



Mill Pond Village, Astoria, Oregon

Project Type

Mixed-Use Neighborhood Brownfield Redevelopment

Description

Residential Lots: 82
 Commercial Lots: 4
 Mixed-Income Senior Living
 Affordable Apartments: 41

Site

16 acres
 Attached housing/Mill Pond Zone (AH-MP)

Location

23rd and Commercial Street
 Astoria, OR 97103

Developer

Art DeMuro
 Venerable Group, Inc
 322 NW 5th #301
 Portland, OR 97209
 (503) 224-2446

Lender

David Williams, ShoreBank Pacific

Realtor

Jennie Hillard, AREA Properties

Architect

Steve Coyle, HDR/LCA+Sargent
 Town Planning

Planners

Rosemary Johnson, City of Astoria
 Paul Benoit, City of Astoria



Land Acquisition Cost	\$700,000
Total Project Costs	\$2,400,000
Lot Prices (Range)	\$32,500-\$90,000
Housing Prices (Range)	\$150,000-\$500,000

Introduction

A major seafood port and former “cannery capital of the world,” Astoria, Oregon is reclaiming its heritage as a historic fishing village. Slow economic growth has plagued Astoria for the past thirty years, but there are signs that this trend is turning around. New shops, restaurants, art galleries, and other commercial developments are opening everyday, resulting in a renaissance for the community.

One sign of this is Mill Pond Village, a brownfield redevelopment

project located just minutes from downtown Astoria via a local trolley line that runs up and down the Columbia River. The village is situated on the site where the Clatsop Mill Company operated from 1870-1955. In 1955 the Astoria Plywood Cooperative took over operations and was in business until 1989.

Closing the mill, which supplied the lumber that built Astoria, and was a staple of its economy, left behind more than just lost jobs. The company’s wood product manufacturing business also left behind toxic

chemicals, which prompted the U.S. Environmental Protection Agency (EPA) and the Oregon Department of Environmental Quality (DEQ) to declare the site a “brownfield”. As a former industrial site with environmental contamination that challenged reuse or redevelopment, the Mill Pond Village site required that the City of Astoria take an active role toward making the project successful.

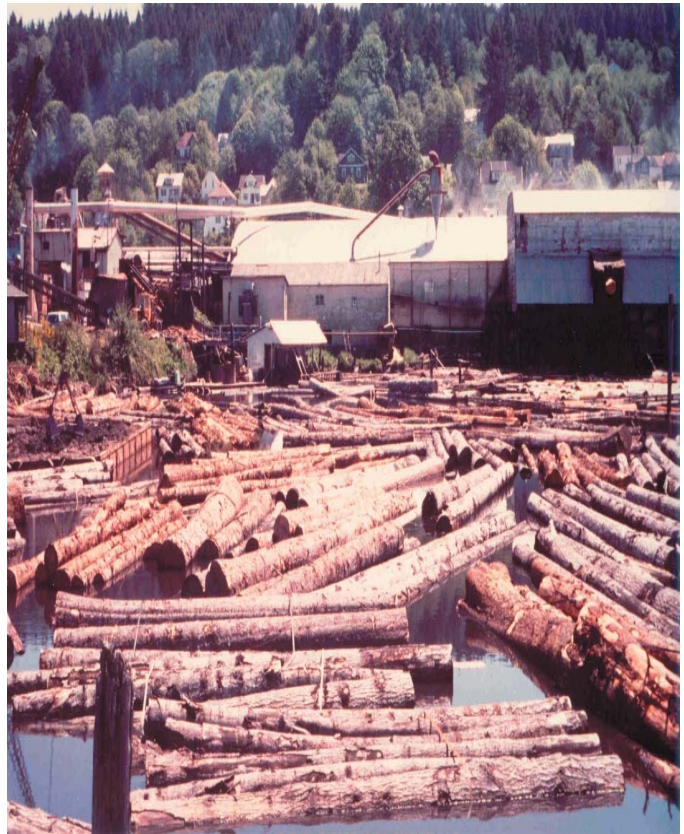
The Vision

The Astoria Community Development Department, motivated by a stagnant economy and the need for buildable land within the Urban Growth Boundary, created a Master Plan that would help address both of these issues. Planner Rosemary Johnson said, “Astoria is surrounded on three sides by water and forest. There is not much room to spread out, and this creates a need for infill and use of lots and parcels that have been difficult to build on in the past.” It took the initiative in redeveloping an area of underused land in Astoria. The department contracted to write the Astoria Gateway Master Plan, which mixed land uses and created pedestrian friendly environments. Mill Pond Village is but one piece of The Gateway Master Plan, which runs from 16th Street to 29th Street and from the Columbia River to the foot of the forested slope.

Planners collaborated with the community and held many public meetings before rezoning the site. The city planners wanted to receive input from community members and garner support for the proposed mixed-use development. At first, the

community was hesitant to endorse the new development because it held out hope that the old mill would return to business. After community meetings, the department was able to gain the public’s support, incorporate new ideas, and create a plan that matched both planner and community visions for the site.

Once the city decided on a vision for the development, it sent out a Request for Proposal (RFP) to find a developer. The chosen developer, Art DeMuro of Venerable Group Inc., faced a new challenge when he decided to develop outside the Portland metro area. He was initially motivated by the economic potential of the site and a desire to positively shape the



community. DeMuro had long-term visions for the site, and was willing to put off short-term financial gain for a quality development that would help revitalize the historic community.

Features

Surrounding Neighborhood

- Mill Pond is located just four blocks from a new Safeway and less than a mile from the heart of downtown with its restaurants, art galleries, museums and Sunday public market.

Mix of Uses

- Mill Pond Village is zoned for mixed use family day care centers, multi-family dwellings, single-family dwellings, professional service establishments, and ground floor retail spaces with residential lofts on top. City policy and zoning intends that community members will own and live in these smaller commercial developments, allowing residents to shop and eat out without the need to use a vehicle.

Design

- The design of Mill Pond Village emphasizes the waterfront. The home sites offer residents a view of the beautiful Columbia River. The Mill Pond and four pocket parks scattered throughout the development provide ample recreation opportunities for both residents and the larger community.
- The design departs from standard zoning by doing away with minimum yard requirements (to allow for higher density) and eliminating lot coverage standards. The city planners thought outside the box and wrote zones into the Gateway Master Plan that were consistent with their vision.

Street Design

- Skinny streets and alleys were essential to the pedestrian-oriented design. However, the fire department finds it hard to navigate their skinny streets with its fire trucks. In order to

allow skinny streets, the City required that Mill Pond Village include fire suppression systems in all structures.

Parking

- The homes at Mill Pond Village all have garages that are accessed from rear alleys. Alley access reduces curb cuts in front of homes and maximizes available on-street parking. This traditional parking design allows for ample vehicle space while maintaining pedestrian friendliness.

Smart Development Principles

Mill Pond Village is an excellent example of a development that utilizes smart development principles. The compact design, smaller lot sizes, and redevelopment of the brown-field site **uses land and resources efficiently**.

The site is located in an area with **full urban services**. Mill Pond Village is just minutes away from downtown Astoria. It **encourages transportation choices** through bike-paths, sidewalks, trolley and the RiverTrail.

The project **mixes uses** through the incorporation of four commercial lots, live/work units, and housing. Finally, the developments' fishing style cottages reflect **detailed, locally appropriate design**. Some houses are even built on pilings and all have a view of the Columbia River.

Design Guidelines

Prospective homebuilders must meet both the City design review guidelines and Mill Pond Homeowner Association's Conditions, Covenants and Restrictions (CC&R), or Architectural guidelines, to build a house or commercial building at Mill Pond Village. The City design review guidelines state design features that are encouraged or discouraged. A review committee has flexibility in deciding if a project meets the intent of the code, which encourages development that is compatible with Astoria's historic Gateway .

The CC&R guidelines were created to maintain the "fishing village" feel of the community. The CC&Rs include a Green-Building Guidelines review process to protect the ecologically sensitive area. These guidelines promote sustainable development - from the use of a rainwater irrigation system to skinny streets that reduce storm water run-off. Applying for both the City and the CC&R guidelines simultaneously cuts down the length of time required to obtain a permit.



Transportation

The “RiverTrail” runs along the northern boundaries of Mill Pond Village and provides residents with a scenic way to reach downtown Astoria. The City acquired the property through an “Interim Trail Use Agreement” with Burlington Northern Railroad, which owns the underused rail line next to the river. This was accomplished through the National “Rails to Trails Act” which allows the RiverTrail to remain a contiguous piece of property. The agreement also “railbanks” the land giving Burlington Northern the option to operate the rail line again if there is future demand. One can bike, walk, or ride the volunteer-operated Historic Waterfront Trolley, which all offer residents viable alternatives to driving.

Ample sidewalks encourage walking within the development. Locating alleys behind the houses keeps sidewalks free of car traffic entering and leaving driveways. The sidewalks and bike-paths connect to other City sidewalks, the RiverTrail, and Highway 30 to integrate Mill Pond Village with the community. Mill Pond Village offers a safe and beautiful neighborhood environment to walk the dogs, go on a brisk jog, or simply take a family stroll.



“The Mayor’s and City Council support was vital to the success of the project. Without their guidance, the City staff would not have been able to obtain the support of the community...necessary to make a project of this magnitude successful.”

Rosemary Johnson
Planner, City of Astoria

“The City held my hand throughout the entire process. It jumped over hurdles and helped me out whenever possible.”

Art DeMuro
Venerable Group, Inc.

Development and Construction

Venerable Group did not conduct a formal market and feasibility analysis for the project. While DeMuro conducted informal calculations to make sure the project made sound financial sense, he was also highly motivated to develop a project that would be an asset to the community. He encountered minor skepticism from the public which thought Astoria could not support a housing market with houses priced above \$150,000. However, homes in Mill Pond Village are now selling for as much as \$500,000.



Land Acquisition and Mitigation

In 1992 it became clear that the Astoria Plywood Cooperative would not re-open. At the time, the coop had over \$3 million dollars in outstanding debt to Clatsop County and the Small Business Administration (SBA). In addition to these liens, there was an additional \$500,000 in liens to a variety of interests including Weyerhaeuser, PacifiCorp and Liberty Northwest Insurance. No private party could pay the debt, so the City reached agreements with most of the private lien holders to assign their interest to the City. However Clatsop County and the SBA initially would not sign over their interest.

Clatsop County and the SBA eventually agreed to sign over their interest, with conditions. It took one year to negotiate intergovernmental agreements which stated that the City of Astoria pay a prorated share of net revenue to the County and SBA. The agreement defined net revenue as revenue that the City received from redevelopment, lease or sale of the property after payment of City expenses and payment of the cleanup debt to DEQ.

While working out lien problems, the City simultaneously started remediation in 1993. Johnson said, "We were true pioneers. The term 'brownfield' did not even exist when we started remediation." To clean up

the site, the City realized it needed to create partnerships, a theme that would persist throughout development. The City enlisted support from the DEQ Waste Management and Cleanup Division, which paid for half the remediation costs.

Astoria approached ShoreBank Enterprise Pacific, a regional conservation development fund that facilitates environmental and economic development in rural communities, to help pay for the other half of mitigation. ShoreBank authorized a loan of \$750,000 that was secured by the contaminated real estate. After 4 years and a total cost of \$1.4 million, the brownfield site was ready for development.

Entitlement

Venerable Group, Inc. bought the property for \$700,000 in 1999. The City used the money from the sale to pay the Clatsop County debt and other cleanup costs. The sale was assisted with a prospective purchaser agreement from the City. This agreement limited the liability of the developer for any previous contamination of the site. Without this agreement, the sale would never have gone through.

To help pay for the land, Venerable Group timed the sale of one commercial lot to coincide with its purchase of the entire site. A credit union was slated to occupy a commercial site on the development and bought the 1.7-acre parcel for \$550,000. However the credit union was unable to develop the site, and is now negotiating the sale of the parcel for an impressive gain.

Venerable Group had minor mitigation tasks to fulfill before it could start building. It had to restore the south bank of Mill Pond and cap hot spots of contaminated soil that could not be unearthed or moved. DeMuro

also needed to install a weir between Mill Pond and the Columbia River to regulate water depth.

Venerable Group paid DEQ \$80,000 to monitor the toxin levels of ground water wells and Mill Pond for ten years. However after only one test, DEQ found that the water had returned to non-hazardous levels and most money was refunded to Venerable Group.

"It was extremely important to find a developer who shared the community's vision for the site."

Paul Benoit
Planner, City of Astoria



Implementation

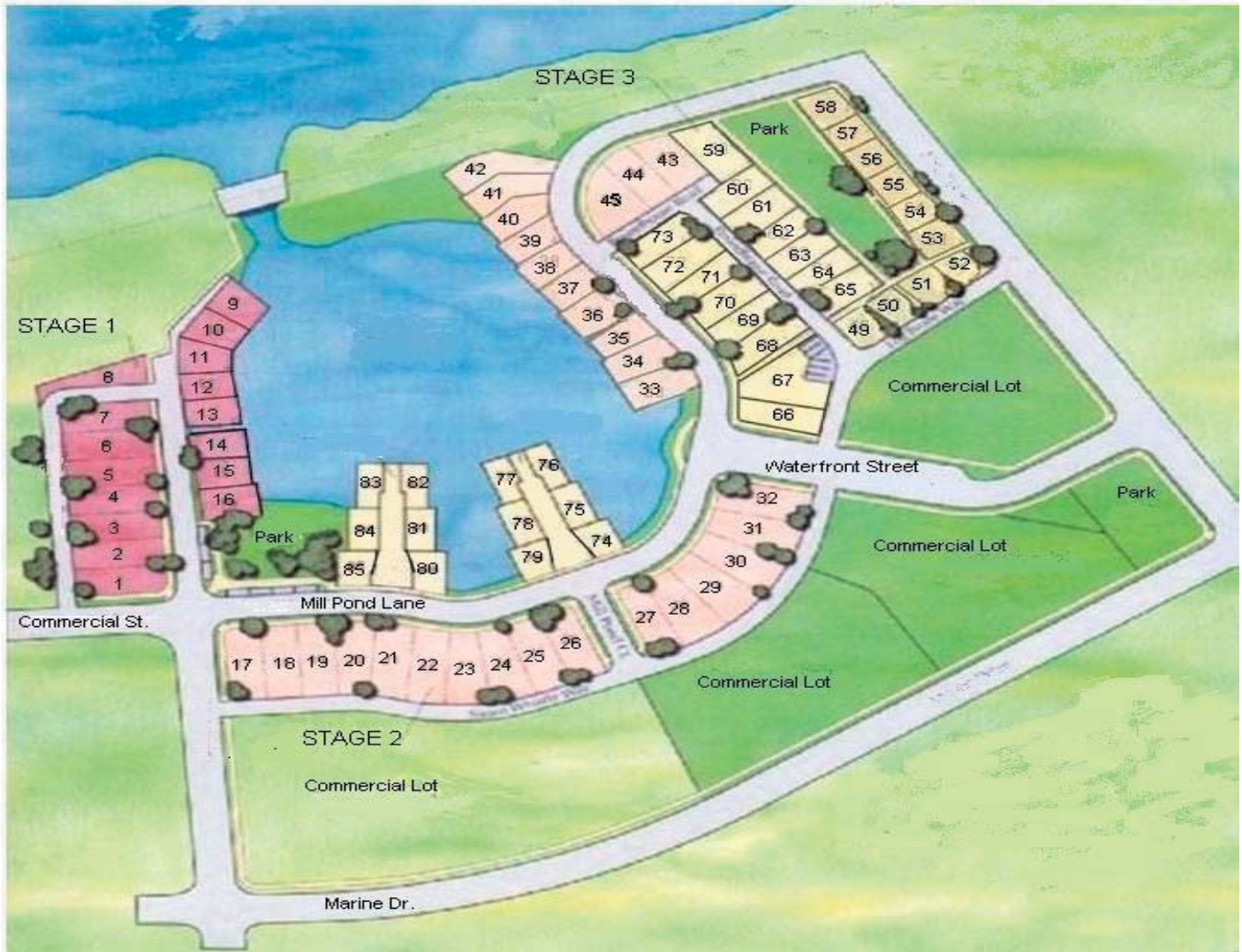
Lots 1-16 were built in Stage I, which lines the western edge of Mill Pond. Lot prices range from \$30,000-\$60,000. All the lots have sold except for two, which are currently priced at \$40,000.

Stage II includes single family residential lots 17-45. There are currently no single family lot vacancies.

Stage II also includes a mixed-income affordable living unit for senior citizens, which will include about 40 apartments that will rent for \$439/month for a 1 bedroom unit, and \$524/month for a two bedroom unit.

Stage III includes single family residences and mixed-use commercial/residential components. Six lots

each built on the East Pier and West Pier will be sold as collective lots for \$300,000 and \$325,000 respectively. DeMuro is considering building condos on these sites.



Financial Characteristics

The following chart breaks down the approximate cost of mitigation and development of Mill Pond Village.

Table 1: Financial Development and Summary

Public Incentives	Brownfield mitigation, master planning process
Land Acquisition Cost	\$700,000
Brownfield Mitigation Costs	
City of Astoria	\$700,000
Department of Environmental Quality	\$700,000
Venerable Group Inc.	\$240,000
Development Costs	\$2,400,000
Net Density	15 at full build-out
Housing	
Average Price	\$320,000
Range	\$150,000- \$500,000
Average price per square foot	\$188/sq ft
Lots	82
Average size	2,700 sq ft
Average price	\$42,500
Range	\$32,500-\$90,000
Average price per square foot	\$16/sq ft
Absorption Rate	9/year (47 sold since Feb 2000)
Return on Investment	10%/yr for 10 years

Lessons Learned

Vision

From the beginning, the City of Astoria knew exactly what it wanted. Having clear goals helped the developer build according to the city's desires. A strong vision also reduces frustration among all the parties involved.

Leadership and Community Involvement

Strong leadership is an essential component of the development process. Community Development Director Paul Benoit was a strong leader who facilitated development of Mill Pond Village. He says, "Having a leader who can make good decisions and move a project forward is extremely important. This is often overlooked, but it can make or break any project."

To obtain a clear vision, the planning department held community forums. Benoit says, "Every planning department needs to sit down with the public and talk about the community's direction. Through public meetings, the community recognized that the mill was not coming back, and making Astoria a vibrant place to live became the focus."

For more information...

Oregon Transportation Growth Management (TGM) Program:

635 Capitol Street, N.E.
Suite 150
Salem, OR 97301
Tel- (503) 373-0050
Fax- (503)378-2687
www.oregon.gov/LCD/TGM/index.shtml

Congress for the New Urbanism:

www.cnu.org

Urban Land Institute:

www.uli.org

New Schools Better Neighborhoods:

www.nsbns.org

Smart Growth America:

www.smartgrowthamerica.com

Center for Excellence in Sustainable Development:

www.sustainable.doe.gov

National Neighborhood Coalition:

www.neighborhoodcoalition.org

Local Government

Commission:

www.lgc.org

Joint Center for Sustainable Communities:

www.usmayors.org/uscm/sustainable

Smart Growth Network:

www.smartgrowthonline.org

The involvement of the Astoria City Council was another key component in the success of Mill Pond Village. Planner Rosemary Johnson says, "The Mayor's and City Council support was vital to the success of the project. Without their guidance, the City staff would not have been able to obtain the support of the community and the various grants and agency commitments necessary to make a project of this magnitude successful."

Commitment

It is important to stick with the development through all the complicated steps of mitigation, land acquisition, and construction. Mill Pond Village had a longer development process than most conventional developments and it was important that all parties involved stay committed to the project and see it through on every step of the way. While it took longer to develop and had a slow start, the project is now financially successful. Some lots in Stage III are selling for almost triple the amount asked in Stage I.

Finding a Quality Developer

City planners stressed the importance of finding a quality developer. Benoit says, "It was extremely important to find a developer that shared the community's aspirations for the site." Finding a quality, committed developer was one of the most important things the city did to facilitate development of Mill Pond Village.

Partnerships

The DEQ partnership was essential to the remediation of this project. However other partnerships also affected its success. The city collaborated with not only the community and DEQ, but also with the building inspectors, fire marshals, public works department, developer, and other appropriate entities whenever issues or problems arose. In fact, DeMuro said, "The City held my hand throughout the entire process. It jumped over hurdles and helped me out whenever possible." The relationships that were built not only helped get Mill Pond Village completed, but inspired a culture of collaboration for future projects.

Prospective Purchaser Agreement

Perhaps the most important incentive offered was the Prospective Purchaser Agreement. This stated that DeMuro would not be held liable for previous contamination of the site. It would have been next to impossible to find a willing developer without it.

Flexibility

The City of Astoria created codes that were site specific before project construction began, and was also flexible about the codes once building got under way. Oftentimes, city codes undermine smart development principles, and it is important for planners to look closely at how the codes match their over-all vision.

Astoria planners created a special zone which allowed them to build a development that matched their mixed-use and higher density goals. Going into the project with an appropriately zoned area made the development process much smoother and faster, since the developer did not have to waste time changing zoning, and therefore reduced holding costs.