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March 21, 2023

To: Economic and Small Business Committee

From: Northeast Oregon Economic Development District

Re: HB 3317 Relating to Wallowa Rural and Recreational Economic Development Region; declaring an emergency

Chair Bynum, Vice-Chairs Morgan, and Nguyen, and Members of the Committee,

Northeast Oregon Economic Development District supports HB 3317 which aims to address the critical challenges of workforce development and workforce housing in Wallowa County. These two challenges are directly linked and require urgent attention.

- Many local businesses and community service providers are understaffed, constraining economic growth and a range of services from restaurants and lodging to health care, education and public safety.
- Workers want to come to Wallowa County to fill vacant positions, and often try to accept jobs until they are unable to find affordable workforce housing (both owner and rental units).
- Lack of available housing impacts both year-round and seasonal employees.

Our hospital has had 30 vacancies for over 24 months and restaurants are closing. Worker shortages threaten the capacity of local governments and nonprofits to provide the services needed to support economic growth. In some cases, the only workers able to accept jobs in the area are those who have an RV and place to park it.

At the same time, Travel Oregon's 7 Wonders campaign, national newspapers and magazines and countless other influencers have featured Wallowa County as a must-see recreational destination, attracting not just visitors, but also retirees, absentee homeowners, and remote workers, all of whom have contributed to the housing and workforce crisis. The pressure of tourism growth continues, with 2021 lodging tax up 14% compared to 2019 pre-pandemic levels (https://industry.traveloregon.com/wp-content/uploads/2022/05/OR_2021_Final.pdf). A dramatic increase in air traffic at Joseph State Airport is attributed to tourism and is expected to continue to grow (<https://centurywest.com/joseph-master-plan-documents/>).

Conversion of rental housing to short-term lodging is ongoing, and what remains of non-subsidized rental housing is extremely limited, overpriced and often substandard. Meanwhile, median household income in Wallowa County is \$57,891, at which level a household could afford to purchase a home valued at \$173,673. The median home price in Wallowa County in February of 2023 was \$398,000.

The mission of NEOEDD is to provide resources and facilitate quality decision-making for the benefit of entrepreneurs, businesses, and communities in Northeast Oregon. Established in 1985, NEOEDD works collaboratively to plan and implement economic development activities including business development & finance; job creation & retention; workforce; infrastructure; and sector specific activities in natural resources, tourism and value-added agriculture.

For the last two years, NEOEDD has helped convene stakeholders, develop relationships and support actions to address the workforce housing crisis. We also serve in an advisory role for a new non-profit entity working on development and retention of workforce housing. HB 3317 will help address priority needs and goals identified through several regional planning efforts.

NEOEDD's 2021 Community Needs Assessment gathered input from over 74 stakeholders to assess the economic and social impacts of the pandemic and actions needed to assist in recovery and build resiliency. HB 3317 responds to two priority needs identified:

- Support actions to understand and address housing shortages
- Support actions to understand and address labor shortages

HB 3317 also addresses priority goals from NEOEDD's regional Comprehensive Economic Development Strategy for Baker, Union and Wallowa counties:

Goal 1 - Diversify the economy and increase the percentage of family-wage jobs

Objective 1a: Encourage more business-friendly local governments and communities

Action: Support small businesses and entrepreneurs

Objective 1b: Retain and expand existing businesses

Action: Address obstacles to business growth

Goal 3. Assess, improve, and utilize infrastructure needed for economic growth

Objective 3b: Improve and develop economic-development assets

Action: Identify solutions and address workforce housing shortages

Wallowa County's 2022 Community Health Needs Assessment also names housing as a critical opportunity to improve Wallowa County's community health and well-being.

We are committed to collaborating and finding creative solutions to the workforce/housing crisis. HB 3317 would provide essential structure, leadership and resources.

Sincerely,



Lisa Dawson

Executive Director