



CITY OF WASHOUGAL

ECONOMIC DEVELOPMENT STRATEGIC PLAN 2025

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CITY OF WASHOUGAL

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March 1, 2025

Dear Washougal Residents and Business Owners,

Epic things are happening in Washougal, and I'm excited about the future we are building together. We're seeing new businesses coming to town, rising incomes, and development along our waterfront and in our downtown core. None of this success would be possible without the hard work and commitment of you – our residents and local businesses.

Small businesses are the backbone of Washougal's economy, creating jobs and contributing to the unique character of our community. As we move into this exciting new future together, it will be critical for each of us to do our share to support each other and our small businesses. Your success is Washougal's success, and I am committed to building a business-friendly environment that allows you to grow and thrive.

With that in mind, I'm excited to share our new Economic Development Strategic Plan, which will serve as a roadmap for continued economic growth in Washougal. Through creative partnerships, innovative new programs, and renewed focus on a thriving downtown, we will continue building a bright future for Washougal while preserving the small-town charm that makes it so special. Thank you for being part of this journey, and I look forward to everything we will accomplish in the years ahead.

Sincerely,

David Stuebe
Mayor of Washougal

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INTRODUCTION

The overall health, livability, and financial stability of any city is intricately connected to its economic development. A strong local economy is critical for creating job opportunities, generating tax revenue, and providing services that contribute to an enhanced quality of life. Businesses also want to locate in cities with good schools, public safety, and infrastructure, which help to attract and retain the best employees. Given this symbiotic relationship between economic development and quality of life, Washougal is wise to invest in economic development activities. These investments combined with its natural beauty, access to the outdoors, and proximity to a major metropolitan area with an international airport put Washougal in a strong position for sustained growth.

Cities can affect economic development through a variety of tools under their control. These include taxes, fees, and ease of doing business; zoning, permitting, and development regulations; clarity of an established vision; and cultivating a reputation as a high-functioning government. In addition, cities can indirectly influence the availability of appropriate spaces or land for economic activities; access to workforce; access to markets; attractive housing options; and factors that contribute to community character, livability, identity, and image. Taken together, these factors greatly impact the conditions that make a city's economic engines either fire on all cylinders or stall out.

This Economic Development Strategic Plan is a roadmap the City of Washougal will use to focus its efforts on economic well-being and quality of life, building on a legacy of hard work, positive leadership, and exciting momentum already underway. It is designed to work in concert with the City's five-year Strategic Plan, which was adopted in 2023. That planning effort, which was created through a robust community engagement process, established the vision to "foster and promote a resilient economy that encourages growth to attract and retain a diversity of businesses and talent, creating opportunities for prosperity and enhanced quality of life in Washougal". This vision and the strategic plan's corresponding goals and performance measures provide a framework that should be continually referenced as this plan is carried into the future, though each plan should be viewed as a flexible roadmap rather than a rigid set of directions.

This plan will also serve as a guide for biennial budget allocations and City Council decision-making when unanticipated opportunities arise. Monitoring indicators are included as an annual checkpoint on the city's economic health, and the implementation recommendations add detail for realizing the various objectives. Last, please note that most of the data referenced in this plan is pulled from the American Community Survey (ACS) 5-Year Estimates, administered annually by the US Census Bureau. Though less robust than the decennial census, the ACS includes the social, economic, demographic and housing data required for this plan, and has the advantage of being updated every year (although there is a lag between collection and public release). As such, the most recent year for available data at the time of this writing is 2022, so much of the data used will compare the 10-year trends observed between 2013-2022.

PLAN AT A GLANCE

The City's 2023-28 Strategic Plan sets the foundation for this Economic Development Plan by articulating an overarching mission and vision:



Mission Statement

Our mission is to provide fiscally responsible services that promote our vision of a safe and beautiful community that can be enjoyed for generations to come.

Vision Statement

Washougal will be a safe, vibrant, and friendly community that successfully balances growth and expanding economic opportunity while preserving the community's natural beauty and the unique amenities of small-town living.

Additionally, the 2023-28 Strategic Plan highlights five strategic priority areas including the area of **Economic Development and Community Prosperity**. The goal of this area is to *“Foster and promote a resilient economy that encourages growth to attract and retain a diversity of businesses and talent, creating opportunities for prosperity and enhanced quality of life in Washougal.”*



Using these principles of the 2023-28 Strategic Plan as a jumping off point, this plan drills deeper into the area of Economic Development by incorporating fresh analysis of a variety of data points and research culminating in the following recommendations:



Recommendation #1: STRATEGIC PARTNERSHIPS

Foster strategic partnerships with organizations that contribute to economic growth in Washougal.



Recommendation #2: SMALL BUSINESSES SUPPORT

Develop and implement a suite of programs and resources to aid in the sustainability and growth of Washougal's small businesses.



Recommendation #3: TOWNCENTER REVITALIZATION

Support efforts to revitalize and redevelop Washougal's Towncenter.



Recommendation #4: WATERFRONT DEVELOPMENT

Support efforts to revitalize and redevelop Washougal's waterfront.



Recommendation #5: MONITOR DATA AND ADAPT

Continue monitoring economic indicators, opportunities and challenges.

SECTION 1: THE WASHOUGAL ECONOMY

Population

Washougal's population has shown steady growth over the past decade, increasing from 14,319 residents in 2013 to 16,828 in 2022 according to American Community Survey (ACS) 5-year estimates. This represents 17.5% population growth over a ten-year period, or about 1.75% growth annually. For context, this is nearly three times the growth rate of the United States (6.3%), and slightly faster than Clark County as a whole (16.5%) over the same period. While population data from the ACS 5-Year Estimates is not yet available for the current year, it is reasonable to assume Washougal's population is now more than 17,000 people. This consistent growth has been driven by a mix of residential development, growing employment opportunities, and proximity to the Portland-Vancouver metropolitan area.

Age Characteristics

The median age in Washougal has increased over the past decade, with significant growth in the 65 and older demographic. In 2013, the median age was 35.9, and about 10% of the city's population was 65 or older. By 2022, the median age had increased to 38.8, with nearly 16% of the population aged 65 or older.

This trend mirrors a broader national pattern, driven by the aging Baby Boomer generation. However, Washougal's population is aging at more than twice the national rate. In 2013, the national median age was 37.3, and by 2022 it had grown to 38.5. In other words, Washougal's population was younger than the national median back in 2013 but has since surpassed it. Though more pronounced than Clark County as a whole, this shift to an increasingly aging population is likely due to multiple factors including the area's appeal as a residential community that is close to nature, safe, near urban amenities, void of a state income tax, and more affordable than other cities in the Portland-Vancouver metropolitan area. This trend is somewhat concerning from an economic perspective, although other factors such as an overall growth in population, commuting patterns, the rise of remote work opportunities, and a rise in median income may be diminishing the negative impacts.

Racial and Ethnic Characteristics

Washougal is a predominantly white community that has slowly become more diverse over the past decade. In 2013, the population was 90% White; by 2022 that number dropped to 88% with increases in Hispanic/Latino, Black/African American, and those who report two or more races driving most of the community's changing racial and ethnic makeup.

Household Income, Wages and Poverty

Household income and wages have experienced substantial growth in Washougal over the past decade. In 2013, the average annual wage for a full-time, year-round worker in Washougal was \$40,230 (Washington State Employment Security Department, 2024) and the median household income (which may be comprised of earnings from multiple workers

and/or non-wage benefits such as Social Security) was \$61,814. By 2022, the average annual wage had increased to \$69,570 and median household income was up to \$97,295. The proportion of households earning \$100,000 or more also more than doubled, rising from 23.1 % in 2013 to 48.4% in 2022. This strong upward trend in earnings is likely driven by regional economic development, an increase in educational attainment, and in-migration of high earning individuals.

Despite this significant income growth, poverty levels in the city have not shown a corresponding decline, suggesting that some residents have not shared equally in these economic benefits. One census tract in particular, which includes most of the Addy neighborhood in SE Washougal, has for several years met the definition of a "Low/Moderate Income" area as defined by the federal Community Development Block Grant program.

Meanwhile, poverty has been on a steady decline nationwide and in Clark County. Nationally, the poverty rate dropped from 15.4% in 2013 to 12.5% in 2022, while Clark County saw a similar decline from 12.4% to 8.9%. During that same period, the poverty rate in Washougal dropped just one-tenth of a point from 8.6% in 2013 to 8.5% in 2022. Despite this lack of any significant decline, the positive view is that Washougal's poverty rate has consistently remained lower than both the national and county averages.

Educational Attainment

Washougal residents complete high school and attend at least some college more than the national average. In 2022, 93% of residents aged 25 or older had at least a high school diploma or equivalent, compared to the national rate of 89.1 %, and 35.4% completed some college courses or obtained a two-year degree, compared to the national rate of 28.4%. In terms of higher educational attainment, 30.1 % of Washougal residents had a bachelor's degree or higher, lagging the national rate of 34.3%. On the positive side, this represents significant improvement over the past decade – in 2013 less than a quarter of Washougal residents (24.5%) had a bachelor's degree or higher.

Additional research would be required to understand whether the educational gains in recent years are due to the Washougal School District's increased efforts to prepare students for secondary education, in-migration of residents with higher educational attainment, or some combination of both. Another explanation could simply be the changing economic incentives for educational attainment.

Housing Characteristics

The cost of housing in Washougal has changed significantly over the past decade, reflecting broader trends in homeownership and affordability. As of 2022, there were 6,297 total housing units in Washougal, up from 5,477 in 2013, with a 25.8% increase in owner-occupied units to 4,517. However, rental availability has slightly decreased, with 47 fewer renter-occupied units compared to a decade ago. This shift suggests a growing preference for homeownership, likely driven by rising incomes and new development in the area.

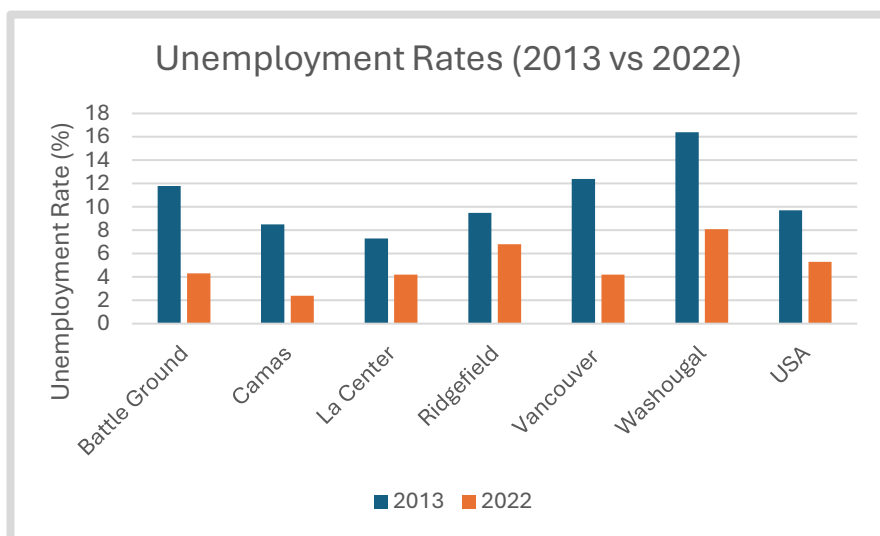
During this period of housing growth, the median value of owner-occupied homes has more than doubled, soaring from \$219,500 in 2013 to \$456,100 in 2022. This trend is similar to the rising costs of housing in Clark County as a whole, but significantly faster than the growth at the national level where home values rose nearly 60% from \$176,700 to \$281,900 during the same period.

Renters in Washougal have also experienced notable changes, with median rents rising from \$1,071 in 2013 to \$1,397 in 2022- an increase of more than 30%. Despite rising incomes, which have grown by nearly 40% in the same period, overall housing costs have outpaced income growth for many residents, leading to persistent affordability challenges. About 25.1 % of homeowners in Washougal are cost-burdened, meaning they spend more than 30% of their income on housing (as defined by the US Department of Housing and Urban Development). This portion of cost-burdened homeowners is slightly higher than the 23% rate for Clark County and the national rate of 22%. Renters are even more affected, with 45.1 % of Washougal renters being cost-burdened, a figure slightly below Clark County's rate of 49.8% and the national rate of 49.9%.

Employment Trends and Industry Sectors

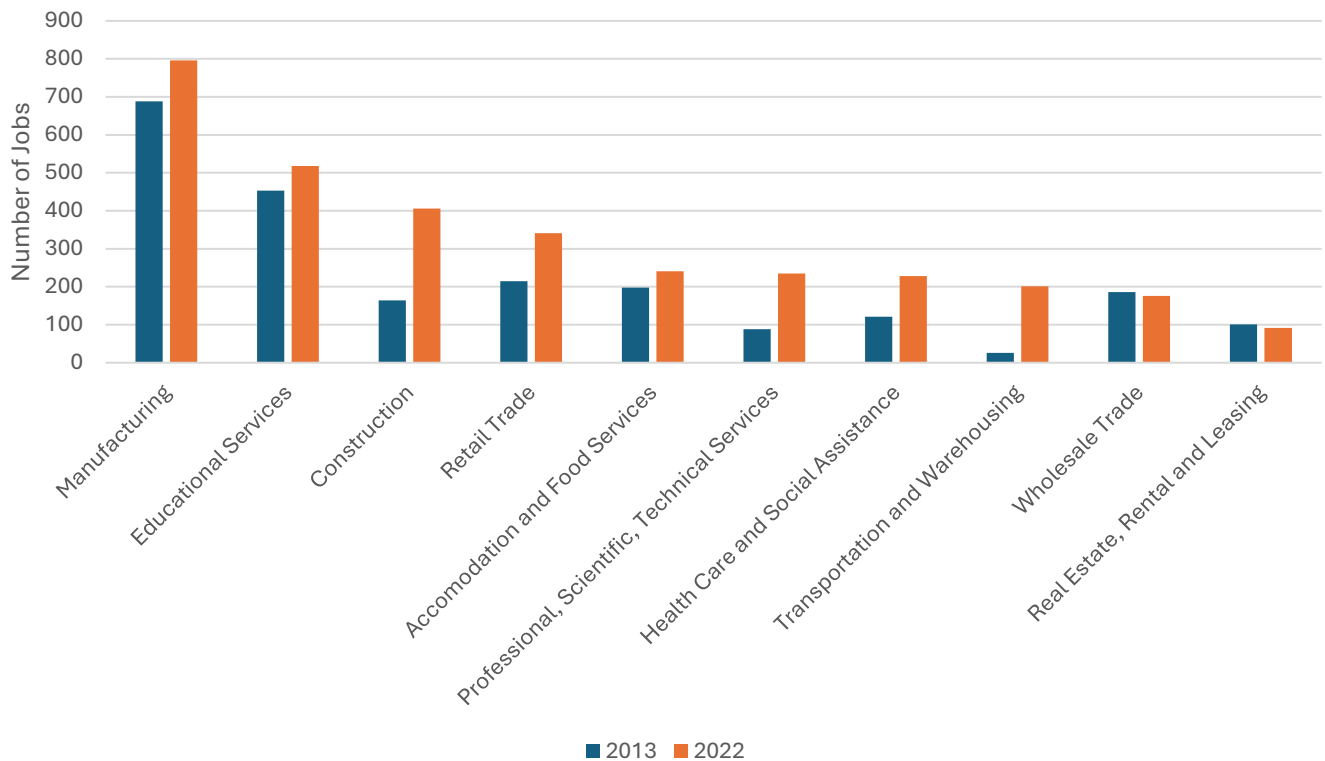
Over the past decade Washougal has added jobs in high-paying industries while reducing the unemployment rate, but still faces unique challenges compared to nearby cities. Back in 2013, the unemployment rate in Washougal was 16.4%—nearly double the national average at the time and higher than any other city in Clark County. Fast forward to 2022, and that rate dropped significantly to 8.1%. That's great progress, but still lagging behind the national rate of 5.3%, as well as Camas (2.4%), Vancouver (4.2%), La Center (4.2%), Battle Ground (4.3%), and Ridgefield (6.8%).

The good news is that jobs are being created. Washougal added nearly 900 new jobs between 2013 and 2022, with big gains in construction, manufacturing, health care, and professional services. The manufacturing sector continues to provide the highest number of jobs in Washougal, owed largely to the Port of Camas-



Washougal's 300-acre industrial park, which is home to more than 40 businesses. The education sector saw modest growth of 1.4% annually but continues to employ more than any sector besides manufacturing due to the large number of jobs within the Washougal School District. Construction jobs more than doubled over the last decade, thanks largely

Top 10 Job Sectors in Washougal (2013 vs 2022)



to a wave of new residential development. Meanwhile, jobs in the Professional, Scientific and Technical Services industry nearly tripled, growing from just 88 jobs in 2013 to 235 jobs in 2022, which is now Washougal's sixth-highest job-producing sector. It includes professions such as engineers, scientists, architects, attorneys and researchers – a sign that Washougal is carving out space in higher-paying, knowledge-intensive industries.

Despite the recent job growth, most Washougal residents don't work in Washougal, and most Washougal jobs are filled by those who commute into the city from elsewhere. Of the more than 8,000 workers who live in the city, fewer than 800 both live and work in Washougal. The other 91% of Washougal's workforce works outside the city in places like Camas, Vancouver or Portland. This isn't unusual for a small city – Camas, Ridgefield, and Battle Ground all have similar patterns – and the 91% outflow rate has remained constant over the past decade. However, the portion of Washougal residents who work from home has nearly tripled during this time, from 5.6% of all workers in 2013 up to 15.4% in 2022, representing more than 1,200 workers. While this reflects a broader trend post-pandemic, Washougal's



work from home rate is higher than the nation's rate of 11.7% and certainly impacts the number of residents who are physically commuting daily. Note, not all of 7,418 workers shown in the US Census OnTheMap graphic are necessarily commuting outside of Washougal each day, as this data does not account for telecommuting. However, the underlying challenge remains: how can Washougal attract and retain more jobs so that 91% of its residents don't have to look elsewhere for work?

One of Washougal's barriers when it comes to job growth is its limited vacant land. First, the city is bounded on three sides by the Camas border to the west, the Columbia River to the south, and the Gorge National Scenic Area to the east. Second, it is relatively small in terms of total land area with just under 6 square miles, ranking below Ridgefield (7.4 square miles), Battle Ground (8.7 square miles), and Camas (14.1 square miles). With roughly 75% of Washougal's land zoned for residential, parks or other public uses, that leaves just 25% of the city for commercial, industrial, or mixed uses.

Given the limited space, job density – the number of jobs per unit of space – becomes an important metric to consider. With about 600 jobs per square mile, Washougal is currently middle of the pack in Clark County. For comparison, Camas employs 724 per square mile, balanced by its high-density jobs in finance and its low-density jobs in manufacturing. Battle Ground employs a similarly balanced 787 per square mile with a mix of high-density sectors such as retail and low-density sectors such as construction. Like Washougal, Ridgefield's largest sector is manufacturing (low density), but it lacks the volume of professional and technical jobs that Washougal has gained in recent years, resulting in just 420 jobs per square mile.

Washougal Businesses

A scan of business licenses in August 2024 revealed a total of 808 businesses registered within Washougal. Of those, 76 were identified as brick and mortar retail establishments or restaurants, selling food, goods, or other services directly to consumers. Washougal's 2023-2028 Strategic Plan recognizes the importance of continued growth in all kinds of businesses and set a goal of 8% growth over the life of the plan, which would require an additional 65 new businesses by December of 2028 to be successful. City staff will continue monitoring progress in this goal as part of its overall Strategic Plan implementation, and one purpose of this Economic Development Plan is to identify strategies to help Washougal attract and foster this growth.

Additionally, the Strategic Plan calls for a 10% increase in retail establishments by the end of 2028, which equates to an additional 8 retail stores for a total of 84. Retail businesses are of particular importance due to the impact on sales tax revenues, which are an important source of revenue for the city, as well as the more subjective impact on quality of life. In surveys and other community engagement avenues, Washougal residents frequently express their desires for more local restaurants and stores where they can spend their income in town, without having to travel to other jurisdictions to meet their needs.

SECTION 2: CHALLENGES AND OPPORTUNITIES

Challenges of an Aging Population

Generally, a rapidly aging population means there are fewer working-age people in the economy, which can make it more difficult for businesses to fill in-demand jobs. Another challenge with an aging population is that it typically results in a greater fiscal burden on the government at the local, state and federal levels due to expenditures on support programs such as utility assistance, senior services, pension costs, Social Security and Medicare. Aging populations also correlate with a decline in spending, thus lower sales tax revenues. Higher demand on a shrinking tax base leads to either higher tax rates or cuts in government services, both of which negatively impact all residents. And last, an aging labor force typically leads to fewer startups, which are key drivers of innovation, growth, and community prosperity. Evidence suggests this is happening in the U.S., where the rate of new businesses is on the decline, which has reduced competition and ultimately decreased workers' share of overall GDP (Hopenhayn, et al, 2022).

In Washougal, the downside of an aging population seems to be mitigated by other factors. First, the proportion of Washougal's working-age population has held steady over the past decade, including significant growth in the 25-39 age group, which rose from about 3,000 residents in 2013 to nearly 4,000 residents by 2022. The growth in this age group suggests significant in-migration, considering 10 years ago there were just under 3,000 residents in the 15-29 age group (who by 2022 would have aged into the 25-39 age group). As such, Washougal has yet to feel the negative impacts of a shrinking workforce that typically come with an aging population. However, this will change if today's working-age adults move into retirement without continued growth of younger adults entering the workforce.

Second, median household income has grown significantly over the past decade, rising from \$61,814 in 2013 to \$97,295 in 2022, an increase of 57.4%. While inflation mitigates some of that growth, wages have far outpaced inflation over the same period. A dollar in 2022 had the same buying power as 78 cents in 2013, representing an inflation rate of about 29% over the ten-year period. (CPI Inflation Calculator). The increase in household income has also translated into an increase in sales tax revenue for Washougal. In 2013, the city received roughly \$1.3 million in sales tax revenue. By 2022, that figure more than doubled to \$3.1 million, an increase of approximately 140%.

In summary, it appears that Washougal will be able to support an aging population as long as the city continues to be an attractive destination for new young workers and families – particularly those who are driving up the median wage with higher-paying jobs – while also increasing its sales tax revenues. It will be worthwhile to continue monitoring each of these key demographic and economic indicators into the future. Additionally, a focus on the manufacturing and industrial sectors that tend to have lower barriers to entry and ladders of opportunity for promotion and wage growth could help attract and retain a younger workforce.

Opportunities of Increasingly Diverse Populations

It has long been suggested that diverse cultural perspectives can inspire creativity and drive innovation. In fact, a growing body of research shows that communities with more diversity patent at higher rates, have more successful startups, and enjoy higher productivity growth (Frenken et al., 2007, Lee et al., 2004, Samila and Sorenson, 2017). While Washougal is currently lacking in racial and ethnic diversity compared to Clark County and the nation as a whole, it may be wise to untap the entrepreneurial potential of the community's slowly changing demographics.

While population growth and migration patterns are largely a function of conditions outside the control of a small municipality, the City of Washougal could play a role in welcoming and supporting the relatively small number of diverse residents who choose to call Washougal home. Such efforts would be backed by research showing strong and long-lasting impacts of diversity on local economic development, with one important caveat: the economic gains of a diverse population are only realized when those diverse groups are able to communicate with one another. In places with high levels of polarization where different groups have few opportunities to interact, the exchange of ideas and the corresponding economic benefits cease to materialize. On the contrary, the research found that places with high levels of diversity and low levels of integration had a negative impact on economic development. It thus becomes critical to facilitate dialogue and encourage integration of diverse groups, not only for the social and community benefits, but for the economic opportunities that can be generated (Rodriguez-Pose et al., 2018).

Impacts of Poverty on Economic Growth

Economic research suggests that individuals living in poverty face an increased risk of adverse outcomes such as poor health, low educational attainment, and criminal activity – each of which may lead to reduced participation in the labor market (U.S. Government Accountability Office, 2007). Additionally, places with higher rates of poverty tend to experience more crime, instability, and livability issues, which can deter investment and hinder economic development in those communities. This theory is supported by data that shows areas with higher rates of poverty experience, on average, slower per capita income growth rates than low-poverty areas.

Poverty thus presents a double-edged sword whereby it is both a cause and effect of economic stagnation. Furthermore, poverty is a complex problem influenced by economic, social, political and cultural factors. While economic growth is the single most important factor influencing poverty, economic solutions alone are inadequate.

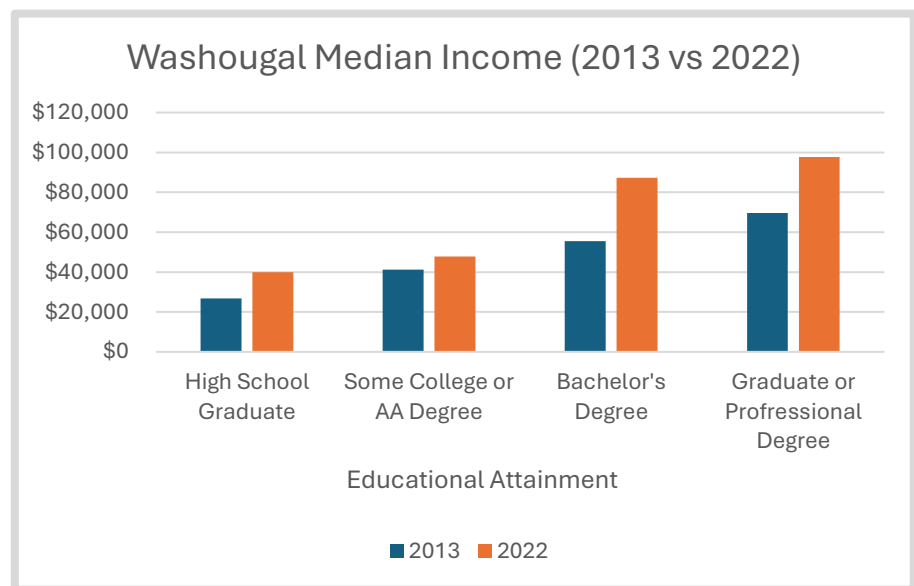
Opportunities of High Educational Attainment

Educational attainment has become increasingly valuable for Washougal residents over the past decade, with earnings rising significantly across all levels of education. In 2013, the median income for high school graduates was \$26,776; by 2022 that figure increased to \$40,000. Those with some college or an associate degree saw their earnings increase from \$41,201 to \$47,798. The most dramatic gains, however, were for individuals with the

highest educational attainment: bachelor's degree holders saw their earnings jump from \$55,500 in 2013 to \$87,287 in 2022, and those with graduate or professional degrees experienced an increase from \$69,665 to \$97,716.

This data indicates that educational attainment is increasingly linked to higher earning potential, and the value of a college or advanced degree has grown considerably in Washougal over the last decade. Conversely, the penalty for low educational attainment is severe: more than half (50.7%) of Washougal residents without a high school diploma or equivalent are living in poverty, which is more than double the national rate of 24.0%.

In addition to the positive impacts at the individual level, an educated populace contributes to local economies in multiple ways. According to research by The Brookings Institution, the average bachelor's degree holder will spend an estimated \$278,000 more on local goods and services than the average high school graduate over a lifetime, contributing an additional \$44,000 to local and state tax revenues. Even an associate degree holder will spend \$81,000 more on average over his or her lifetime, including an additional \$9,000 in state and local taxes (Rothwell, 2015)



Higher education is also correlated with increases in innovation and entrepreneurship. A review of research by the National Bureau of Economic Research suggests that first, education helps people who would have been innovators anyway become more successful either by improving their inventions or by enhancing their ability to bring ideas to market. Second, education provides the tools necessary for those creative individuals who would otherwise not have become inventors or entrepreneurs to reach their potential (Biasi, et al., 2021).

Last but not least, a highly educated populace provides a stronger pool of skilled workers to support local businesses or attract new investors.

Opportunities and Challenges of Rising Housing Costs

Washougal's rising housing costs provide a mixed bag of opportunity for homeowners and challenges for cost-burdened renters and would-be buyers.

On the positive side, the significant increase in home values in Washougal (108% over the past decade) presents an opportunity for wealth accumulation for homeowners. With a growing number of higher-value properties, homeowners benefit from increased equity, which can stimulate further investment in the local economy. For one, increasing home values tend to lead to increased consumer spending, as homeowners perceive their overall financial situation more positively. On average, a \$100 increase in housing value leads to a \$5 to \$8 increase in spending. This includes increased spending not just on home-related improvements, but on all types of consumer goods, leading to secondary impacts on local businesses and local tax revenues.

Second, increases in home equity provide access to capital that can be tapped by entrepreneurs looking to start or expand their small businesses. This is backed by research that shows the loss of home equity caused by the housing crash in 2008 had a significant effect on the business startup rate by reducing access to credit to invest in new businesses. (Ozimek, et al., 2019)

Third, the increases in homeownership and the rising value of housing makes Washougal more attractive to new middle- and upper-income residents. As long as this trend continues, opportunities will increase for new businesses and retail developments that require a robust population with disposable income in order to be viable.

And last, as the city grows, there is an opportunity to develop new infrastructure while encouraging the development of affordable housing. Leveraging federal, state and local programs like the Community Development Block Grant (CDBG), Connecting Housing to Infrastructure (CHIP), and Multifamily Housing Tax Exemption (MHTE) could help fund projects that lower the housing cost burden for young families and seniors. Strategic planning to accommodate both affordable and higher-end housing could support a more balanced growth trajectory while mitigating the potential downside of economic inequality.

On the challenging side of the equation, housing costs have outpaced income gains for many residents, despite income growth of nearly 40%. This imbalance can widen economic disparities in the community – especially for renters – as rents have risen by 30% over the last 10 years. Long-term homeowners gain wealth from rising property values, but many renters, who are often lower income, face greater financial strain and less opportunity to save, invest, or spend money in the local economy.

Indeed, one of the primary challenges Washougal faces is the high number of cost-burdened households: 25.1 % of homeowners and 45.1 % of renters. High proportions of cost-burdened residents hinders economic mobility, creates barriers for new buyers, and limits the city's ability to attract and retain a diverse and skilled workforce. Rising rents pose challenges for both younger residents and fixed-income seniors, who may be forced to move elsewhere in search of more affordable options.

The rapid increase in home values and a growing population also puts pressure on public services and infrastructure. As more residents move to Washougal, the demand for transportation, utilities, and public schools increase. The City of Washougal and the Washougal School District will need to balance infrastructure investments with maintaining affordable living conditions, ensuring that long-term growth remains sustainable.

In summary, Washougal's rising home values and growing population create economic opportunities, but they also present challenges related to housing affordability and increasing inequality. Addressing these challenges proactively, particularly by leveraging grant programs and partnerships to facilitate projects that lower the housing cost burden for young families and seniors. If successful, Washougal will be able to accommodate both affordable and higher-end housing to support continued economic growth without leaving its lower-income residents behind.

Opportunities Within a Changing Job Landscape

To maximize its limited commercial and industrial space, the city may want to focus on growing high-density industries like finance or professional services – fields that bring more jobs per square mile compared to manufacturing or construction. The near tripling of jobs in the professional, scientific, and technical services sector – from 88 in 2013 to 235 in 2022 – is an encouraging sign. Jobs in this sector not only pay above-average wages but also require minimal physical space, making them ideal given Washougal's land constraints. This is not to say that manufacturing and construction jobs should be discouraged; rather a targeted focus on higher-density industries will simply help Washougal build a more balanced, resilient, and sustainable economy.

As with the growth in the professional and technical sector, the city's rising rate of remote workers (more than 15% of all workers in 2022) may also suggest that Washougal is an increasingly attractive option for those who are able to work remotely. The private development of an upscale 46-unit apartment in Washougal is betting on this trend, offering modern living spaces in the downtown core and including a “co-working lounge” to entice remote workers seeking a more communal workspace.

SECTION 3: EXISTING RESOURCES

Washougal benefits from a robust network of organizations and resources aimed at fostering economic development, enhancing community vibrancy, and supporting local businesses. These entities provide a variety of services, ranging from business development and workforce training to community engagement and cultural enrichment.

The Port of Camas-Washougal plays a pivotal role in economic development by supporting local businesses and enhancing community livability. Nearly one-third of

Washougal's jobs are located within the city's industrial park, which includes more than 50 businesses, more than half of which are Port tenants. These tenants occupy 17 buildings throughout the industrial park totaling 350,000 square feet. A recent land transaction with a private company added a 100,000 square foot building spurring growth of an aerospace cluster, and the Port still holds roughly 30 developable acres estimated to create at least 300 more jobs in the future. The Port also owns and manages a significant portion of the Washougal waterfront, including four parks, four miles of trails, and Parker's Landing Marina – the largest recreational marina on the Washington side of the Columbia River. Additionally, the Port is in the process of a land lease that will revitalize the waterfront through the Hyas Point mixed use development, which broke ground in late 2024. A mix of residential units, restaurants, and commercial space, Hyas Point is poised to bring hundreds of new jobs and significant economic impact to the area while preserving and enhancing access to a redefined waterfront. Last, the recent addition of an American Cruise Line stop has opened the door to new tourism growth.

The **Columbia River Economic Development Council (CREDC)** is a key regional player, providing resources and programs as the state's recognized Associate Development Organization for Clark County. CREDC provides free, confidential services to companies looking to start up, expand, or relocate to Southwest Washington, with a focus on its five strategic sectors: software, computers/electronics, clean tech, life sciences, and technology-enhanced production. Its business support programs include site selection assistance, local market data, identification of incentives, permitting assistance, and connections to education partners – all of which are available to businesses in Washougal.

Locally, the **Washougal Business Association (WBA)** works to support, attract, and strengthen Washougal's small businesses. WBA members gain access to valuable resources, networking opportunities, shared insights from other members, promotional platforms, and participation in community events with sponsorship opportunities.

Similarly, the **Camas-Washougal Chamber of Commerce** aims to promote and advocate for small local businesses, but with the broader geographic reach of Camas, Washougal, and East Clark County. Services include networking opportunities, community events with sponsorship opportunities, and a robust member directory connecting businesses to both residents and to each other.

Pendleton Woolen Mills isn't just one of Washougal's largest and longest-standing employers – it also holds the largest developable parcel of land within the Towncenter. In early 2025, the City of Washougal approved a 15-year development agreement with Pendleton covering 63 acres of downtown property for commercial, residential, and recreational uses while preserving its existing use as a textile manufacturer, retail store, and tourist destination. The master plan features around 175,000 square feet of new neighborhood retail space, 190,000 square feet of office space, and potential for up to 780 multifamily residential units. The plan also includes connector trails integrated with on-site open space and various other amenities.

In the education sector, both the **Washougal School District** and **Clark College** contribute to local economic development by addressing workforce needs and cultivating future talent. In its 2025 Strategic Plan, Washougal schools commit to helping each student develop a personalized pathway for their future, whether in skilled trades, higher education, military service, or professional careers. Critical to this mission is the school's Career and Technical Education program, which allows students to explore a variety of career paths including connecting students to internships with local businesses. Part of the statewide community college system, Clark College offers workforce training, continuing education, and degree programs that align with regional economic priorities. Together, these institutions ensure that residents have access to education and training opportunities that prepare them for high-demand careers.

In the area of arts and culture, the **Washougal Arts and Culture Alliance (WACA)** is a non-profit organization working to foster a thriving local art scene. WACA collaborates with artists, teachers, businesses, and other community organizations to support and promote regional artists, increase opportunities for youth participation in the arts, and enhance exposure to the arts for Washougal residents and visitors to the area. The annual Washougal Arts Festival is WACA's flagship event, which expanded in 2023 to include the Washougal Songcraft Festival.

Additionally, the **Washougal Arts Commission** is a volunteer group appointed by the Washougal City Council to identify and encourage the development and sustainability of the arts while serving as the city's primary resource in matters of public art and culture. Currently, the Art Commission is exploring the feasibility of Creative District Certification through the Washington State Arts Commission. If successful, Washougal would become the first certified Creative District in Southwest Washington, opening opportunities for grant funding and technical assistance that could enhance Washougal's cultural landscape, contribute to its vibrancy, and help attract artists and creative businesses.

Last but not least, Washougal enjoys a robust network of non-profit organizations and services including **Unite! Washougal Community Coalition**, **East County Citizens' Alliance**, and a **Social Services Center** that all contribute to a strong, connected, and supported Washougal community. Though they are not specifically economic development organizations, these groups impact the overall health and vibrancy of the community, which is foundational to a strong local economy. Some of these groups could also be partners in economic development programs, providing a link to low-income and other disadvantaged populations who may benefit from small business support services.

In total, this network of organizations and resources creates a synergistic environment that contributes to a sustainable and thriving economy in Washougal. Each of them is an important partner for the City of Washougal, and continued communication and strategic collaboration with each will be critical for deepening community impact while avoiding duplication of services.

SECTION 4: RECOMMENDATIONS

As stated in the introduction to this report, there is a symbiotic relationship between a community's livability and its local economy. Jobs follow people, and people are looking for great places to live. As such, the recommendations herein will include strategies that directly impact economic growth (such as providing workshops for local entrepreneurs), as well as strategies that contribute to the overall livability of the community and indirectly stimulate growth (beautifying the downtown core, for example). Additionally, this plan is meant to be a practical and realistic guide, making efficient use of existing resources, avoiding redundancies, aligning with the City's 5-Year Strategic Plan, and partnering with external organizations to maximize impact with minimal investments.



Recommendation #1: Foster strategic partnerships with organizations that contribute to economic growth in Washougal.

With limited resources and a single staff position dedicated part-time to economic development, the City of Washougal must lean heavily into collaboration with other organizations. Fortunately, as outlined in Section 3, Washougal benefits from the work of many such organizations, and is already engaged in various levels of partnership.

The Port of Camas-Washougal plays a critical role in providing the land and facilities necessary for economic growth and revitalization. One potential area for increased collaboration may be in the development of more programs and services offered directly to Port tenants. For example, programs could be coordinated and funded through the City of Washougal while utilizing the Port's direct connection to businesses to gain participation, solicit ideas, and provide programming space.

The Columbia River Economic Development Council (CREDC) provides several programs and services to traded sector companies, and by contract with the City of Washougal, uses its capacity to enhance economic development and employment opportunities within the city. With a staff position now dedicated to economic development, Washougal is well-positioned to collaborate more closely with CREDC staff for mutual benefit. As such, it will be critical to foster a strong partnership with CREDC, seeking opportunities to work together and leveraging each other's strengths to best serve prospective clients.

The Washougal Business Association (WBA) is a relatively new but growing organization with leadership that is highly committed to supporting local businesses. The City of Washougal is poised to benefit from WBA's existing structure and network of 30+ businesses as it rolls out new programs and services in need of an audience. Meanwhile the WBA – an all-volunteer organization – stands to benefit from the City's part-time economic development staff capacity.



Recommendation #2: Develop and implement a suite of programs and resources to aid in the sustainability and growth of Washougal’s small businesses.

Economic development strategies have evolved significantly over the years. Historically, communities typically focused their efforts on attracting large employers from other areas to serve as the cornerstone of local economic activity. While this strategy had the potential to generate significant employment and economic benefits, it also created vulnerabilities, as a community's economic health became overly reliant on one major employer. If that company downsized, relocated, or closed, the local economy could be devastated, leading to widespread unemployment, housing depreciation, and reduced tax revenue.

In contrast, modern economic development prioritizes fostering an entrepreneurial ecosystem that supports small businesses and start-ups already rooted in the community. This approach recognizes that virtually every business begins small, often launched by a sole proprietor. By focusing on existing businesses with growth potential, communities can create a more diverse and resilient economic base.

Programs and resources geared towards Washougal’s small businesses could include:

- An outreach program that connects city leaders with Washougal businesses to foster stronger connections, share information, network, and learn about each business’s unique challenges and opportunities.
- An educational and technical assistance program to help entrepreneurs make informed business decisions by exploring topics such as technology, marketing, logistics, hiring, and finances. Program development is underway in partnership with the Washougal Business Association and a private consultant with experience designing innovative business education programs and solutions.
- A guide for “Doing Business in Washougal” as described in the city’s strategic plan. This guide may include helpful information about permitting, licensing, and financing, while connecting business owners to local resources such as the Camas-Washougal Chamber of Commerce, Washougal Business Association, and The Port of Camas-Washougal.
- An Economic Development web page on the City of Washougal website that connects businesses to important information including local, state, and federal resources for small businesses.
- A “Welcome to Washougal” packet for new residents that offers information about City of Washougal services and amenities. This packet could include a directory of Washougal businesses and incentives to encourage shopping locally.



Recommendation #3: Support efforts to revitalize and redevelop Washougal's Towncenter.

For most communities, a vibrant downtown is critical not only for generating economic activity, but also for fostering community engagement and a shared sense of identity, which in turn contributes to a stronger local economy. Creating a more vibrant downtown has long been a goal in Washougal, as currently reflected in its 2023-2028 Strategic Plan. In that plan, creating a “Vibrant Town Center” is one of the five main Strategic Priorities, and it includes goals such as improving the lighting, beautifying vacant storefronts, managing parking, and encouraging development.

In pursuit of this strategic priority, the City of Washougal recently created a “Community Services and Strategy” department that aligns the functions of economic development, strategic planning, community aesthetics, community engagement, and parks and recreation into one workgroup. One anticipated benefit of this new department is to facilitate collaboration and marshal new resources for downtown revitalization.

Downtown Washougal is trending in a positive direction, with significant milestones reached in the past year and many more on the horizon:

- Development of “The Walden” – a 6-story mixed-used building with 46 apartment units and ground floor retail space.
- Opening of Danglicious Vietnamese Kitchen on Main Street (August 2024).
- Opening of Takumi-ko Japanese Cuisine on Main Street (January 2025).
- Groundbreaking for the Washougal Towncenter Revitalization Project, which will include a pocket park, splash pad, dog park, community center upgrades, and increased parking capacity for downtown.
- Fundraising continues for a new 13,000 square-foot Washougal Community Library to replace the existing 2,300 square-foot library.
- Cultural and family-oriented events such as the Washougal Art and Music Festival and the Lighted Christmas Parade and Tree Lighting continue to grow each year.
- The Washougal Arts and Culture Alliance completed its fundraising to renovate the campanile in Reflection Plaza. The “Two Rivers Heritage Sculpture” will provide an engaging public art centerpiece focused on Washougal’s natural beauty and history.
- The Arts Commission is working to make downtown Washougal the first certified Creative District in Southwest Washington.

- Analysis of downtown parking supply and demand is underway, which will inform city staff and policymakers to ensure there is adequate parking to facilitate business without over-prescribing parking requirements that could hinder development.

Beyond the goals already covered in the 2023-2028 Strategic Plan, additional recommendations to enhance downtown vibrancy include:

- Consider a “Garage to Storefront” program to assist home-based businesses with opening brick-and-mortar commercial space while encouraging façade and other building improvements in designated zones including downtown Washougal.
- Explore the use of CDBG funds to support commercial revitalization projects, which may include façade improvement programs to enhance the appearance and functionality of commercial storefronts.
- Continue supporting the Arts Commission’s efforts to establish a Creative District in downtown Washougal.
- Engage with a local farmer’s market operator to explore bringing a market to downtown Washougal.
- Identify opportunities to improve downtown aesthetics including enhanced lighting and seasonal banners that showcase community events and foster civic pride.



Recommendation #4: Support efforts to revitalize and redevelop Washougal’s waterfront.

Between the job-creating activities of The Port of Camas-Washougal and the recreational opportunities that serve residents and visitors alike, the waterfront is key to Washougal’s economic success. Significant developments in recent years include:

- Opening of the Washougal Waterfront Park and Trail in 2016
- Opening of the Black Pearl on the Columbia Event Center in 2018
- Opening of a Natural Play Area along the waterfront trail in 2019
- Opening of the Ninebark Apartments and Eagle View Park in 2023
- Groundbreaking for the Hyas Point mixed-use development in 2024

With 276 apartment units plus another 56,000 square feet of retail and restaurant space planned for Phase 1 alone, Hyas Point is poised to be a transformational project for Washougal. Plans for Phase 2 include a hotel, senior living facility, additional apartments, a parking garage and an athletic club. The combined economic impact of both phases, if completely built out, is estimated to include more than 3,000 construction jobs and up to

\$587 million in combined output factoring in the direct, indirect, and induced effects. Another 717 jobs would be created for ongoing operations throughout the development, which would represent a 20% increase in Washougal's total employment while contributing nearly \$120 million in annual economic impact.⁹

While the City of Washougal is already engaged with The Port of Camas-Washougal to help guide and support these projects, the recommendation herein is to continue these efforts and commit to exploration of all potential tools and avenues for partnership to achieve maximum impact and community benefit.



Recommendation #5: Continue monitoring economic indicators, opportunities and challenges.

The economic overview in the opening section of this plan provides city staff and policymakers with important information on community demographics, income, and business trends to inform future priorities, strategic plans, and economic decisions. An annual compilation of this kind of data will help keep the pulse on key changes to the community and indicators of Washougal's economic health.

Additionally, section two of this plan delves into both the opportunities and challenges inherent within Washougal's changing economic landscape and is also worth monitoring on an ongoing basis. A summary of those key opportunities and challenges is as follows:

- Continue to be an attractive destination for new young workers and families, particularly those who are driving up the median wage with higher-paying jobs, to help mitigate the challenges of an increasingly aging population.
- Continue supporting sectors such as manufacturing and industrial that tend to have lower barriers to entry and ladders of opportunity for promotion and wage growth in order to attract and retain a younger workforce.
- Facilitate dialogue and encourage integration of diverse groups, not only for the social and community benefits, but for the economic opportunities that can be generated.
- Continue supporting social service programs that help alleviate poverty, which is both a cause and effect of economic stagnation.
- Continue supporting a robust public education system that prepares Washougal residents to reach their full potential, increases the pool of skilled workers, and enhances the abilities of our future innovators and entrepreneurs.

- Accommodate both affordable and higher-end housing to support continued economic growth across a wide range of incomes for maximum economic health and growth. Leverage grant programs, projects, and partnerships that lower the housing cost burden for young families and seniors.
- To maximize Washougal's limited commercial and industrial space, focus on growing high-density industries like finance or professional services that tend to bring more jobs per square mile.

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