/- cattle in the County representing some of the highest quality grass fed beef in the Pacific Northwest. Branding of this high-quality product is underway with several co-operative marketing groups, such as “Painted Hills Beef,” among others.

The effort to brand local beef and highlight its grass-fed and small producer origins makes good economic sense. Americans are increasingly interested in knowing where their food comes from and how it was produced. This market pressure offers the County an opportunity to continue to export high-quality agricultural products far into the foreseeable future and highlight what is already taking place without significant new investments in infrastructure or facilities.

Energy

Wallowa County offers opportunities for demonstrations in sustainable energy generation. Some small-scale hydro opportunities certainly exist utilizing new technologies that are compatible with fish and environmental management. Recent

discussions about wind energy generation have been met with little enthusiasm among local citizens. Because the scenic vistas are the hallmark of this County and bring so many visitors to the County every year, any development that visually impacts these views could have a negative overall economic impact. Wallowa County could be a source of energy resilience by incorporating micro-grid technologies and distributed generation as part of the County's energy strategies. No significant energy generating geo-thermal resources have been identified within the county. Solar energy likewise remains a possibility and is site and technology dependent, but continues to look more and more promising.

Manufacturing

Wallowa County's economy is distinguished by a population with a higher percentage of entrepreneurs per capita than its urbanized counterparts. This reliance of the resourcefulness and ingenuity of its people has been refined by the County's agricultural and natural resource foundation. New manufacturing is most likely to come from this cadre of local inventor/ entrepreneurs and therefore be relatively smaller in scale. Agricultural products offer the most likely value-added manufacturing opportunities. Food security, farm to table sourcing and natural finished beef products offer scalable opportunities for local growers to gain more value out of their products. Custom finishing of agricultural products and improved freight access could greatly expand the market share for high quality/high value farm/ranch products.

Another opportunity for the County is the potential to attract industry-linked recreational equipment manufacturing from other locations. In particular, individuals or small firms interested in locating to a rural area offering immediate uses for the products represent potential new manufacturers. Because of the limited size of the available local work force these firms are most likely to be smaller, specialty manufacturers who need or already have a limited staff and can afford to absorb the transportation costs of importing raw materials and exporting finished goods.

Professional/Technical Services

Innovations in electronic communication capacity presents rural communities such as Wallowa County with a unique opportunity to import high paying jobs into the County. Under the auspices of Industry 4.0, the economy is undergoing a transformation to more and more a digitized economy. As the nation moves to this digitized economy there are opportunities for rural counties to make use of "blockchain" computing. Simplified, such computing builds on a computer controlled digitized ledger that allows businesses to manage supply chains, shipping controls and ordering through an automated system that takes advantage of economies of scale and real time opportunities.

This "blockchain" computing, when fully realized allows multiple businesses to utilize this infrastructure to receive and fulfill orders, coordinate shipping, consolidate freight loads to lower cost per pound of shipping and many other functions. In addition, the Coronavirus has made remote professional work more common. With a growing focus on making most new products, "smart" products (Edge Computing) and AI (Artificial Intelligence) there exists an increasing potential to perform this work remotely.

Wallowa County offers a unique highly desirable environment for paid, trained professionals who want a change of scenery and can work anywhere. For companies that do not want to lose talent, geography becomes less and less important. If Wallowa County wishes to attract these types of professionals, whose salaries typically average \$150,000 annually, the development of a local “Blockchain capacity offers immediate benefits to local producers and could if developed appropriately address the freight cost issues in Wallowa County. The development of a small scale Blockchain capacity would send the signal to this growth industry that a suitable home for these independent professionals wishing to relocate but not end their company employment could very well be in Wallowa County.

Visitor Services

Wallowa County is a vacation destination for many people from the Northwest and the rest of the world. The County offers epic alpine hiking, scenic vistas, excellent fishing, hunting, boating, mountain biking, whitewater rafting, rails to trails hand carts and local shopping featuring art and crafts homemade in the County. As this EOA was underway, the Wallowa Union Railroad was closing in on the reopening of excursion rail services with the replacement of two bridges at Howard Creek and Water Canyon.²¹ This significant investment in local infrastructure is an important improvement that will help attract visitors and hold them in the region longer.

Much like the excursion rail service, there are additional economic opportunities to capture a larger share of these tourism industry dollars by providing support services to visitors. Examples of such services include aviation repair, expansion of guiding services, equipment repair services, experiential activities and similar initiatives that can help sustain local services as well by keeping these tourist dollars in the county for a longer cycle than currently.

Resident Services

Wallowa County has a need for some additional upscale professional housing as well as seasonal worker housing. Current market conditions do not support large scale investments in speculative real estate because of the low housing turn-over and limited demand. This may already be changing as a result of the global pandemic that has spurred an increase in demand for rural environments that offer more personal security during a national health crisis. Senior housing could be a help in bringing some more retirees to the County and with them their retirement dollars to contribute to the local economy. However, this potential is offset by the lack of supportive or geriatric services.

Airport (adjacent) Properties

Wallowa County has two public airports, a municipal airport in Enterprise and a state airport in Joseph. Access to the County can be a challenge in the winter given inclement weather and alternative access is certainly an asset. Utilizing these airport properties for employment lands offers a chance for the County to diversify the services that can be provided in an economically sustainable manner. Because storage facilities, special use

²¹ Dick Mason, “Train Traffic Set to Return to Wallowa County.”

buildings, and infrastructure, such as fuel, water, sanitary services and maintenance are necessary to capitalize on the potential benefits, the County will necessarily have to work with the cities. This work should begin with an effort to identify needed additions to these properties. The Airports offer a significant and promising economic opportunity to expand and diversify the local economy.

Among the types of businesses and businesses activities that typically take place at regional or small municipal airports are the following. This list does not include those businesses that are located within a terminal or that cater to commercial passengers such as restaurants, shops or kiosks.

- Fuel for aircraft
- Flight / Pilot Training
- Aircraft charter / rental services
- Aircraft Maintenance
- Aircraft & automotive detailing services
- Hanger rental
- Warehousing
- Freight transfer / load consolidation and dispatch
- Car & truck rental
- Skydiving services
- Charter tourism services
- Crop-dusting services
- Aerial mapping/ photographs/ surveying/ livestock spotting
- Drone services
- Air National Guard
- Business Incubators / clusters
- Manufacturing both aviation/ avionics focused and general
- Professional offices when developed for that purpose
- Museums – typically related to aviation

Looking at the businesses located at airports is an esoteric exercise that is often linked to a bunch of external factors and the purpose of the port district. Obviously, there is a heavy emphasis on avionics, cargo and local industry. Available land and the cost of rental/ lease/ purchase is critical as is the willingness of the port district to build and market facilities. If the port district invests in warehouse space or shop space, it seems to get filled, likewise with office facilities, but the offices seem to be mostly professional that don't require lots of foot traffic. Things like accountants, HR firms, insurance agencies, financial services seem to be what show up in these spaces. Lots of mention of advertising, but these are mostly those aimed at advertising to passengers on flights.

Chapter 4: Forecast of Employment Land Needs

Wallowa County is pioneering the implementation of Senate Bill 2, which established a special Economic Opportunity Analysis process for eight (8) extremely rural counties to identify up to 50 additional acres of employment lands within the County to support economic development. Given that Senate Bill 2 addresses “employment land” it therefore necessarily addresses “Goal-Nine” of the fourteen land planning goals that guide planning activities.

Goal nine- Economic Development, requires that jurisdictions plan for a 20-year supply of commercial and industrial lands. These plans require analysis of future needs. To establish the baseline estimates of additional land needs by employment sector, each county must develop an estimate of the physical space required for each anticipated new employee.

The employment projections for Wallowa County are based on estimates of population growth from 2020 – 2040 and other known factors unique to the county. Based on recent history, the uncertainty of a pandemic / post-pandemic economy, it makes sense to make the following assumption. Specifically, employment growth will primarily occur as a result of the expansion of existing market sectors. Of course, local history also demonstrates that there will be limited new business development as a result of result of local entrepreneurship. The pandemic also creates the opportunity of some new businesses relocating to a safe rural community.

According to the 2019 Population Forecast from the Population Research Center at Portland State University, Wallowa County will experience a 2.0% growth rate near term.²² The US Census has provided an estimate of 2.9% growth, utilizing an average of 2.2% growth, the following estimate of employment lands needs are identified.²³ Because of recent experience with the global pandemic, increased interest in rural communities is on the rise, which makes Wallowa County even more attractive as a place to which some businesses may wish to relocate.

The following table provides a snapshot of the 2018 baseline conditions for employment in Wallowa County. The table comes from the Economic Opportunity Analysis done for the City of Lostine and is used because it comes from pre-pandemic data, which over the last year has been skewed for a host of reasons. Undoubtedly the pandemic has produced important changes and that data will ultimately be important. However, as of the drafting of this document, the persistence, direction and magnitude of the impact is

²² Population Research Center. “Coordinated Population Forecast for Wallowa County, its Urban Growth Boundaries (UBG), and Area Outside UBGs 2019-2069.” *Portland State University*.

²³ U.S. Census Bureau. “ACS 5-Year Estimates.”

unknown and unknowable. The County may well find that post-pandemic it quickly returns to the same baseline and absent a clear and compelling reason to figure otherwise, it makes sense to use the data below.

Figure 2: Update to 2018 Baseline & Conversion of Covered to Total Employment²⁴

Major Industry Sector	QCEW Employment			Total Emp. Conversion ²	2018 Estimate
	2017 Employment	'17-'18 County Δ ¹	2018 Estimate		
Construction	187	5.7%	198	73%	269
Manufacturing	156	0.9%	157	98%	161
Wholesale Trade	112	9.2%	122	97%	126
Retail Trade	265	2.3%	271	94%	287
T.W.U.	103	-0.7%	102	91%	112
Information	20	4.6%	21	95%	22
Finance & Insurance	203	-2.5%	198	92%	216
Real Estate	203	5.5%	214	92%	234
Professional & Technical Services	87	2.5%	89	88%	101
Administration Services	47	13.5%	53	88%	60
Education	291	2.3%	298	95%	315
Health Care	449	1.2%	454	95%	481
Leisure & Hospitality	286	3.0%	295	94%	312
Other Services	149	5.3%	157	83%	190
Government	188	-1.0%	186	100%	186
TOTAL	2,746	2.5%	2,816	92%	3,072

¹ AAGR from 2012-2017 for Wallowa County

² Bureau of Economic Analysis. Calculated as an eight-year average between 2010 and 2017

T.W.U. = Transportation, Warehousing, and Utilities

Source: Johnson Economics, Oregon Employment Department, BEA

The trends that the data reveals are not surprising and supported by anecdotal evidence that has been apparent from conversations, preliminary reports and other sources. Agricultural and forestry jobs continue to erode and the importance of the service industry continues to grow in importance. Likewise, the significance of health care, education and governmental services will likely continue to be significant contributors to the employment base.

What is missing however from this work completed in 2019 is the impact of what was then unforeseeable. The Covid-19 pandemic created the worst unemployment in the County since the recession of 2008-2009 and drove rates to a high of 12.8 percent in May of 2020, which was perhaps surprisingly below Oregon's rate of 14.9 percent.²⁵

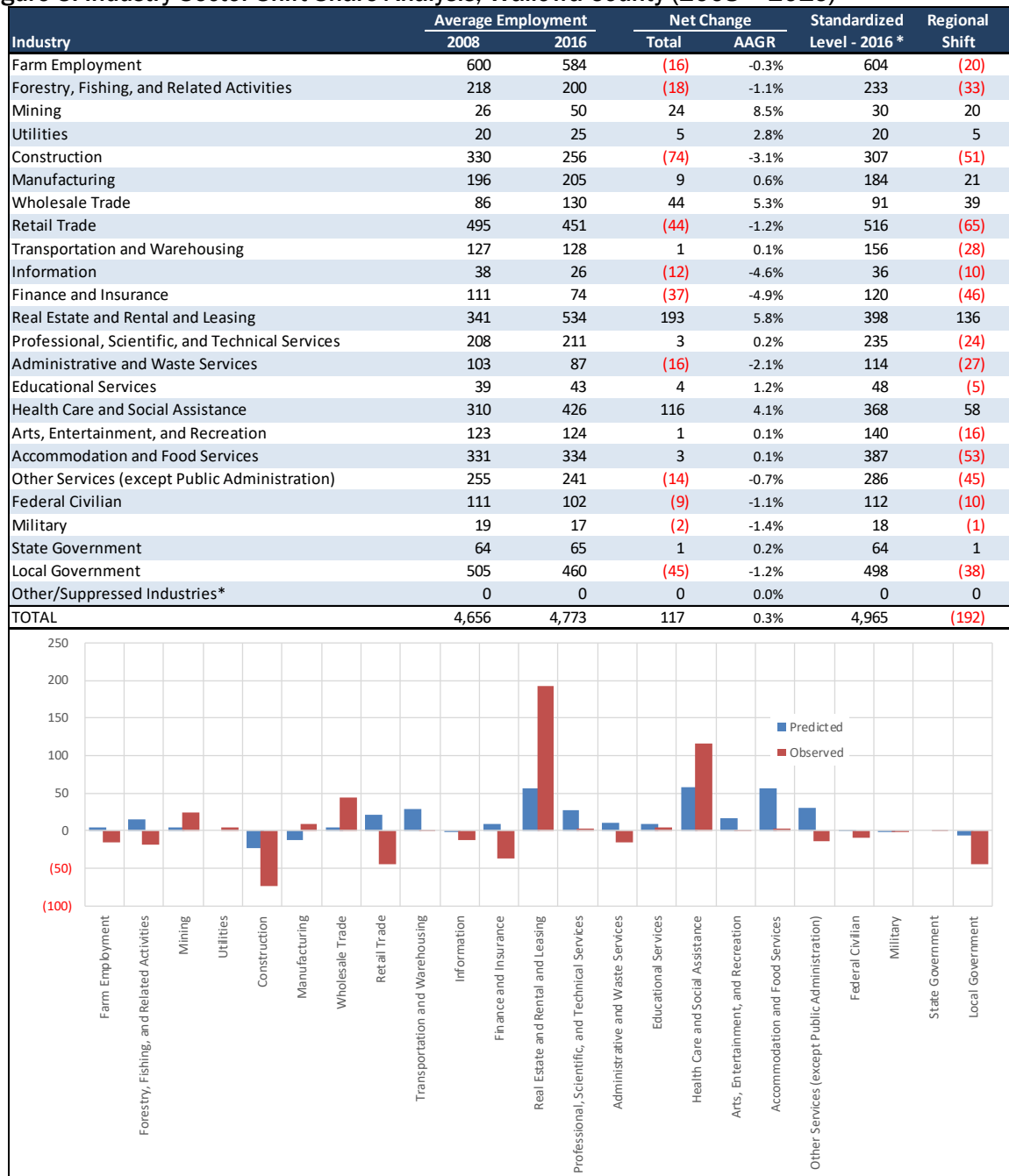
Moving from the baseline employment data, it is appropriate to now consider the ways in which the job base has shifted recently. As with the data above, the table below followed by the graphic representation represents the pre-pandemic trends. Most likely the pandemic will have some lasting impacts, but what those are and will be remain unclear. Therefore, this analysis relies on known data and known trends and builds its

²⁴ Johnson Economics. "Economic Opportunities Analysis for The City of Lostine." p. 41.

²⁵ Oregon Employment Department. "Local Areas: Eastern Oregon."

projections based first on these known facts and extrapolates based on the emerging patterns.

Figure 3: Industry Sector Shift Share Analysis, Wallowa County (2008 – 2016)²⁶



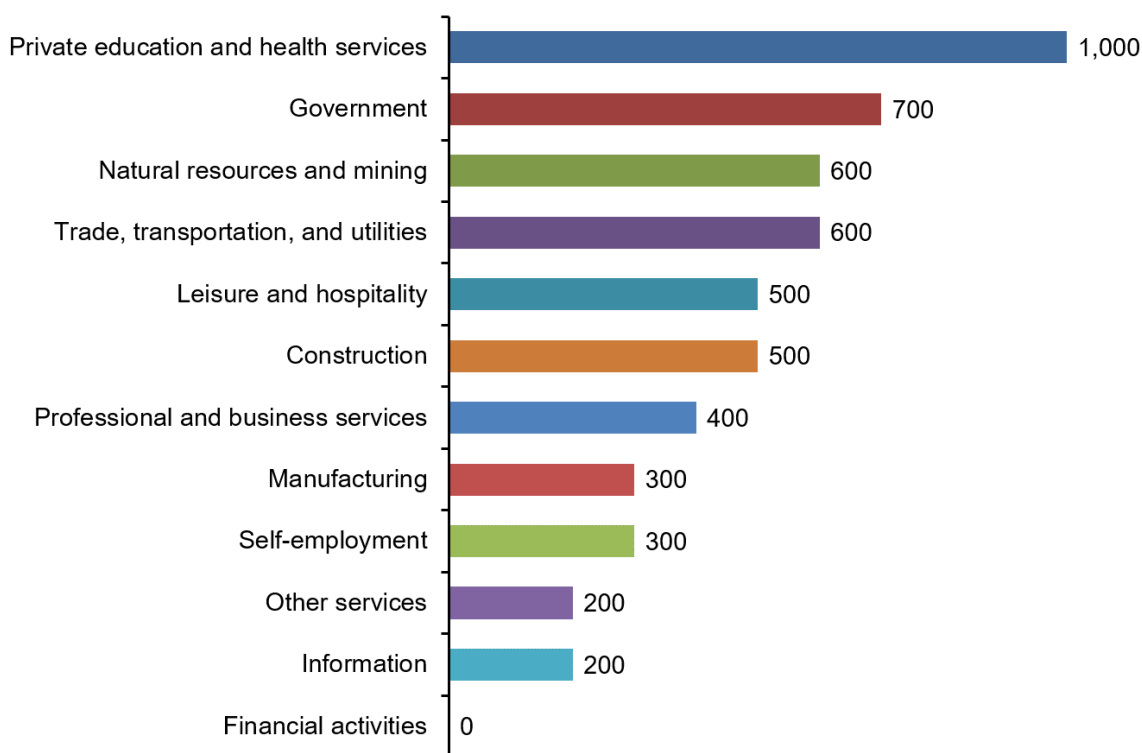
²⁶ Johnson Economics. "Economic Opportunities Analysis for The City of Joseph." p. 24.

The table and graph on the previous page reinforces the observations made earlier and in other sections. Agricultural jobs and jobs relating to forestry continue to disappear and the long-term trends is clear. What is more surprising over the ten-year period covered here is that the number of jobs in construction and retail trade, along with finance and insurance jobs have also shrunk. Some of this is likely a secondary impact from the reduction in employment in agriculture and forestry, while retail jobs everywhere have been lost to online platforms.

Recent projections from the Oregon Employment Department suggest a much more robust projection for the region of Eastern Oregon and by extension for Wallowa County. This projection is largely based on anticipated growth in the housing sector in these communities. While housing is not the primary focus of this EOA, without adequate housing, attracting new employers and businesses will continue to limit economic growth. Therefore, identifying opportunities for new housing development cannot be ignored as part of this analysis.

According to the Oregon Employment Department, the next ten years in Eastern Oregon will feature growth in several sectors including the following.²⁷

Figure 4: Private Education and Health Services to Lead Eastern Oregon's Job Growth 2019-2029



Source: Oregon Employment Department

Putting these numbers into context, the Oregon Employment Department projects that in eastern Oregon, including Baker, Grant, Harney, Malheur, Morrow, Umatilla, Union

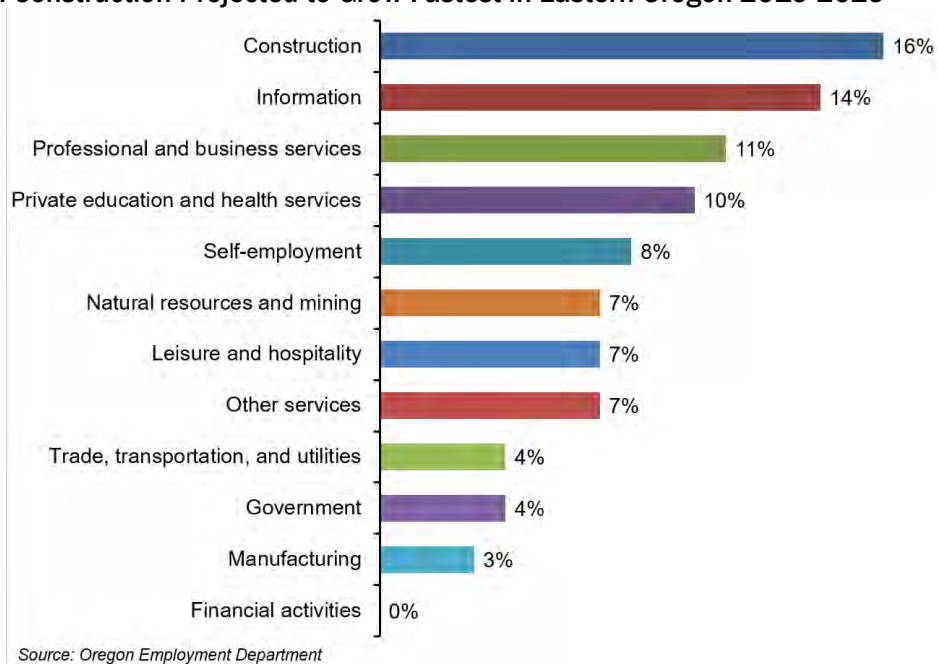
²⁷ Oregon Employment Department. "Eastern Oregon Projected To Add 5,200 Jobs by 2029"

and Wallowa Counties will add a total of 5,200 jobs. The growth from 81,200 to 86,400 represents a growth of 6.4 percent, which is relatively modest. What the projections do not reveal is how that growth will be distributed. Counties on main-line transportation systems, including rail, highway and rivers will likely see a larger share of the growth than those more isolated. What is more significant for Wallowa County is the areas of growth.

The Oregon Employment Department's projections correspond with other data sources in identifying private education and health care as the sector that will grow the most. The Department also identifies natural resources, leisure and hospitality and manufacturing as areas that will see job growth and these sectors offer Wallowa County a hopeful future as each of these sectors are well represented in the county's current economic mix.

Delving more deeply into the projected growth, it is worth noting that it is the construction field that is projected to grow the fastest. Given the housing stocks, the age of housing and the recession of a decade ago, it makes sense that construction should continue to be a robust contributor to the region's economy. With a forecasted growth rate of 16.0 percent, construction is a requisite engine for other economic growth throughout the region. In particular there is a profound need for new housing throughout Eastern Oregon and this is true in Wallowa County too. The following table is taken from the Oregon Employment Department's projections regarding the growth rates of various economic sectors.²⁸

Figure 5: Construction Projected to Grow Fastest in Eastern Oregon 2019-2029



²⁸ Ibid.

Forecasting

This economic opportunity analysis comes more than a year after the most recent efforts in Wallowa County, done by the Cities of Lostine and Wallowa. Although separated in time, it makes sense to use similar methodologies to forecast growth and change. No validated method exists for forecasting rural economies emerging from a pandemic. Therefore, this analysis deliberately uses the work of Johnson Economics.

Therefore, quoting from the Lostine analysis that focused on the entire county given the absence of Lostine specific data, we too will declare: “our methodology starts with employment forecasts by major commercial and industrial sectors. Forecasted employment is allocated to building type, and a space demand is a function of the assumed square footage per employee ratio multiplied by projected change. The need for space is then converted into land and site needs based on assumed development densities using floor area ratios (FARs).”²⁹

As Johnson Economics did, this analysis begins with the covered employment data and unlike Johnson Economics, there is no need to project to the current year as the current data is the unique product of an economy struggling in the middle of a pandemic and whose covered employment totals are below what they were in 2019. According to Oregon Employment Department’s website and the Wallowa County Annual Employment report for 2019, there were 2,636 covered jobs and as of November 2020 the Department reports there were 2,530 covered, nonfarm employment positions. This is the most recent figure as of January 2021.

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Regardless of the year or broader economic trends, it is important to remember that covered positions do not include sole proprietors or commissioned workers. Covered employment also misses contracted workers including quite often construction workers, professionals and those providing some administrative services. Johnson Economics used the conversion rate of 92.0 percent and it makes sense to use this same figure. Thus, the total employment figure given the pre-pandemic level of 2,636 is 2,949 and the converted figure for end of 2020 employment is 2,830.

Taking these numbers forward and forecasting job growth requires assumptions about growth rates. Taking from the work of Johnson Economics, “The Goal 9 statute does not have a required method for employment forecasting. However, OAR 660-024-0040(9)(a) outlines several safe harbor methods, which are intended to provide jurisdictions a methodological approach that will not be challenged. The most applicable for Wallowa County jurisdictions is 660-024-0040(9)(a)(A), which recommends reliance on the most recent regional forecast published by the Oregon Employment Department. This method applies industry specific growth rates for the Eastern Oregon Workforce Region (Baker, Grant, Harney, Malheur, Union, and Wallowa Counties) to the Wallowa County base.”³⁰ Using this projection rate of 0.9 percent per year, there should be

²⁹ Johnson Economics. “Economic Opportunities Analysis for The City of Lostine.” p. 40-41.

³⁰ Ibid., 41.

between twenty-five and twenty-seven new jobs per year, or 255 to 165 over the next ten years.

The Oregon Employment Department, as noted in the graph above, projects a growth rate of six percent over the next ten years for the Eastern Oregon Workforce Region. Using this rate for Wallowa County yields a total of 170 to 177 new jobs to be created in the County. Significantly, the growth rate for Eastern Oregon for a whole is suspect in that it encompasses tens of thousands of square miles and very disparate local conditions. The table below reflects the numbers discussed here and above.

Table 10: Wallowa County Employment and Employment Growth

Wallowa County <i>Baseline Covered Employment</i>	Growth Rate <i>Adjusted - Total Employment</i>	10 - Year Employment Growth	
		<i>0.9% Annual Growth</i>	<i>6.0% Ten-year Growth</i>
2019 - 2,636	2,949	265	177
2020 - 2,530	2,860	255	170

Target Employment Sectors

The process of identifying target industries for Wallowa County builds on the recent Economic Opportunity Analyses done by the Cities of Joseph and Lostine. Further the process must be grounded in the historic data and the existing strengths, advantages and opportunities along with the identified goals of the people of the county. It makes no sense to identify opportunities that are not attractive or fit the preferences of the people of Wallowa County. The following table reports the employment distribution for Wallowa County at the end of 2019, which is the most recent data and also reflects the pre-pandemic conditions and the best proxy for future conditions.³¹

Table 11: Employment by Industry and Subcategory

Industry / Subcategory	Employment	Percentage
Natural Resources & Mining		
Agriculture, Forestry, Fishing & Hunting		
- Crop Production	45	1.71%
- Animal Production	63	2.39%
- Forestry & Logging	67	2.54%
- Agriculture & Forestry Support	14	0.53%
Construction		
- Construction of buildings	83	3.15%
- Heavy & Civil Engineering Const.	6	0.23%
- Specialty trade contractors	64	2.43%

³¹ Oregon Employment Department. "Employment and Wages by Industry (QECW): Wallowa County Annual 2019.

Manufacturing		
- Food Manufacturing	35	1.33%
- Beverage & Tobacco Products	2	0.08%
- Wood Products	1	0.04%
- Miscellaneous	126	4.78%
Trade Transportation & Utilities		
Wholesale Trade		
- Merchant wholesalers - durable	5	0.19%
- Merchant wholesalers - non-durable	113	4.29%
- Electronic markets	4	0.15%
Retail Trade		
- Motor vehicle & parts	45	1.71%
- Furniture	1	0.04%
- Building Materials	26	0.99%
- Food & beverage	110	4.17%
- Gasoline stations	23	0.87%
- Clothing & Accessories	3	0.11%
- Sporting goods/ hobby/books/ music	2	0.08%
- Miscellaneous	37	1.40%
- Non-store retailers	2	0.08%
Transportation, Warehousing & Utilities		
Utilities	2	0.08%
Truck Transportation	21	0.80%
Transit & ground passenger	1	0.04%
Scenic & sightseeing transport	1	0.04%
Couriers & messengers	1	0.04%
Information		
Publishing	13	0.49%
Telecommunications	4	0.15%
Financial		
Finance & insurance		
- Credit intermediation	44	1.67%
- Insurance carriers	18	0.68%
Real estate & rental & leasing		
- Real Estate	52	1.97%
- Rental & Leasing	13	0.49%
Professional		
Professional & Technical		
- Administrative & Waste services	39	1.48%
- Admin & Support services	26	0.99%

- Waste management & remediation service	7	0.27%
Education & Health Services		
Educational Services	4	0.15%
Health Care & Social Assistance		
- Ambulatory health care	182	6.90%
- Nursing & residential Care	78	2.96%
- Social assistance	140	5.31%
Leisure & hospitality	106	4.02%
- Performing arts	3	0.11%
- Museum, parks & historical sites	2	0.08%
- Amusement, gambling & recreation	6	0.23%
Accommodation & Food Services		
- Accommodation	91	3.45%
- Food services & drinking	135	5.12%
Other services		
Repair & maintenance	35	1.33%
Personal & laundry services	2	0.08%
Membership organizations & associations	53	2.01%
Private households	36	1.37%
Unclassified	6	0.23%
Government	638	24.20%
Totals:	2,636	100.00%

Reviewing these figures, even at a glance, reveals that governmental employees are the single largest single employer type is governmental employment. Within the governmental category, federal employees amount to 3.3 percent of the total and 13.8 percent of the governmental employment. Not surprisingly the biggest specific categories within “governmental” are health care, with 156 jobs and education with 151 jobs, equally approximately six percent of the total jobs in the county and one third each of the local governmental employers. The breakdown is as follows.

Table 12: Types of Government Jobs

Type of Government	Number	Number	% of total Jobs	% of Govt.
Federal	88		3.3%	13.8%
State	79		3.0%	12.4%
Local	471		17.9%	73.8%
- Education		151	5.7%	32.1%
- Health		156	5.9%	33.1%
- Public admin		130	4.9%	27.6%
- Other		34	1.3%	7.2%

Agriculture, Forestry, Fishing & Hunting

Any consideration of Wallowa County and its economic engines must begin with agriculture. Historically, forestry and lumber would have been co-equal, but today, there are more cows than people in the county. Most of the agricultural production from hay to beef leaves the county unprocessed and this creates opportunities for a host of value-added businesses and enterprises.

As of the 2019 annual report, the Oregon Employment Department reported 188 jobs and accounted for 7.2 percent of the jobs. According to the EOA done for Lostine: “the projected growth over the next twenty years is 54 jobs. The average annual wage in 2017 in these industries was \$34,926, slightly higher than the average wage in the county.”³² The reason for the disparity is the inclusion or not of the secondary products employment.

Leisure & Hospitality

As detailed earlier the impact of travel and tourism on Wallowa County is significant and amounted to 670 jobs in 2018 according to the analysis by Dean Runyan Associates and produces earnings in excess of \$14.4 million for the local economy.³³ Between 2010 and 2018 the industry sector added 180 jobs and is poised to continue to grow. The caveat is, of course, the current pandemic that has curtailed travel and tourism at unprecedented levels.

However, the region’s resources including Wallowa Lake, the Eagle Cap Wilderness, Hells Canyon and the unique combination of the arts and outdoors makes the region an unparalleled national and international attraction. Significantly, this market segment is also one that local residents want to continue to nourish and encourage. There are significant opportunities to do this, including value added prospects including the potential to offer a wider range of services including those based at the County’s two airports.

As of 2019 the “leisure & hospitality” sector was responsible for 258 jobs. “With average annual wages of \$15,189. The sector is expected to add 107 new jobs over the next twenty years, accounting for 14.3% of projected growth in the county.”³⁴ The disparity between the EOA numbers and those reported by Dean Runyan Associates is likely due to a methodological difference and that Dean Runyan Associates includes travel related employment in the figure.

Education and Health Services

This sector accounts for 15.3 percent of the County’s employment base, but this does not include governmental employees. This sector is closely linked to the local demographics and the aging of the population is well documented. The demand will likely continue to grow and the sector provides relatively higher wages than other fields

³² Johnson Economics, “Economic Opportunities Analysis for The City of Lostine.” p. 29.

³³ Dean Runyan Associates. “Oregon Travel Impacts: Statewide Estimates.” *Prepared for the Oregon Tourism Commission*. p. 185-186.

³⁴ Johnson Economics. “Economic Opportunities Analysis for The City of Lostine.” p. 31.

and the County has a twenty-five-bed hospital and a Level IV Trauma Center in Enterprise. “The sector is expected to add 288 new jobs over the next twenty years, accounting for 38.3% of projected growth.”³⁵

Projections of growth in Oregon and eastern Oregon make much of the obvious trend of an aging population. This is especially true in rural communities and Wallowa County fits this trend. Some projections assume that the population will age in place and thus create a demand for long-term care in a variety of forms, be it services or facilities. However, these assumptions require investments and the source of those investments is not at all clear. Perhaps long-term facilities or services will appear, but there is no obvious mechanism to create these and there is no obvious funding source. Likewise, as much as residents may wish to age in place, the absence of geriatric services may cause a steady, low-volume loss of population and never have the critical mass required to attract investment in long-term care facilities.

Manufacturing

The holy grail of economic development is “manufacturing.” The sector tends to produce high-paying jobs and is an economic engine for supportive and ancillary sectors. Manufacturing currently accounts for 6.2 percent of employment in the County and there are many likely opportunities for further development. “The sector is projected to grow by 45 jobs over the next twenty years, accounting for 6.0% of the future growth in the county.”³⁶

Retail Trade

Retail trade is often closely linked to the local population and other economic sectors. The loss of at least some level of activity to online sales has depressed this sector across the region, state and nation, but it remains an important source of employment and in 2019 it amounted to 9.4 percent of the jobs in Wallowa County. “The sector is projected to add 31 jobs over the next twenty years, accounting for 4.2% of projected employment growth in Wallowa County during that period. The average annual wage was \$33,120 per year in 2017. This reflects an average wage of over \$52,000 in wholesale trade and \$25,000 in retail trade.”³⁷

Discussion of Target Industries

The target industries are of course what already exist in the County and that are complementary to existing economic sectors. The targets all offer the potential to grow the economy and increase the overall wage levels and thus to be mutually supportive. The table below “shows the relative performance of these industry categories between 2007 and 2017 based on Quarterly Census of Employment and Wages (QCEW) data for Wallowa County.”³⁸

³⁵ Ibid.

³⁶ Ibid., 33.

³⁷ Ibid., 34.

³⁸ Ibid., 36. The table is from the same source and the same page.

Figure 6: Recent and Projected Performance of Target Industry Sectors – Wallowa County

TARGET INDUSTRY Component	Employment			Projected Growth		Average Wage
	2007	2017	Net Change	Adjusted	AAGR	
MANUFACTURING	182	156	(26)	45	1.3%	\$24,936
Metals	116	53	(63)	19	1.6%	\$24,936
Food Manufacturing	6	69	63	25	1.6%	\$24,936
Wood Manufacturing	60	34	(26)	1	0.1%	\$24,936
AGRICULTURAL & FORESTRY SUPPORT	138	294	156	54	0.8%	\$34,926
Agriculture, forestry, fishing, and hunting	132	225	93	29	0.6%	\$37,990
Food Manufacturing	6	69	63	25	1.6%	\$24,936
WHOLESALE & RETAIL TRADE	366	377	11	31	0.4%	\$33,120
Wholesale trade	53	112	59	2	0.1%	\$52,236
Retail trade - Stores	268	224	(44)	25	0.5%	\$25,041
Retail trade - Other	45	41	(4)	5	0.5%	\$25,041
TRAVEL, RECREATION, TOURISM	277	286	9	107	1.6%	\$15,189
Arts, Entertainment, and Recreation	43	48	5	18	1.6%	\$18,001
Accommodation and Food Services	234	238	4	89	1.6%	\$14,622
EDUCATION, HEALTH SERVICES	618	740	122	288	1.7%	\$28,665
Educational services	283	291	8	119	1.7%	\$18,680
Health care and social assistance	335	449	114	169	1.6%	\$35,136
Total/Weighted Average	1,581	1,853	272	525	1.3%	\$28,171

Source: Oregon Employment Department, Johnson Economics

The growth documented in the table above confirms what local anecdotal evidence, interviews and discussions have revealed. Namely, it is the core sectors that have grown the most, specifically the following.

1. Agriculture
2. Education
3. Health Care
4. Leisure & Hospitality

While Wallowa County offers opportunities for value added agricultural products, that opportunity is limited by distance to markets, challenges of finding affordable shipping costs and an absence of a critical mass of producers working together to maximize market share. Recreation and Tourism sectors offer growth potential due to the world class recreation available in the County. Most jobs will be created in the service sectors where the bulk of opportunities currently exist. Professional, medical and technical services will continue to be in demand, but success recruiting new individuals will continue to be a challenge due to the absence of available quality housing. Efforts to support the housing industry especially the new home construction enterprises could greatly assist the County in stimulating more development.

Partners in Economic Development

Individual efforts and entrepreneurship are important to economic development, but must be rooted in a cooperative effort that takes advantage of opportunities for partnership to have a long-lasting impact. Indeed, throughout the process of developing this EOA, interviews, surveys and conversations with residents and local leaders has made the local commitment to partnerships quite clear. To this end, the

recommendation to continue to nourish partnerships, regional efforts and coordination across agency, department and economic sectors is as obvious as it is important.

The following list of partners represents an accounting of the “usual suspects” but the fact that they are obvious does not diminish their relative importance and the significance of their involvement. The following list is not exhaustive and it is a starting place for thinking about how best to support the goals of strengthening the economy and maintaining the uniqueness and characteristics that Wallowa County residents consistently cite as reasons for living here.

Not every entity listed here will have resources and the ability to assist with every project and initiative. However, between and among them they do have access to overlapping constituencies and the vast majority of the local population, as well as regular visitors and businesses doing business in Wallowa County. Moreover, between them they should be able to support the widest possible range of efforts and bring as many resources as possible to bear on the opportunity, solution or initiative.

- Wallowa County
- Cities of Enterprise, Joseph, Lostine, and Wallowa
- Wallowa County Chamber of Commerce
- Business Oregon
- Oregon Department of Development & Land Conservation (DLCD)
- Northeast Oregon Economic Development District (NEOEDD)
- Wallowa Resources
- Northeast Regional Solutions Team
- Oregon State University Extension Service
- Blue Mountain Community College
- Eastern Oregon University
- Oregon Department of Transportation

Along with the list of organizations, departments, governments or entities, it is important to include private citizens and landowners on any list of partners. This EOA process has reached out to a host of landowners, including those inside and outside of existing communities and urban growth boundaries. It is critical that these efforts continue and that economic development efforts include individuals who are able to support it. Not only is there a need for new housing, there is a need for land to site those homes, a need for investment in the process and a need to support the goal of strengthening the local economy.

Chapter 5: Site Analysis – Evaluated Properties

The Economic Opportunity Analysis (EOA) established for the eight most rural eastern Counties envisioned a hybrid process that combined statistical analysis and targeted employment sectors to determine what economic growth is most likely and how much will occur in the next twenty years. Since the EOA process requires a “willing” citizen to participate in this process, site selection necessarily demands three things:

- 1) a citizen volunteer who requests a review and consideration of a specific parcel;
- 2) consultation with the adjoining municipality (as appropriate); and
- 3) a detail site evaluation based on physical and infrastructure resources available to the land.

All potential parcels must then be evaluated by the consultant and the local Technical Advisory Committee (TAC) to fully vet each parcel prior to being selected for final review. The table below inventories the developable and constrained vacant County lands according to the Harney County GIS Survey.

Table 13: Summary of Employment Lands Inventory³⁹

ZONE	Development		Constrained		Total
	# of parcels	Acreage	# of parcels	Acreage	
Commercial	86	72.42	12	17.92	90.34
Industrial	6	35.54	16	143.61	179.15
TOTALS	92	107.96	28	161.53	269.49

Employment Lands

County employment lands include all commercial and industrial lands that are outside the City Limits and outside the Urban Growth Boundaries. Because many of the parcels with an employment lands designation (Commercial and Industrial zones) were “grandfathered” into the inventory because of a pre-existing use prior to land-use planning. This historic designation has significantly overstated the total acreage of developable lands available for employment without any qualification of the quality and character of the subject parcels. Many of the Rural Community Centers, including Troy, Flora, Minam and Imnaha, are designated Residential Commercial, which primarily are occupied by cabins and single-family dwellings. As of 2020, Wallowa County has a total of 300.49 acres of Commercial Unincorporated. Out of this 300.49 acres 40.48 acres is “constrained” due to flood plain impacts on the subject parcel. The County has 434.01

³⁹ Harney County GIS Survey Data. Received on May 18, 2021.

acres of Industrial lands with 117.07 acres of that land “constrained lands” due to flood plain impacts.

Table 14: Buildable Lands Inventory – Existing County Employment Lands Summary⁴⁰

Commercial lands	Commercial Lands – Constrained- F.P.	Employment Lands- no constraints	Constrained lands
260.01 acres	40.48 acres	260.01	40.48
Industrial Lands	Industrial Lands- Constrained –F.P.		
316.94 acres	117.07 acres	316.94	117.01
Industrial EFU	Industrial EFU- Constrained		
43.70 acres	0 acres	43.70	0
TOTALS		620.65 acres	157.49 acres

Wallowa County Assessor Department Records – October 2020

Additional property within the Urban Growth Boundary and outside the city limits is also impacted by Flood Plain designation and should be considered “constrained” for development purposes by City partners. This impact on city development in Wallowa County should be evaluated to find off-sets to these impacted lands. The flood impacted properties while still part of the employment lands inventory should be considered constrained for development purposes due to challenges to development of property so designated. An offset for “constrained lands” supports additional lands being added to the inventory to compensate for these development limited properties.

While it is still possible to develop properties impacted by flood plains, it is a much more difficult and expensive effort to achieve the desired outcomes. The use of this EOA to support additional employment lands by offsetting those constrained lands with new designated Employment lands that do not possess natural limits should be considered. Given that most flood zone designations invariably limit development to some part of any impacted parcels, it makes sense to seek some accommodation. A reasonable accommodation for the flood zone impediment is to allow some additional property be added to the available lands without regard to a statistical justification.

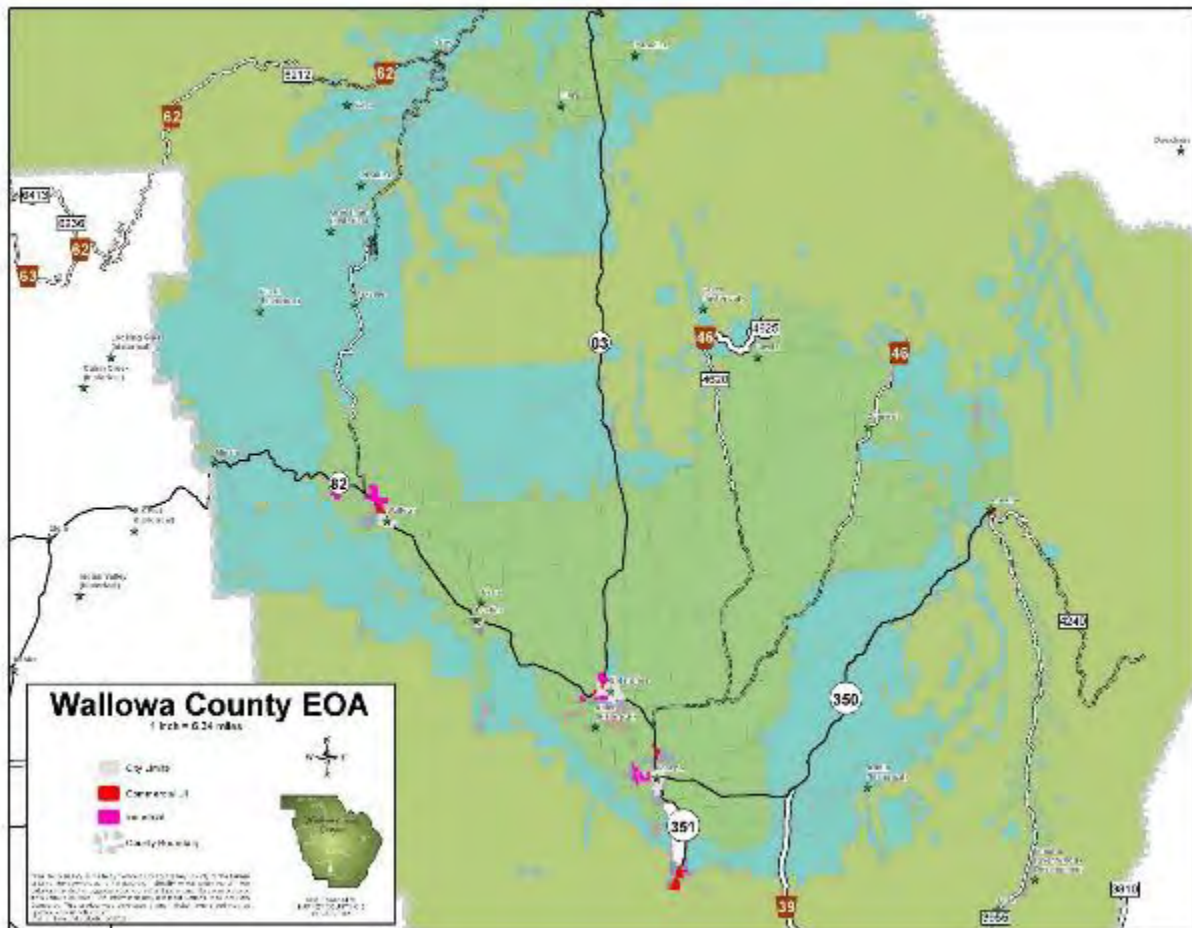
Wallowa County also must now live with the result of abundant inventory of Recreational Commercial zoned land supply. The areas that now struggle with such a widely applied designation include properties in the Wallowa Lake Resort region, the Troy Rural Community Center and the Imnaha Rural Community Center. These properties have been developed primarily as seasonal cabins and lodges with some year-round rentals. This designation artificially creates a higher threshold of Commercial properties than is actually available in the inventory for new Commercial development. Thus, the very real effect of this historical and antiquated designation is an overstatement of available commercial property. The grandfathered recreational

⁴⁰ Wallowa County Assessor Department. “Buildable Lands Inventory.” Provided by the Wallowa County Assessor.

properties are not really developable as commercial sites and consequently the inventory is in every other real sense, inflated and erroneous. An examination of these areas shows little or no actual commercial uses on properties so designated, with many residential uses on these subject parcels.

The Buildable Lands Inventory (BLI) was compiled by use of a GIS system analysis and County Assessor tax account data coupled with a direct site assessment. The current status of buildable lands within Wallowa County is as follows:

Figure 7: Buildable Lands Inventory Map

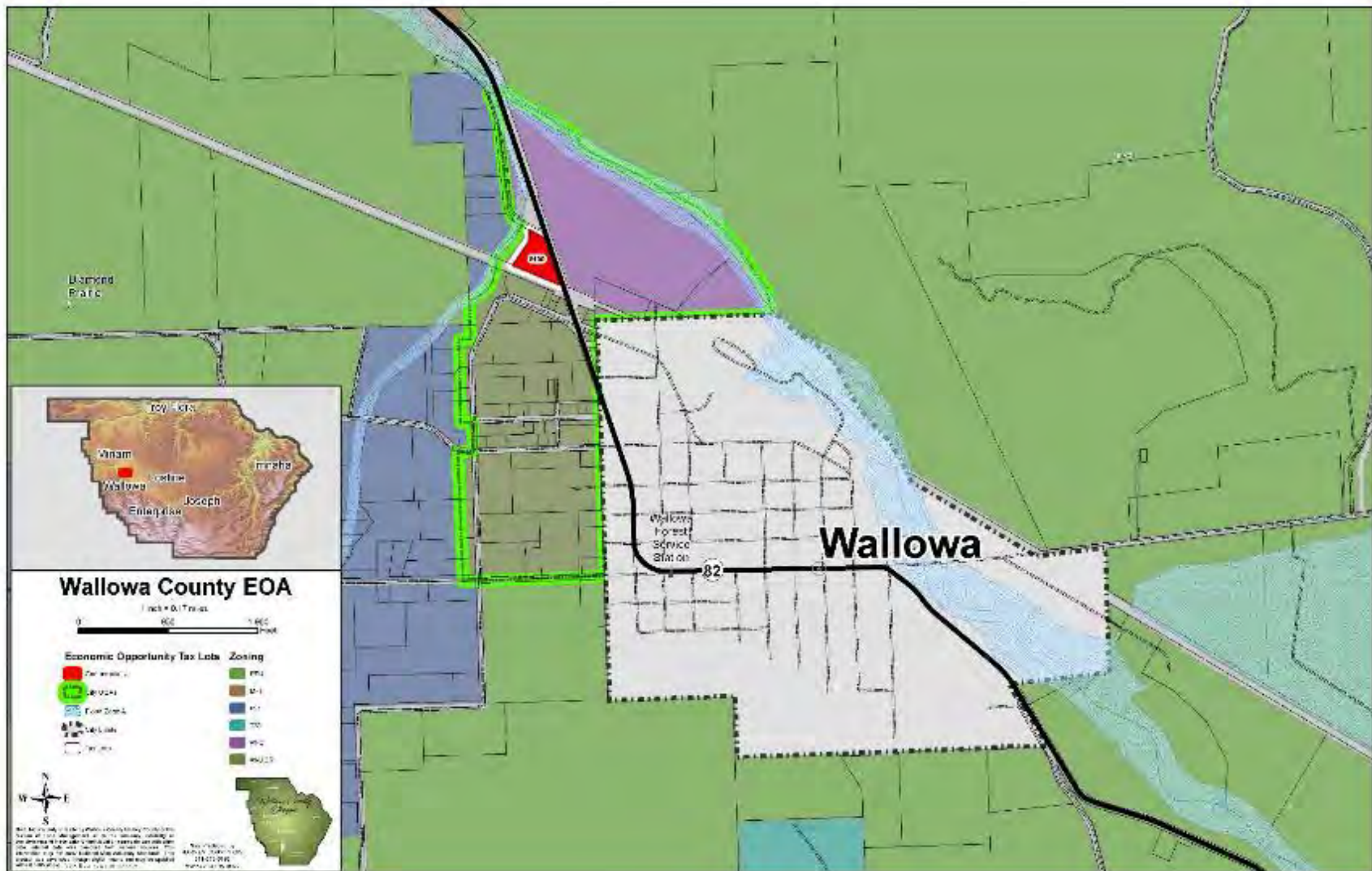


Forecasted land need vs. Buildable Land Inventory

Based on population projections alone, suggests that Wallowa County will only require an additional 6.2 acres of employment lands to meet future needs. This statistic does not factor in the "current 157 acres of constrained lands," which equals approximately 25 percent of all available County employment lands. Thus, an informed analysis leads to the conclusion that the County has a dearth of available lands.

Digging deeper into the 157 acres of constrained land reveals that a significant total of these lands are old and abandoned mill sites, which were most often located near riparian areas to facilitate historic water-dependent uses. Notably, abandoned mill sites have special dispensation in ORS allowing them to redevelop. By definition such lands are almost always within the flood zones. With changing economic conditions and environmental regulatory restrictions as well as potential historic designations, these lands were retained as part of the employment lands inventory, but are today are not likely to be redeveloped or intensely used because they are in the flood zone and subject to regular inundation.

Figure 8: Wallowa, Oregon GIS Map



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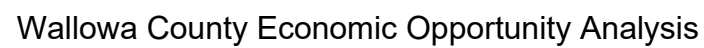
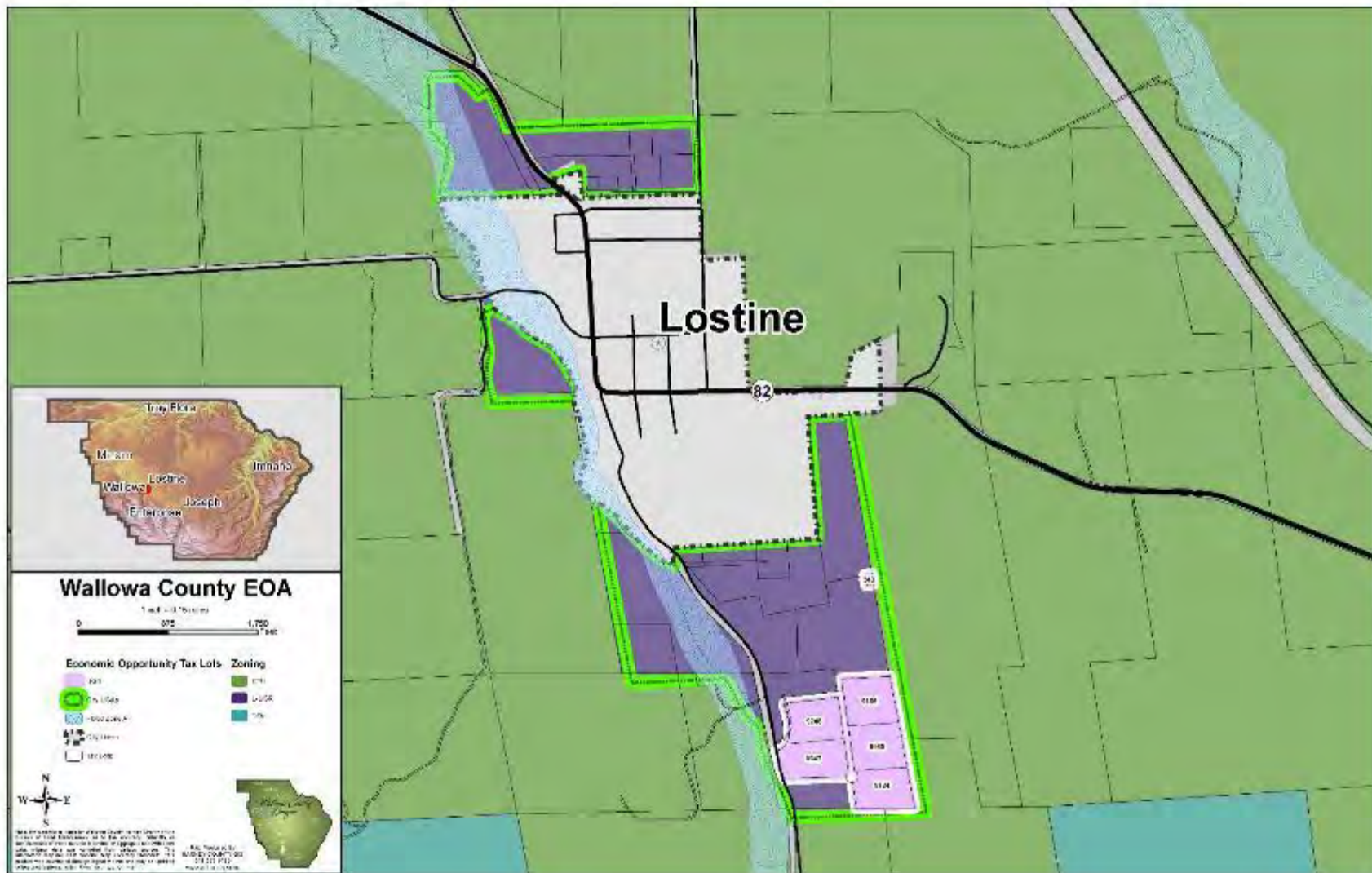
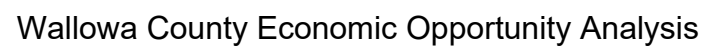


Figure 10: Lostine, Oregon GIS Map



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Given the closing of mills, regulatory restrictions and modern requirements more than justify the addition of additional lands to the inventory to offset historic properties, which are less desirable for employment land development due to the cost of development in or near the flood plain. Furthermore, changing manufacturing and business practices no longer seek river-side building sites due to lessening water requirements, more environmental self-containment requirements on subject parcels and costs of development in a flood plain area.

The employment lands inventory of buildable lands should be reduced in order to recognize the sensitive, constrained areas of river side parcels that are not desirable for development. Under this strategy, Wallowa County could justify the need re-zone up to 150 acres for employment land designations.

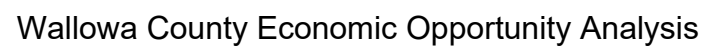
The need for more flexibility for rural Counties to achieve economic development goals was the foundation of the legal change prompting this analysis by the legislature in its adoption of Senate Bill 2 in 2019 (ORS 197-715). Historic land use patterns based on natural resource extraction and manufacturing activities will be on a much smaller scale in the future for a variety of reasons. Not only do landscape changes drive the shrinking scale of resource extraction, but so too do technology improvements as well as environmental regulations and restrictions.

Land use designations and practices should reflect and address the changing realities discussed here and above. It makes logical, economic and environmental sense to re-designate some existing properties as “constrained reserves” and then designate some new lands away from riparian areas with desirable features as future employment lands. PARC Resources, provided outreach to Wallowa County citizens and conducted local listening sessions in Wallowa, Enterprise, Joseph, Troy, Flora and Imnaha. All these sessions were advertised and promoted in the County offering citizens a chance to learn more and an opportunity to offer their specific parcel(s) for consideration. From these sessions the following parcels were suggested for consideration. There are likely additional suitable parcels that could provide employment lands sites in the County, but because this process relied on willing property owners, the selected parcels are reflective of citizen engagement at this time.

RURAL COMMUNITY SERVICE CENTERS

Wallowa County has several historic Rural Community Centers that serve as local hubs for rural residents in the area. At the time that the Comprehensive Plan adoption the majority of these centers were zoned Rural Commercial, which creates the impression of significant Commercial lands available for development, but in all practicality these centers are primarily pockets of local commercial services and recreational residences. The most prolific of these areas in demonstrating this Rural Commercial mix is at Wallowa Lake where seasonal tourism services are interspersed with year-round and seasonal residences. This tourism activity is the second strongest economic sector in the County, so these Rural Service Centers are critical to supporting the local tourism economy.

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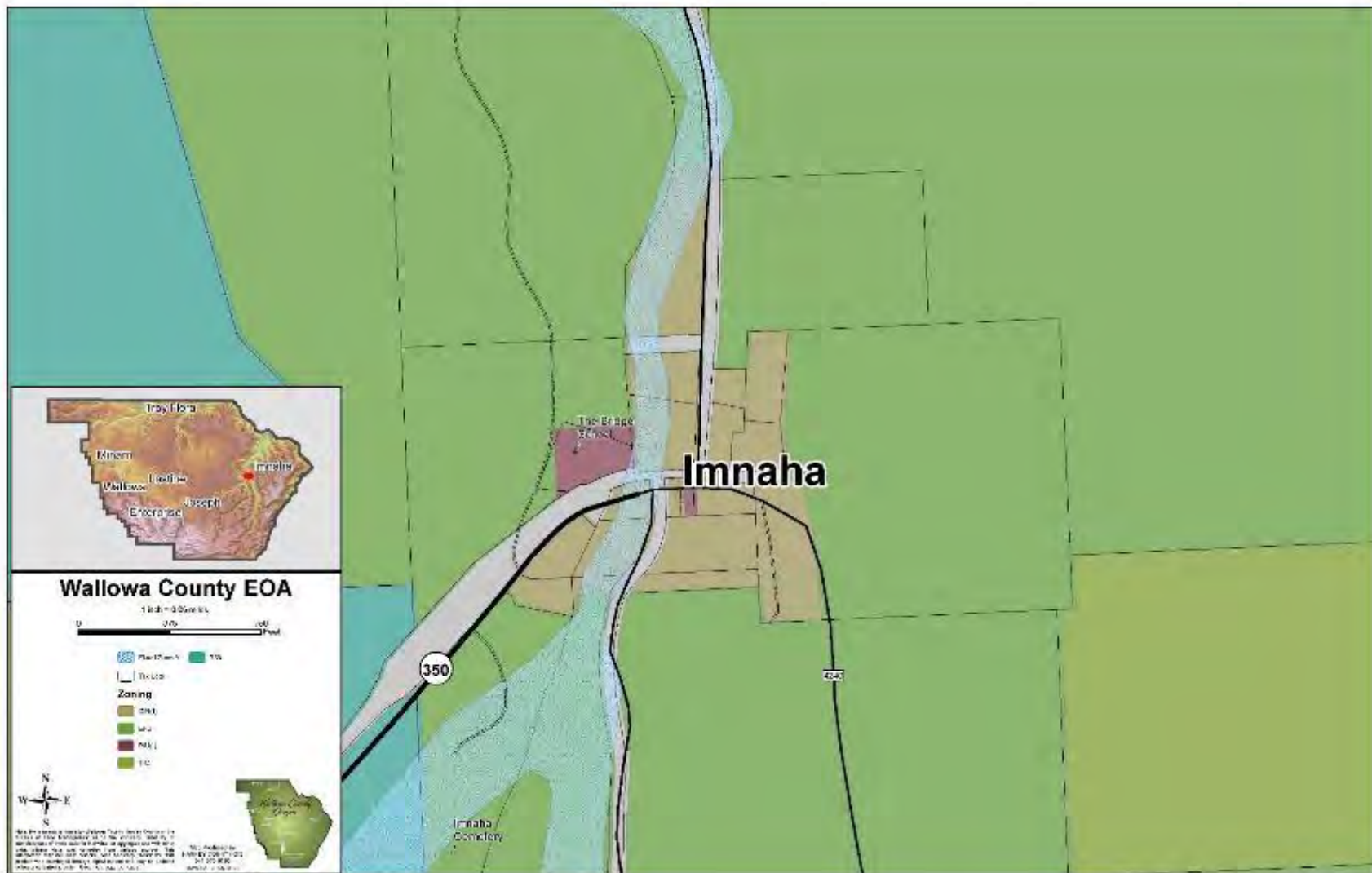


The map displays the Wallowa County Economic Opportunity Areas (EOA). The main map shows various zones and tax lots, with the town of Troy highlighted. The legend indicates the following categories:

- Economic Opportunity Tax Lots:**
 - Green: General
 - Blue: Industrial
 - Yellow: Agriculture
- Zoning:**
 - Green: Residential
 - Yellow: Commercial

A scale bar indicates 0 to 1000 feet. An inset map shows the location of Wallowa County within the state of Oregon.

Figure 14: Imnaha, Oregon GIS Map



Site Evaluation and Parcel Assessment

STANGEL AIRPORT PROPERTY – ENTERPRISE – Assessor Code: #1327

Proposed Acreage: 18+/- acres

The Stangel property surrounds the Enterprise Municipal Airport. Two public airports exist in the County; a state airport in Joseph and a Municipal Airport in Enterprise. As a private municipal airport, this site offers economic opportunities for both the City and the County. Both entities would like to take advantage of those potentials in bringing this property into the employment lands inventory. The significant advantages of this property include the chance to establish a new secondary public right-a-way to the airport that currently is served by a single road through a residential neighborhood. This property has received public interest, but it is currently limited by the lack of developable land for non-agricultural businesses. The airport overlay zone covering 10.2 acres was adopted to provide safety to surrounding uses. That overlay zone has the effect of restricting any use of Stangel property for anything other than agricultural use. The property is currently used for grazing.

The City of Enterprise and Wallowa County have worked collaboratively to design and plan for providing mixed used employment uses at the airport and to take advantage of economic opportunities of a municipal airport. A preliminary site assessment was conducted for this parcel that suggests the viability of this parcel for airport related business development (see Chapter 3 for a list of airport related employment activities that can be expected).

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The following factors were considered by the Technical Advisory Committee in final deliberation and selection of parcels.

Figure 16: Stangel Property Map



Site Suitability: (Stangel, Enterprise, ID# 1327, 17.2 acres +/-)

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Location: Parcel is located adjacent to the municipal airport and contiguous to the City of Enterprise city limits and UGB. Current use of the property is grazing and is part of a much larger parcel stretching to the north.

Infrastructure: The City does not currently provide services to the airport. Power is provided by Pacific Power and readily available at the airport property.

Road Access: City streets provide access to the airport. The Owner is proposing a new road connection to the north, Ant Flats County Road. This additional public road access is critical for suitable access to the parcel, but also a needed improvement for the overall safety of the airport property. This parcel and the proposed new access road would be a great asset to the City and County as they encourage more employment opportunities through this local airport resource.

Topography: This property is generally flat, as it occupies a bench land site with excellent views of the Wallowa Mountains and the surrounding terrain.

Surrounding Land Use: Existing properties are either Airport commercial, residential or open grazing lands.

Special Considerations: The current owners have provided the land for the deeded runway and taxi way to the City of Enterprise. In addition, an Airport Master Plan has been developed by the City with Cooperation from the County, which makes employment land development one of the key priorities for each jurisdiction.

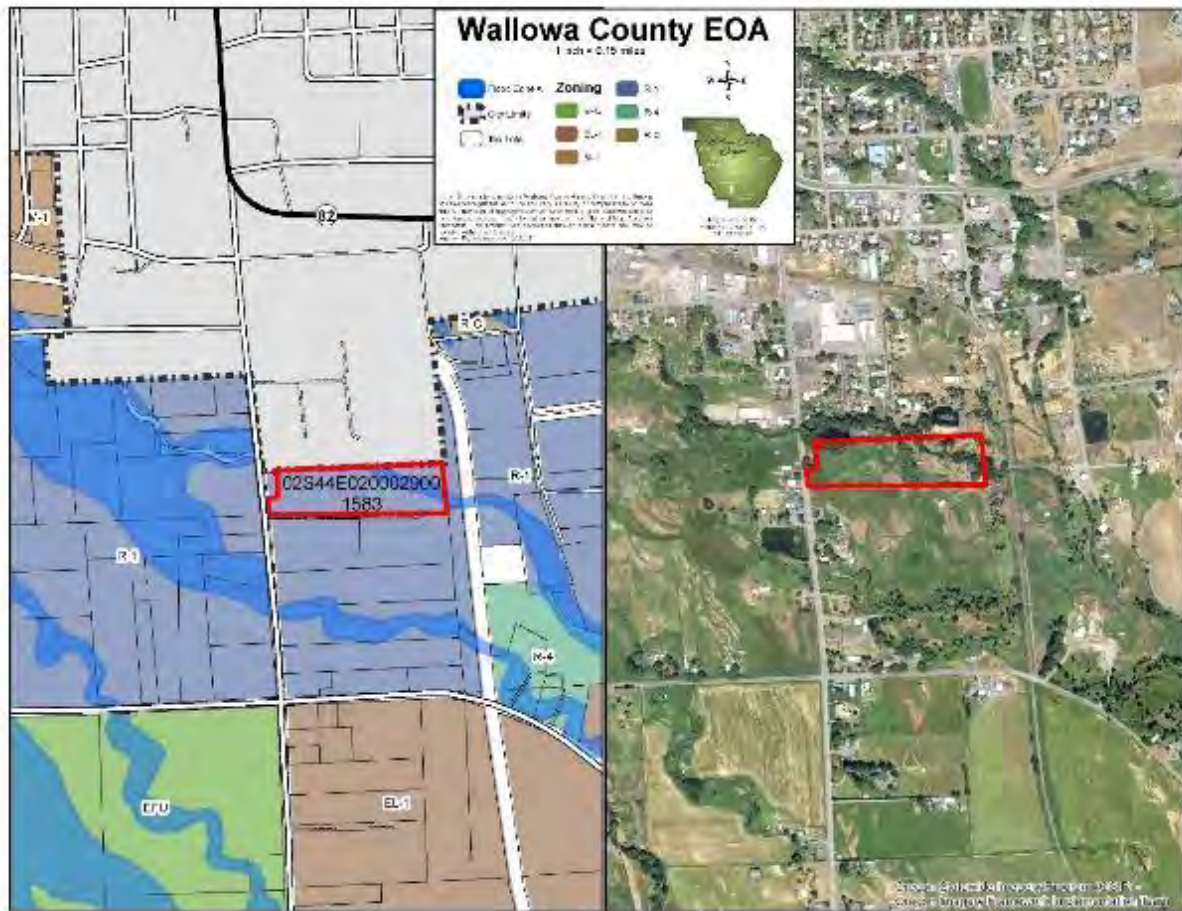
One additional consideration or option for this parcel would be for the city to annex the land into the urban growth boundary AND take a Goal 14 exception so that future development would not be limited in size or scale.

BIRKMAIER PROPERTY- ENTERPRISE – Assessor code: #1683
Proposed Acreage: 9.91 acres

The Birkmaier property is just south of the City of Enterprise city limits along Hurricane Creek Road. This generally flat, rolling parcel does have a creek running thru it, which would reduce the total amount of property to be available for development and included in the employment lands inventory. The Wallowa County Grain Growers and the USFS yard are commercial operations near this parcel. This parcel offers an overall flat property that could be suitable for a mixed-use development offering live-work (mixed use) living accommodations and some roadside commercial opportunities. Such mixed-use development could complement the suite of commercial business services currently located inside the Enterprise city limits. A zone that encouraged larger lot area would ensure the development would not compete with uses inside city limits. Additionally, by requiring a larger minimum lot size would protect opportunity to service the parcels with sewer and water in the future as part of the urban growth areas.

The following factors will be considered by the Technical Advisory Committee in final deliberation and selection of parcels. The parcel is currently zoned rural residential, which would have required an exception being taken at the time of comprehensive plan adoption. While this parcel could offer employment opportunities in light of its location, housing remains a significant need locally, therefore this parcel should be considered for inclusion in local housing inventory and possibly annexation to the City of Enterprise.

Figure 17: Birkmaier Property Map



Site Suitability: (Birkmaier, Enterprise, ID# 1683, 9.91 acres +/-)

Location: Parcel is contiguous to the City of Enterprise city limits and UGB. Current use of the property is small scale grazing. Property is located along major roadway to Hurricane Creek Recreation area so could be an opportunity to support Tourism-Recreation in the area.

Infrastructure: City services are available to the adjacent properties and could easily be extended to serve these employment lands as well as sewer services. Power is provided by Pacific Power and readily available to the property.

Road Access: City streets provide access to Hurricane Creek Road.

Topography: This property is generally flat occupying a gently sloping site with excellent views of the Wallowa Mountains and the surrounding terrain.

Surrounding Land Use: Existing properties are either commercial or residential. Most of the parcels in the area are smaller rural properties being used for grazing lands.

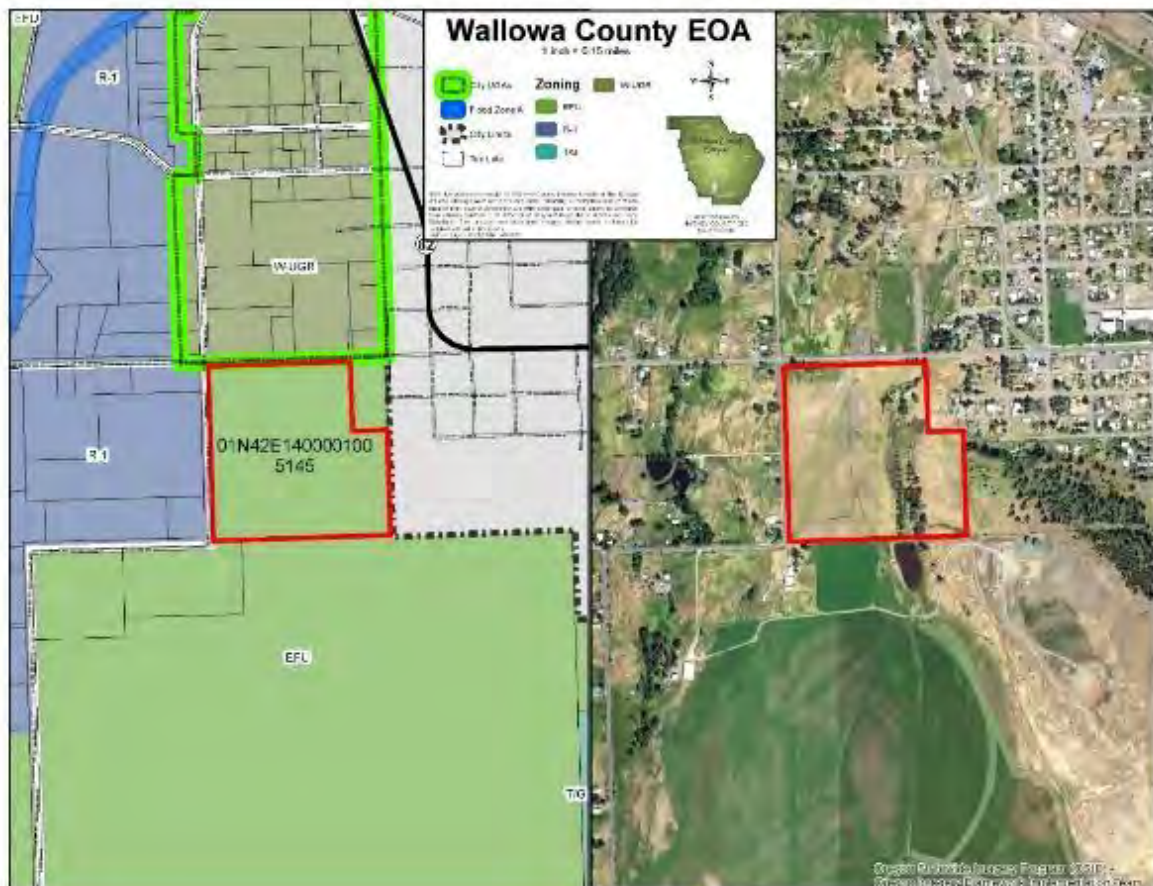
Special Considerations: This parcel is a good candidate for a mixed-use development, which supports employment opportunities by increasing opportunities for small scale commercial activities and limited employment lands housing support. Note here the proximity to city of Enterprise and option to expand and add to UGB in the future.

JOHNSON PROPERTY – WALLOWA – Assessor Code: #5145
Proposed Acreage: 15-20 acres

The Johnson property is approximately 35.74 acres adjacent to the Wallowa High School Football field. The parcel has frontage along Bear Creek Road, which is the major access point into the Wallowa Mountains from the City of Wallowa. The subject parcel is subject to seasonal run-off roughly in the center of the parcel running south to north. The frontage on Bear Creek Road offers an employment land opportunity as this parcel could be developed in conjunction with live-work (mixed use) opportunities and/or offer some commercial services for Tourism-recreation related activities along Bear Creek Road.

The following factors will be considered by the Technical Advisory Committee in final deliberation and selection of parcels.

Figure 18: Johnson Property Map



Site Suitability: (Johnson, Wallowa, ID# 5145, 20 acres +/-)

Location: Parcel is contiguous to the City of Wallowa city limits and UGB. Current use of the property is grazing and the high school football field. This parcel is gently sloping to the north and is generally a flat site that could be a suitable mix- used development site to address employment land needs.

Infrastructure: City services are not currently provided to the property. Power is provided by Pacific Power and readily available at the property. The owner currently holds water rights to Bear Creek.

Road Access: City streets provide access to the parcel. The parcel is served by Bear Creek Road, which is a major collector and arterial from up river to town as well as Upper Diamond Road.

Topography: This property is generally flat occupying a gently sloping site with excellent views of the Wallowas and the surrounding terrain.

Surrounding Land Use: Existing properties are either residential or open grazing lands.

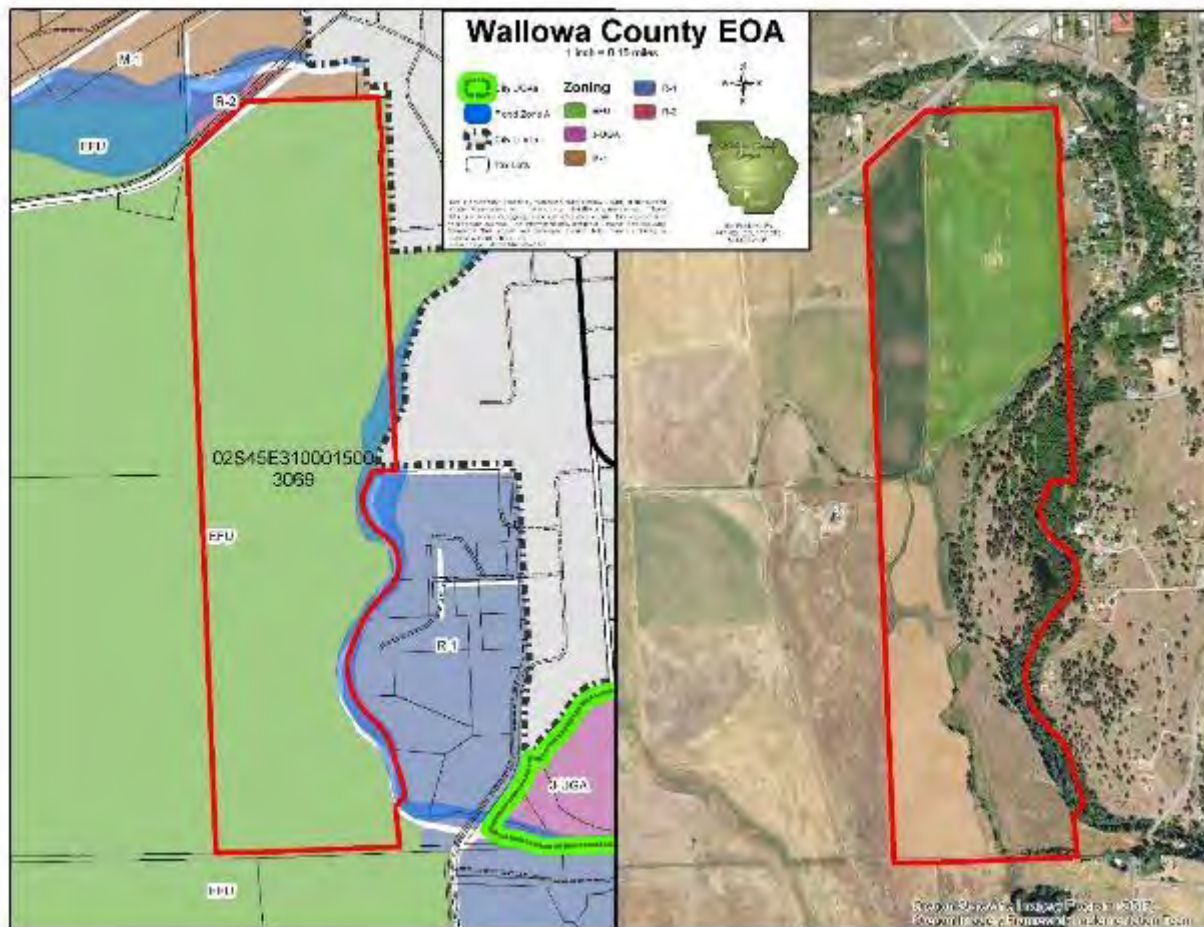
Special Considerations: The parcel has seasonal wetlands, which should be excluded from any employment lands designation on this parcel. It is conceivable that development could occur in a compatible manner with the wetland set-asides, so this land could be part of a campus development should such a proposal be developed. This parcel should be considered by both the City of Wallowa and Wallowa County for inclusion within the city limits on an as needed basis for desirable development in the City. One option for the city and county would be to adopt an overlay zone for “future urban” or recreational use. Then the land could be served by sewer and water once annexed.

NEZ PERCE PROPERTY – JOSEPH – Assessor Code: #3069
Proposed Acreage: 140.1 acres

The Nez Perce property was recently transferred to tribal ownership and includes a stretch of the Wallowa River from Iwetemlaykin State Heritage Site below the dam at the lake. Since the Nez Perce Tribe is already a County presence at the Tamililiks Pow-wow grounds in Wallowa, it is likely that Tribal ownership could provide another tourism-education venue within the County. The Tribe can elect to submit this parcel to the Bureau of Indian Affairs within the Department of Interior to transfer this parcel to sovereign Tribal authority, which would place this parcel in Trust for the benefit of all the Tribal members. Should the Tribe not transfer this parcel into public trust, then it would remain “fee land” subject to the same rules and regulations as any other privately held parcel in the County. If this land is to support Tribal employment lands, then a suitable

zoning designation should be considered for this parcel, if not the exclusive farm use (EFU) zoning designation will serve as a resource protection zone.

Figure 19: Nez Perce Tribe Property Map



Site Suitability: (Nez Perce Tribe, Joseph, ID# 3069, 140.1 acres +/-)

Location: Parcel is contiguous to the City of Joseph city limits and UGB. Current use of the property is grazing and hay farming. This parcel is gently sloping to the north and is generally a flat site that could be a suitable site for a wide range of tourism accommodation and services, but will be decided by Tribal policy

Infrastructure: City services are available to the northern boundary of the property. City services could easily be extended to serve these employment lands as the City has adequate water and sewer capacity. Power is provided by Pacific Power and readily available at the property.

Road Access: City streets provide access to the parcel. The parcel is served by Airport Lane, which is the main arterial to the State Airport.

Topography: This property is generally flat occupying a gently sloping site with excellent views of the Wallawas and the surrounding terrain.

Surrounding Land Use: Existing properties are either residential or open grazing lands.

Special Considerations: The parcel is owned by the Nez Perce Tribe, the original residents of Wallowa County who are very involved in Sockeye Salmon restoration to Wallowa Lake and other fish restoration efforts throughout the region. In this, as in other roles, the Tribe creates tourism and recreational benefits for the entire County, including by offering another venue for public education and guided tourism. Dependent upon how the Tribe wishes to manage their property, this could be part of additional economic development effort for the County. The County and City will work with the Tribe to help bring this parcel into the land use inventory for the community in a manner which supports Tribal objective while sustaining the local economy.

Another consideration may be to work with city of Joseph, the Nez Perce Tribe and Oregon State Parks to develop a master plan for this area. Currently there is a large park within the city UGA that competes with the city's buildable land inventory. Grant opportunities exist to develop an access and master plan for this area.

**NASH PROPERTY (BETWEEN ENTERPRISE AND JOSEPH) – Assessor code #1583
– Proposed acreage 7-10 acres.**

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The Nash property is southeast of the City of Enterprise off of Highway 82 enroute to the City of Joseph. The proposed acreage for inclusion in the employment lands inventory is a rocky portion of the larger parcel, which is very rocky and includes the access road to the parcel. This parcel because of its location is a suitable site for processing secondary agricultural products. While uses that are associated with agriculture are generally allowed in EFU zone through a conditional-use process. By designating this parcel for commercial/industrial use, it provides evidence that a suitable site for this value-added agricultural activity is desired and welcome in Wallowa County. This availability of a suitable site may help attract a processor to the County for this small-scale operation. The following factors will be considered by the Technical Advisory Committee in the final deliberation and selection of parcels.

[illegible]

Location: This parcel is not contiguous to the City of Enterprise city limits and/or the UGB, so would likely have to provide water and sewer services independently. The current use of the property is grazing. The subject property is located along a major roadway – Highway 82 in the valley and would be accessible to a large number of growers in the region. The specific parcel area is highly rocky and not used for grazing or other agricultural activities other than the storage of farm equipment as needed.

Infrastructure: Adequate groundwater availability is present on this parcel. Wastewater management would have to be conducted on-site, but based on the type of processing some innovative techniques could provide an additional product such as composted material, potting soil, and more.

Topography: This property slopes to the southeast in the area being considered. The specific parcel area is highly rocky and has limited agricultural value based on the rocky terrain.

Surrounding Land Use: Existing adjacent properties are commercial and/or agriculture. Most of the parcels in the area are larger properties being used for grazing lands.

Special Considerations: This parcel is a good candidate for secondary agricultural product processing to accommodate surrounding growers. This availability would enhance the marketability and profitability of locally grown products and provide for more quality control than shipping local beef and other farm products to out of the County, such as Idaho or plants well away from Wallowa County. The further that grower has to ship their raw products to processing the lower the profitability. This absence of local processors increases the likelihood that family farm operators will have to abandon their operations or sell out to larger corporate farming interests due to these challenges, this is not in the interest of Wallowa County. The preservation of Agriculture as a cornerstone of the local economy is vital in preserving the local quality of life and protecting the culture.

Figure 21: Nash Property Map 2

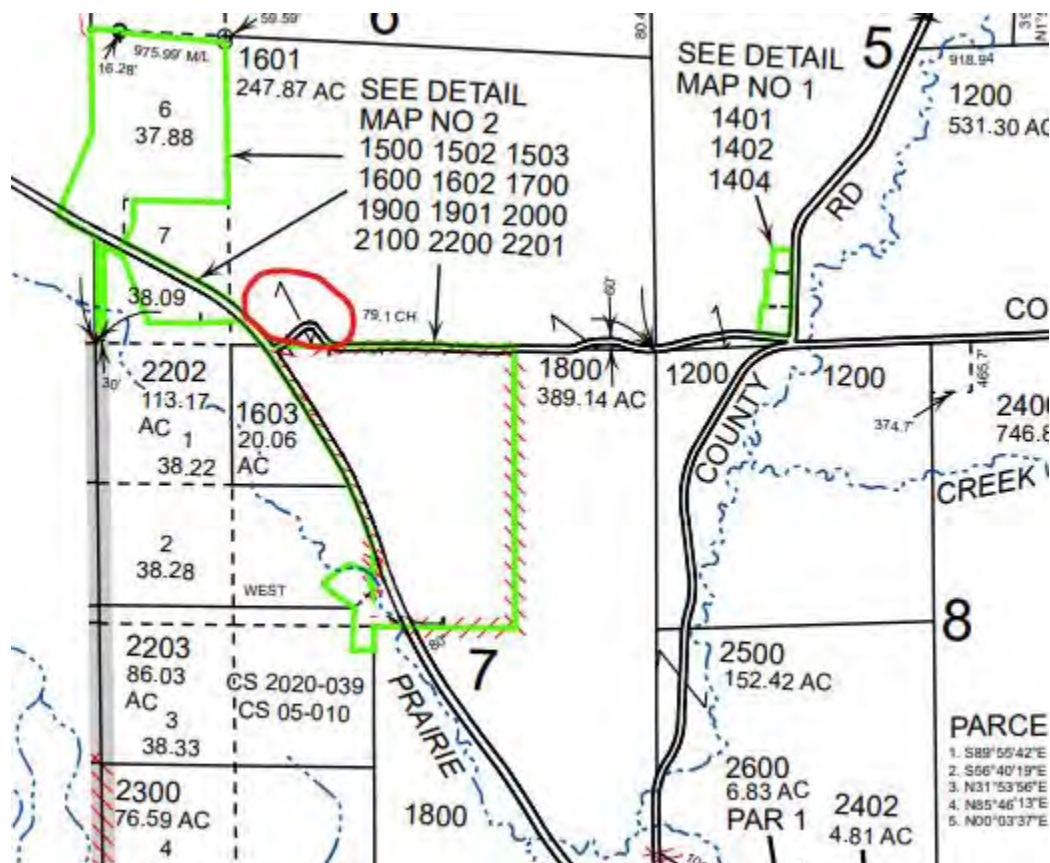


Figure 22: Nash Property Photo



Chapter 6: Housing & Economic Development

Any discussion of economic development must include a consideration of housing, its types and availability. Infrastructure for business, transportation networks and sites are of course critical, but so too is an adequate workforce and a workforce needs a place to live. This connection is clearly known by everyone in Wallowa County engaged with, or even thinking about economic development. Furthermore, the connections are well understood in the county and far bound it as well. In March of 2020, Oregon Business addressed the question quite directly in an opinion piece focusing on what they describe as a “housing crisis.”⁴¹

Oregon Business succinctly described the crisis and its relationship to economic development this way: “The housing crisis inhibits economic growth, impacts household and community well-being, contributes to rising homelessness, and increases burdens on education, health, and law enforcement agencies.”⁴² Clearly, there is an enduring link between economic growth, development and housing.

The nonprofit association, Housing Oregon adds further evidence of the “housing crisis” and the need for legislative reform and additional investment. In particular their emphasis is on affordable housing and homeownership opportunities, but the message is consistent with that of Oregon Business and economic development organizations. The upshot is that there is a chronic shortage of housing that the market or a single jurisdiction alone cannot sufficiently address.⁴³

The connection between these two important variables – economic development and housing – is also clearly understood inside Wallowa County. This fact is reflected in the Comprehensive Economic Development Strategy for Wallowa County. The CEDS, developed locally by the Northeast Oregon Economic Development District, clearly states that affordable housing is a critical determinant in effort for a strong and diversified economy. Indeed, the number two priority issue area is identified is as follows:

Lack of Suitable Housing – Like most or all regions in Oregon, the northeast region is experiencing a housing crisis. Fewer houses have been built since 2007, and many new homes are vacation or second homes. Existing housing stock is being converted to tourist

⁴¹ Tammy Baney and Scott Aycock, “Opinion: All Hands On Deck to Solve Housing Crisis,” *Oregon Business*.

⁴² Ibid.

⁴³ Housing Oregon. “Current Legislative Agenda.”

accommodation. The resulting shortage of workforce housing affects the ability of employers to attract workers.⁴⁴

As Wallowa County moves forward in working to strengthen and diversify its economy, the lack of housing is a significant barrier that it must overcome. Not only is there a need for affordable housing, there is a need for all types of housing. Simply put, the housing market in Wallowa County is tight and housing is scarce.

Beyond the connection to economic development, the CEDS went further and argued that its number one priority, “outmigration of young adults.”⁴⁵ The document explained that the “outmigration contributes to an aging population and affects workforce availability, housing and health care needs.”⁴⁶ Clearly, economic development is a complicated endeavor and housing is an integral component of not just building a strong economy, but also building a high quality of life.

Anecdotal evidence gathered as part of this EOA suggests that the lack of suitable housing for professionals, what may be summarized as high-end housing is just as limiting as the lack of affordable housing. Attracting professionals, from doctors to business leaders is made significantly more difficult when there are no likely homes on the market. Time and time again, the EOA process revealed incidents whereby spouses vetoed moves to the area precisely because there was no housing they regarded as suitable.

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This point is an extremely important one for Wallowa County going forward. The need is not just for affordable housing, as real as that need is. There is a lack of suitable housing across the economic spectrum. Evidence emerging from the EOA process clearly indicates that the need for housing cuts across all discernable socio-economic lines. This need is more acute in the incorporated areas of the County, but given the demands, homes in unincorporated areas are likely to be just as desirable as any others.

Worth noting is an exacerbating variable in Wallowa County namely vacation or seasonal homes. According to the CEDS, fully “eighteen percent of the homes in the county are classified as for seasonal use.”⁴⁷ The tourism and travel spending that these homes support are important contributors to the economy, but they also constitute an unusable housing resource for residents and sustainable economic development.

Significantly the problem of housing shortages is not unique to Wallowa county, the 2019 to the CEDS noted that the City of La Grands was conducting a workforce housing analysis in an attempt to “Identify solutions and address workforce housing shortages in

⁴⁴ Northeast Oregon Economic Development District, “Comprehensive Economic Development Strategy, 2018-2023,” p.4.

⁴⁵ Ibid.

⁴⁶ Ibid.

⁴⁷ Ibid., p.31.

La Grande.”⁴⁸ The crisis extends beyond northeastern Oregon as well. Editorials, reports and articles from across Oregon all point to the lack of housing as a problem. Admittedly however, the need for affordable housing is often described as the most acute challenge, but again, not the only one. Oregon has seen legislation introduced, including House Bill 4001, that attempted to tackle homelessness, which is one manifestation of the housing crisis. At the same time, grant funding for low-income housing in the form of tax credits and other incentives have decreased or disappeared in recent years.

Simply put, the scope of the crisis defies both simple and easy solutions. Moreover, the needs and potential solutions are likely quite different across the state and real progress will likely take place on a local level, far more readily than any state-imposed mandates, although additional funding would be welcome almost everywhere. Given the very local nature of the problems and the needs, it makes sense to consider the specific conditions in Wallowa County and the current housing supply.

The Oregon Office of Economic Analysis further emphasizes the mutually supportive nature of housing and economic development. The Office says simply “housing supply remains a macroeconomic issue.”⁴⁹ The Office further characterizes the Pacific Northwest as a place that relies on in-migration to support economic growth and absent affordable housing for all socio-economic classes but especially young adults, growth will be stymied.⁵⁰

The roots of the housing supply crisis are traced back to the recession a decade ago. According to the Oregon Office of Economic Analysis:

While much of the attention is paid to rising housing costs, we know they are the symptom and not the cause of the disease. The chief underlying cause is the ongoing low levels of new construction this decade. On a population-growth-adjusted basis, Oregon built fewer new housing units this decade (2010-2020) than we have since at least World War II. With data going back nearly 60 years, never have we built fewer new units on a sustained basis than we did in the 2010s.⁵¹

The following graph comes from the Rental Housing Journal’s online article “Lack of new Construction Underlying Cause of Oregon Housing Affordability Crisis.” While the article emphasizes low-income or affordable housing, the data reflects all new housing permits in the state and it speaks directly to the overall problem. While Wallowa County is not directly comparable to the entire state of Oregon and the statewide conditions are not universal, the economic pressures and challenges do seem to be consistent. The results are also very similar and it is possible to argue that the crisis in Wallowa County is worse given the data below that considers the age of housing in Wallowa County

⁴⁸ Ibid.

⁴⁹ Josh Lehner. “Housing Remains a Macro Issue.” *Oregon Office of Economic Analysis*.

⁵⁰ Ibid.

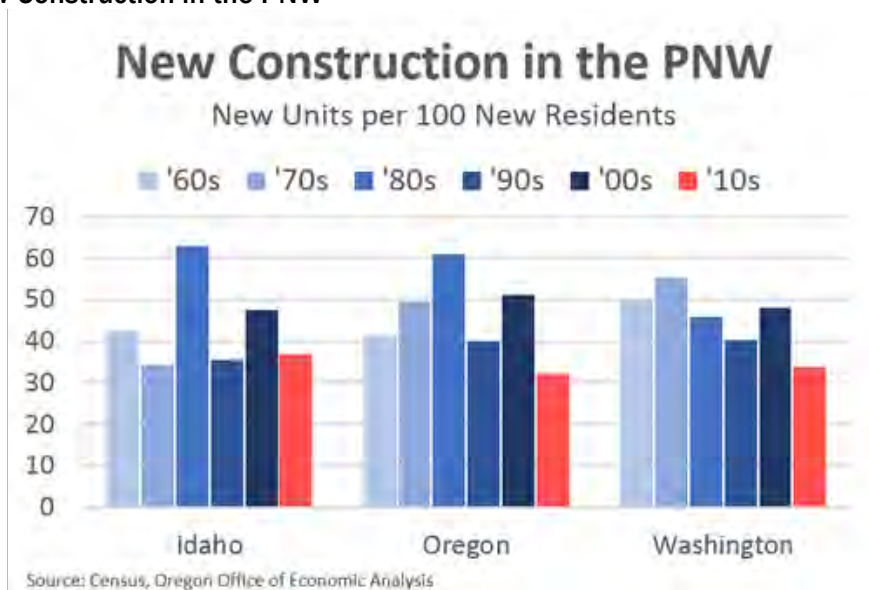
⁵¹ Rental Housing Journal – Editors. “Lack of New Construction Underlying Cause of Oregon Housing Affordability Crisis.”

compared to Oregon as a whole. Simply, the housing stocks in Wallowa County are on average, older. However, housing age data is in the section below. The graphs below reflect new construction in the state and a comparison with other west coast states.⁵²

Figure 23: Historic Housing Permits Trend



Figure 24: New Construction in the PNW



Given the evidence that new construction is linked to the short supply, it makes sense to consider solutions that address construction. However, before considering solutions or recommendations it makes sense to look specifically at Wallowa County. The conditions of the housing stocks, the types of housing and availability must be considered locally, regardless of state trends.

⁵² Ibid.

Wallowa County Housing Demographics & Statistics

In Wallowa County, 34.3 percent of households are as of 2018 American Community Survey estimates.⁵³ for the state where, according to the US Census Bureau, 37.1 percent of households rent and 62.9 percent of households own their own home.⁵⁴ The small difference conforms to changes that are common in rural communities.

One of the factors that influences housing availability is the frequency with which units become available. According to the US Census Bureau, 18.1 percent of households have been in their current Wallowa County residence since 1989 or earlier. The additional breakdown is as follows.

Table 15: Year Householder Moved into Current Unit

Year Householder Moved into Unit	Wallowa County Percentage	State of Oregon
Moved in 2017 or later	3.0%	31.0%
Moved in 2015 to 2016	12.4%	13.8%
Moved in 2010 to 2014	26.7%	17.0%
Moved in 2000 to 2009	22.0%	19.7%
Moved in 1990 to 1999	17.9%	10.1%
Moved in 1989 or earlier	18.1%	8.3%

Clearly, in Wallowa County people tend to stay put and in the parlance of the industry, there is relatively much less “churn” in the housing market. Moving on to consider the age of the housing stocks, the following comparison again provides some insight into the conditions of the housing market and the challenges it poses to economic development.

Table 16: Year Structure Built (Occupied Units Only)

Year Structure Built Occupied Units	Wallowa County Percentage	State of Oregon
2014 or later	1.4%	4.3%
2010 to 2013	0.9%	2.3%
2000 to 2009	8.6%	14.0%
1980 to 1999	22.9%	27.7%
1960 to 1979	26.3%	27.7%
1940 to 1959	17.9%	12.9
1939 or earlier	22.0%	11.0%

Again, the conditions in Wallowa County stand in rather stark contrast to the rest of the state and demonstrate that the County tends to be reliant on much older housing units. For example, in the county, 10.9 percent of the occupied housing units have been built

⁵³ US Census Bureau. “ACS 5-Year Estimates.”

⁵⁴ Ibid.

in the 21st Century. This figure compares to 20.6 percent for the state. For whatever reasons, and there are likely many, the market has not incentivized the construction of new housing and no other force or entity has stepped in and altered this condition.

According to the Northeast Oregon Housing Authority, the affordable housing market in Wallowa County has the following characteristics.⁵⁵

Table 17: Characteristics of Affordable Housing Market in Wallowa County

Characteristic	Number
Total Affordable Apartment Properties	7
Total Low-Income Apartments	136
Total Housing Units with Rental Assistance	119
Percentage of Housing Units Occupied by Renters	32.5%
Average Renter Household Size	2.18
Average Household Size	2.18
Median Household Income	\$40,581
Median Rent	\$656
Percentage of Renters Overburdened*	45.92%

** Households paying more than thirty percent of their gross income in rent are considered to be “rent overburdened.”*

One of the factors that sets Wallowa County apart from many other eastern Oregon communities is the high percentage of empty housing units that take the form of second homes and vacation rentals. In this condition, the County is similar to many coastal counties where a housing crisis is set against an ocean of empty units.

A review of housing conditions could continue ad nauseum to consider the number of rooms, presence of vehicles, types of heating and amenities and all of these variables are reported on by the Census Bureau. However, more instructive are the broader patterns and the total picture painted by the aggregate data. This data boils down to the very simple fact that Wallowa County is short on housing, it needs housing for more types of householders and socioeconomic classes than not.

The data above all confirms what the people in Wallowa County already know, the need for housing constitutes a “weakness” for the County as it seeks to strengthen its quality of life.⁵⁶ The CEDS goes on to state:

The housing crisis that has spread across Oregon and many parts of the Western United States has not exempted Northeast Oregon. Suitable housing is limited for residents of varying incomes and needs (single family, apartment, senior living, etc.). Fewer houses were built following the recession, and many that are currently under

⁵⁵Affordable Housing Online. “Affordable Housing in Wallowa County.” the definition for rent overburdened along with the figures all come from this source.

⁵⁶ Northeast Oregon Economic Development District, “Comprehensive Economic Development Strategy, 2018-2023,” p.42. The CEDS lists “limited housing” as a weakness as part of its SWOT analysis.

construction will serve as vacation or second homes for retirees or others not employed in the area. A trend of converting existing housing stock to tourist accommodation has further contributed to the shortage. Workforce housing, especially affordable rental housing, is making it difficult for employers to attract workers.⁵⁷

Absent an available workforce, no economic development can be successful for very long. If housing is to be developed, the County and its partners will have to find ways to encourage new construction of a range of housing options to suit households of varying demographic and socioeconomic characteristics. Until there is a viable solution and steps taken toward addressing the lack of housing it is unlikely that economic development can take place at the pace and at the scale that the EOA process has identified as desirable by the general population of Wallowa County.

Conclusions & Observations

As many permutations as there are to the challenges and problems related to housing, the solutions are likewise numerous and challenging. The shortfall in housing stocks is not easily addressed or solved. Despite the insistence of myth, simply building housing does not guarantee that residents will come to fill it. Likewise, investing in housing represents a significant commitment and absent any guarantees. However, the County can take steps toward easing the barriers impeding the creation of new housing. These steps can include the following.

- 1) Setting aside lands for different types of housing.
- 2) Ensuring utilities (power, sewer, water) are available or brought to the identified sites.
- 3) Investing directly in housing.
- 4) Working with developers to provide incentives or guarantees. Business Oregon suggests specifically targeting incentives to reduce the cost of infrastructure.⁵⁸ However, the structure should fit Wallowa county and be created in consultation with developers.
- 5) Support to employer-assisted housing programs.
- 6) Work directly with Housing Authority and any other entity engaged in addressing the housing crisis to identify needs and opportunities to leverage existing activities or initiatives.
- 7) Business Oregon suggests creating a low-income rental fund to provide funds for low-income households to pay for up-front costs and a landlord risk-mitigation fund to reduce landlord risk in housing target populations.⁵⁹
- 8) The CEDS identified a need to create a "Housing Task Force."⁶⁰

⁵⁷ Ibid., 43.

⁵⁸ Tammy Baney and Scott Aycock, "Opinion: All Hands on Deck to Solve Housing Crisis," *Oregon Business*.

⁵⁹ Ibid.

⁶⁰ Northeast Oregon Economic Development District, "Comprehensive Economic Development Strategy, 2018-2023," p. 2.

- 9) Identify conditions and factors that create disincentives to build new housing units.⁶¹

These recommendations are not unique and they are not easy, but rather following any of them demands a commitment to addressing what continues to be classified as a “housing crisis.” The extent to which the County is invested in economic development is intimately related to its investment in housing and policies that encourage the construction of a housing to meet the full spectrum of needs.

⁶¹ Ibid., 3

Chapter 7: TAC Recommendations

Wallowa County designated a local Technical Advisory Committee made up of local stakeholders to participate in the EOA process and help review and vet any recommendation for new employment lands within the County. The TAC met in Spring of 2021 to review recommendations for inclusion in the Economic Opportunity Analysis and to make final recommendations for additional employment lands based on those parcels offered by property owners.

The EOA process requires a quantitative and qualitative review of employment land needed to assure county has a 20-year year supply employment lands. While statistical data may indicate a limited need, Wallowa County, similar to other rural counties who have undergone structural economic changes such as reduced forest product manufacturing, limitations on agricultural product processing, and a general outflow of local populations, has a significant need to create new employment opportunities and diversification of the local economy. Changes in state and federal policies and regulations impacting forest and other agricultural industries have made long lasting and transformational impacts to the Wallowa County economy. Those changes mean Wallowa County needs more and diverse employment opportunities. This EOA will help Wallowa County expand the land base for new and expanded employment opportunities.

Employment lands include lands zoned Industrial, Commercial and Mixed-use where businesses create employment opportunities. To identify employment lands, consultant conducted extensive outreach to identify landowners willing to participate in this EOA process and to consider their lands for re-zoning. To meet the requirements of ORS 197.716 consultant conducted an assessment of existing inventory of all employment lands. Then based upon on the information provided by landowners who came forward to participate, a site evaluation and Buildable Lands Inventory was completed for each parcel, including an analysis of site location, infrastructure required to support business development and an evaluation of “constraints” such as natural conditions (flood zones, soil type, potential land-use conflicts with adjacent lands).

Methodology

PARC Resources utilized Wallowa County Geographic Information System (GIS) for basic zoning and spatial data to understand existing employment lands and employment associate with those lands. A Buildable Lands Inventory (BLI) was built from the evaluation of the existing inventory of employment lands. The BLI included an assessment of “constraints” due to natural conditions. The BLI included an analysis of lands outside Urban Growth Boundaries of the Cities of Enterprise, Joseph, Wallowa and Lostine. Because only a very limited amount of employment lands outside urban

growth boundaries were constrained, consultant did not re-evaluate those lands for a reduction in acreage or an offset for adding more acreage due to these constraints. The Buildable Lands Inventory was based on:

- Wallowa County GIS data
- Wallowa County Assessors Data
- Site visits to primary Employment lands
- Suggestions from TAC members
- Citizen outreach and contacts
- Google Earth
- Discussions with City and County Officials

A significant amount of Rural Commercial lands are located in the historic Rural Community Center of Troy, which has a small commercial strip adjacent to the Grand Ronde River and below the Wenaha River. The balance of the Rural Commercial zoned properties appears to be supporting recreational housing. Similar to Troy, the Wallowa Lake Resort area (State Park to the trailheads near the end of the road) contain a large amount of Rural Commercial zoned parcels that primarily house seasonal and rental recreational property. The Wallowa Lake area of the County is historically committed to recreation and is one of the major economic engines of the South end of the County economy, at least during the summer months.

Local Government Action(s) and Collaboration

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In order to take advantage of the opportunity provided by Senate Bill 2 (2019) Wallowa county will need to adopt the EOA report. As part of the adoption process, Wallowa County will want to work collaboratively with the Cities of Wallowa and Enterprise to address the inclusion of two parcels that are located adjacent to those cities. The Stangel Property is located adjacent to the Enterprise Urban Growth Boundary. The Johnson Property is located adjacent to the Wallowa Urban Growth Boundary. Both parcels would benefit from city services, water and sewer, to fully develop a business for employment land creation. In both instances, it will be critical to have city support in order to successfully implement and create new employment lands. If the Cities will support the County's re-zoning of these parcels the county will enjoy two significant employment lands opportunities. One alternative for county and landowner to consider is to coordinate with the landowner and cities so that these two parcels are added to the Enterprise (Stangel property) and Wallowa (Johnson) urban growth areas.

The County has exclusive authority over rezoning the Nash parcel, which is $\frac{3}{4}$ miles south of Enterprise. However, county desires to coordinate with the City of Enterprise, and ORS 197.715 requires city support for rezoning any lands within 10 miles of a UGB. The Nash parcel is zoned EFU and is part of a much larger parcel but the proposed acreage for inclusion in the Employment Land inventory is 10 acres adjacent to Highway 82 and adjacent a light industrial quarry in operation. (Please see the specific recommended steps on each selected parcel in a later section of this memorandum.)

After the County adopts the EOA and rezones the three parcels, the county and cities should then work with area economic development entities to market and promote the lands. The final EOA includes a list of appropriate economic development entities in the region who should be engaged to support this effort. Representatives of these entities participated as members of the Technical Advisory Committee and have a long history of supporting economic development efforts in the County.

Summary of Candidate Parcels and Zoning Recommendation

The following zoning districts are recommended:

Table 18: Recommended Zoning Districts

Property	Location	Acres	Use
Johnson	Wallowa	22	Light Industrial
Stangel	Enterprise	18	Airport Mixed Use
Nash	Rural Enterprise	10	Rural Commercial/Light Industrial
TOTALS		50	

Summary of Implementation Strategies

The Airport Mixed Use zone currently does not exist for either the City of Enterprise (owners of the municipal airport) or the County, so one of the first items of business is to prepare a suitable zoning district designation that meets both city and county objectives. Many jurisdictions in the State of Oregon have airport mixed use zones, so a review of some existing codes should provide a suitable framework for initiating a comprehensive plan amendment and a new zone code. Both city and county have the ability to amend their respective codes to create a new zone, that work should begin as soon as possible. That way, when the landowners are willing to come forward and rezone their land, a zone will be in place for county and city to apply to the parcel.

Investments in airport properties to support airport related business activity has significant potential for local employment creation. Additionally, the creation of high-speed internet connections at the airport could further spur development and support expanded employment opportunities. Local Governments should fully explore a collaborative effort to bring “blockchain” internet capacity to Wallowa County. This infrastructure investment could singularly bring in several high paid family wage jobs where software engineers, inventory control specialist and others can relocate to the County and live work in beautiful Wallowa County. Working with Business Oregon, the County could advocate for such an investment in the County through the legislature as a demonstration of how to support rural economic development.

Finally, housing remains a major barrier to attracting new jobs to the County and must be addressed to support economic growth. As part of the collaborative work with Cities, both entities should work together to identify opportunities for all range of housing from temporary seasonal tourist/recreation industry workers, multi-family worker housing and

family housing development that range from affordable to upper scale homes used to attract high paid worker to relocate to the County. It is critical to the understanding of this process, that while we must approach increasing employment lands under the authority of SB-2 as a beginning investment, all local governments can best serve long-term interests by working together to expand all housing opportunities.

Selected Parcels for final inclusion in EOA and for adoption

The following parcels were selected for inclusion in the EOA for Wallowa County. The vetting process for the parcels was conducted through the Wallowa County EOA Technical Advisory Committee who considered five potential parcels. The property assessment was prepared based on information collected on site, from the owner and from local government jurisdictions.

JOHNSON PROPERTY – WALLOWA
Assessor Code: #5145 (35.74 acres)
Proposed Rezone – 22 acres +/-

This parcel is contiguous to the Wallowa Urban Growth Boundary and the City limits. It fronts Bear Creek Road, a major access road to Eagle Cap Wilderness trailheads. This parcel lies on the north end of the County and is the closest location for services to the Minam/Wallowa River recreation area. Each year thousands of white-water rafters, fishermen, hunters and explorers descend on this part of the County with little of the recreation support services that are primarily up at Wallowa Lake, Joseph and Enterprise. By rezoning this parcel to support recreation tourism there is tremendous employment potential to be located at this end of the County, similar to the employment opportunities in Joseph and Wallowa Lake.

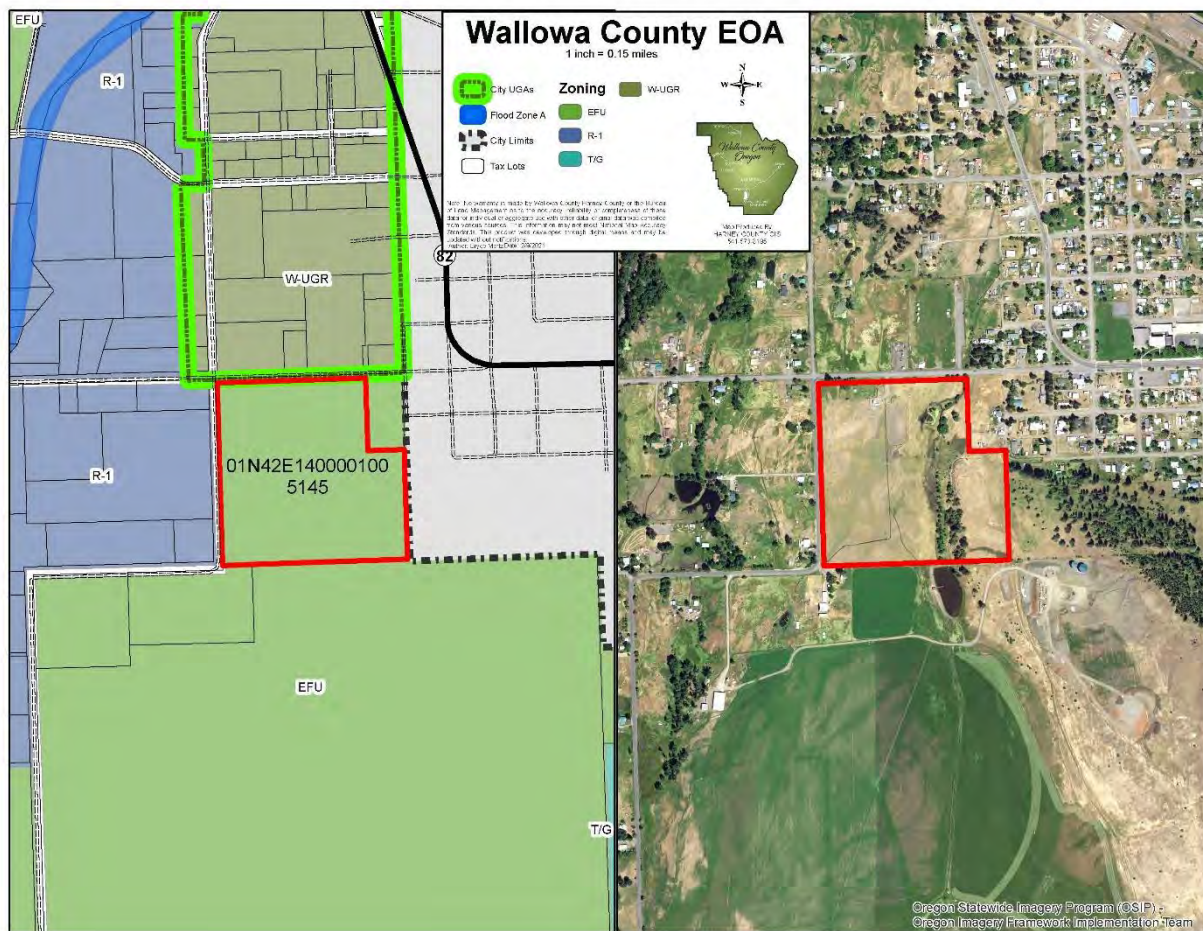
Water, sewer and electrical power are all available adjacent to this parcel and the City of Wallowa has the capacity to service this parcel. Extension of services would be relatively easy and comparatively low cost. This parcel is currently zoned EFU, but has limited agricultural value as it has been heavily grazed in the past and is too small for a commercial scale agricultural operation. The parcel could support light manufacturing of recreational gear, guide services, packer stations, or recreational equipment rental. Home based occupations could be supported on this parcel by partitioning this parcel into smaller lots creating an opportunity for multiple new businesses.

There is a seasonal run-off that traverses the parcel. That area should not be included in the final parcel to be brought under the EOA.

The County should work with the City of Wallowa to bring this parcel into a zoning district, which is compatible with City growth projections. The recommended zoning designation for the 22 acres would be Light-Industrial or Rural Commercial. Depending

on the landowner and the City's desire to consider annexing, this parcel could also be annexed into the city and an appropriate zone applied to the parcel.

Figure 25: Johnson Property



MUNICIPAL AIRPORT PROPERTY– ENTERPRISE

Assessor Code: #1327 (1000+ acres)

Proposed Rezone – 18 acres +/- (including access road to secondary arterial)

This parcel surrounds the municipal airport on three sides. The other major airport in Wallowa County is the Joseph State Airport in the City of Joseph. Due to the state airport designation, the Joseph Airport does not offer the same economic development opportunities as those at the Enterprise Airport. That is, given that the Joseph Airport is a state designated airport, development on the airport property and around the airport are limited in order to protect the air travel capacities. Both the City of Enterprise and Wallowa County have been exploring the opportunities at the airport and it is a high priority for both jurisdictions to expand opportunities on and around the airport.

Currently, the airport development is hindered by the limited access. Based on findings as part of this EOA process it is recommended that county and city include a new public

right-a-way to access the airport. This secondary access is an important public improvement that would support economic development.

While the parcel is currently zoned for agricultural use, the portion of the parcel adjacent to the airport has no real importance to the agricultural operation on the balance of the land. These lands adjacent to the Airport have some of the highest likelihood of creating job opportunities in the County. The public benefit of bringing this parcel into the employment land inventory would not adversely impact agriculture and would represent a diversification of the current inventory to offer this highly valued employment land as an economic engine for the County. Additional investments in high tech infrastructure in this area would further boost the employment and economic value.

Sewer services from City of Enterprise are available for this airport parcel, however, potable water is not readily available. It is possible that by working together the City, County and property owner could work together to identify a solution to the poor water pressure issue and might be able to serve the airport in the future.

No conflict would result from a re-designation of this parcel to a mixed-use designation (Airport Zone). Grazing land abuts the airport from the east, north and south. As previously indicated based on the size of the parcel and its location airport adjacent, employment lands would be the highest and best use for this property.

Figure 26: Enterprise Municipal Airport Property

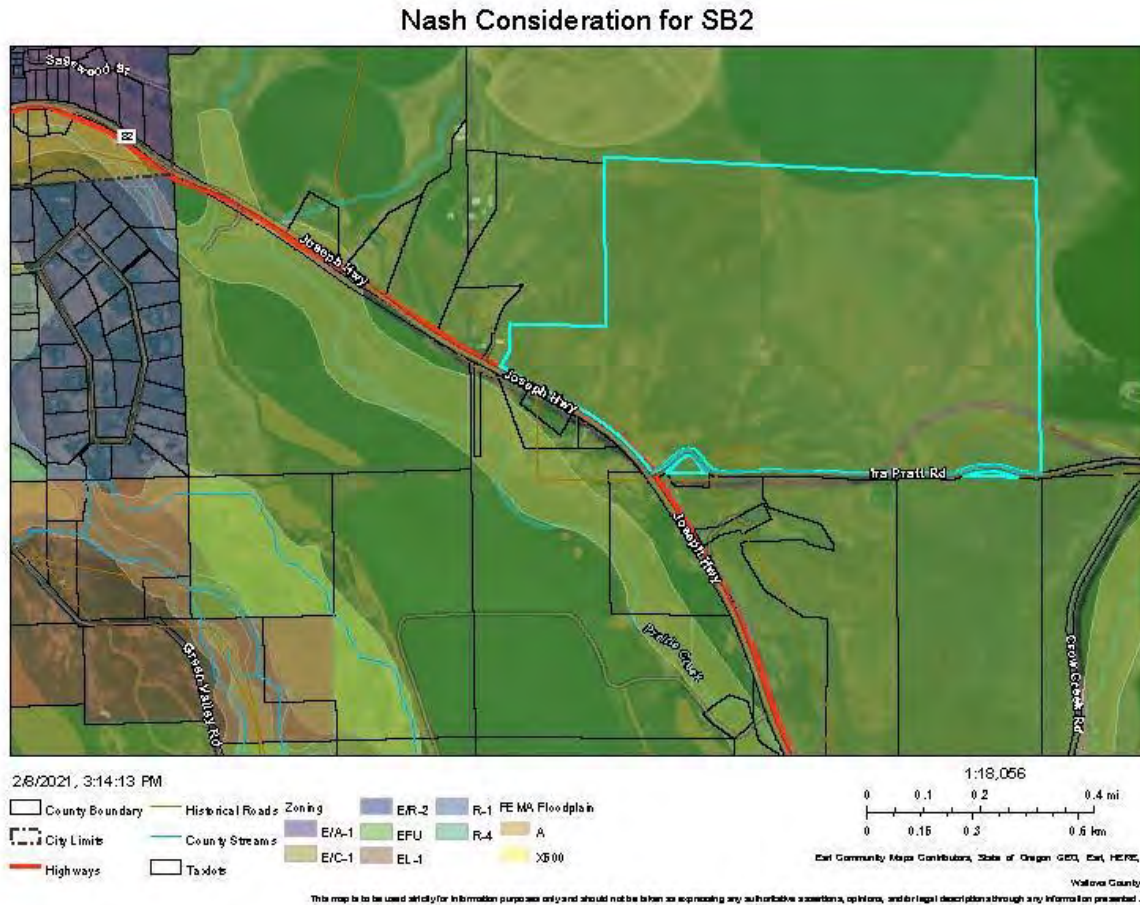


S. HWY 82 FRONTAGE (NASH PROPERTY) – APPX. 1mi FROM ENTERPRISE
Assessor Code: #1583 (389 acres)
Proposed Rezone – SW facing 10 acres (Rocky terrain is adjacent to light industrial
quarry operation)

This parcel is part of a much larger grazing property. The proposed acreage for inclusion in this EOA is a small portion of the parcel, including the southwest sloping rocky land that abuts Highway 82 and is adjacent to a rock quarry operation. The rocky outcropping proposed for re-zone is not currently utilized for grazing or any other agricultural use. This parcel is the only rural parcel located entirely outside of an urban growth boundary, proposed for inclusion in the final EOA recommendations. By rezoning 10 acres from the larger parcel there is a high likelihood that it could be utilized for employment opportunities. Although the EFU zone allows some business development, for example a “commercial use in conjunction with farm use,” the marketability is extremely limited with the EFU zoning designation. Prospective investors shy away from projects in the EFU zone given the associated restrictions. However, if 10 acres were rezoned industrial the parcel would have a much larger audience for attracting a value-added agricultural industry. Plus, the size of the parent parcel is simply too big to make a small-scale value-added agricultural operation viable if the investor must purchase the entire 389 acres. Once re-zoned, the landowner could partition out the 10 acres and market the parcel for industrial development meanwhile continuing the aggregate activity and agricultural use on the balance of the larger parcel.

Because the adjacent parcel is light industrial in operation, it might be appropriate to re-zone this parcel Light Industrial. In order to provide more flexibility in developing these ten acres, the County may consider rezoning this parcel Rural Commercial. Under the Rural Commercial zone, tourism recreation support services could do very well in this area supporting the high tourism traffic on this south end of the County. Adequate groundwater is available in the area, but it is likely that any development would focus on low volume use of water for any proposed use. The highway frontage is a key desirable feature of this parcel and the existing quarry operation access provides an opportunity for a shared highway access.

Figure 27: Nash Property



Conclusion

PARC Resources has provided findings and recommendations for these properties in a separate memorandum entitled “Wallowa County Draft Findings for a Goal Nine Update”. This document fulfills the requirements described under Task Five of the revised work plan. Due to Covid -19 pandemic, challenges were encountered in fully engaging the public in this process. Despite the setbacks, the Consultant was able to provide outreach, listening sessions and coordination with local property owners and local governments. The outcomes included in the final recommendation were vetted by the Technical Advisory Committee, evaluated based on economic visions and goals. The final selection of included properties is based on local perspectives and needs.

Chapter 8: Source Document

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Special Thanks to Jeffrey Phillips Photography for use of his photo, "Spring Storm on Tick Hill." This and other photos of Wallowa County are available at <https://jefferyphillipsphotography.com/wallowa-county/>

Appendices

Appendix A: Task 5 Implementation Memo

Memorandum April 25, 2021 – To Wallowa County Planning Commission and Franz Goebel, Planning Director. Subject: EOA Task 5 Five Implementation

The attached Memorandum was presented on April 25 regarding recommendations on policies and projects to be completed as part of the EOA.

Appendix B: Draft Findings for Adoption of EOA

Report April 25, 2021 – To Wallowa County Planning Commission and Franz Goebel, Planning Director. Subject: Goal 9 Comprehensive Plan Amendments.

The attached Memorandum was presented on April 25 regarding findings and recommendations for amendments to the Comprehensive Plan.