



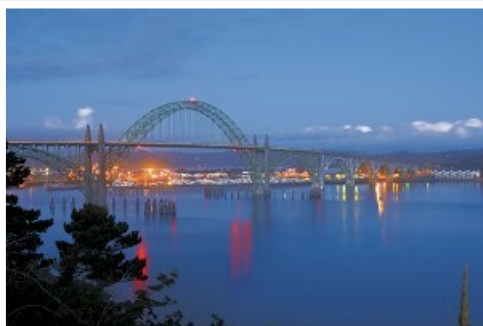
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HOME BUILDING AND CONSTRUCTION  
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COAST OFFERS UNIQUE DEVELOPMENT OPPORTUNITIES

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## Coast offers unique development opportunities

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Yaquina Bay Bridge, Newport, Oregon, at dusk.  
(Photo from iStock photo)

When asking Oregonians why they love their state, it's almost certainly that their response will at least mention the unusually large number of climates that can be reached driving only a few hours from their homes. With each climate comes a different set of community ideals, a different set of problems and, of course, a different set of reasons to love that place.

The Oregon Coast is unique with its mix of loggers and e-commuters, rocky beaches and sandy ones, Victorian homes and beach cottages. The resulting combination creates a unique environment when it comes to the

coastal communities' real estate and development markets.

The DJC's Focus on the Coast shines a spotlight on five of the projects and issues helping define the shape of those markets.

**Disaster proof ... or close to it**



The city of Canon Beach is planning a tsunami evacuation building. (Rendering courtesy of Ecola Architects)

A recent earthquake in Chile has restarted discussions about the likelihood that sometime in the future, the Oregon coast will experience a tsunami of massive proportions resulting from an offshore earthquake. At least one community plans to be prepared for that day.

Jay Raskin, the owner of Ecola Architects and former mayor of Cannon Beach, is proposing a tsunami evacuation building to replace the current Cannon Beach City Hall. The 9,000-square-foot, two-story structure would sit on seismically secured piling that would raise it above flood level. City offices would sit on the second floor and a public terrace would be located on the roof. The building would have the capacity to house

as many as 1,000 people for up to 12 hours. "Having a close-in, readily identifiable evacuation structure is very important in Cannon Beach," Raskin said. "But also, it is paramount to have a functioning City Hall in post-disaster times. (Tsunami evacuation buildings) accomplish both of these."

The idea of building structures that can double as tsunami evacuation facilities is catching on along the coast, with projects being proposed in Seaside as well as in Longbeach, Wash. A resident of Tolovana Park, which is located south of Cannon Beach, even designed elements into the construction of his home to allow water to pass through it, making it tsunami resistant.

The topic of tsunami resistant buildings is even captured attention in Portland. A town hall forum about the topic was held April 21 as part of the Seismological Society of America's annual conference held at the Portland Marriott Downtown Waterfront Hotel.

#### **Adding value while cutting space**

Despite the economic downturn having taken a toll on coastal businesses, some developers are forging ahead with seaside projects.

Take, for example, Paul Caruana and Brian Faherty.

Caruana, who owns Caruana Inc. in Gearhart, and Faherty, who owns Schoolhouse Electric in Portland, joined forces to renovate Commodore Hotel, turning the almost-100-year-old building in Astoria in upscale rooms with shared baths that go for under \$100 a night. The project has been identified as playing a major role in a renaissance taking place in the city. "The Commodore was a product of working with what we had and keeping the economy in mind," Caruana said. "We wanted to provide the most value for the least amount of money, and one of the best ways to do that is by cutting out square footage."

Caruana and Faherty's newest project in Astoria is the redevelopment of the John Jacob Astor Hotel, a grand, yet decaying, building constructed in 1925 located across the street from the Commodore. The hotel has served as a mixed-use building for decades, with storefronts on the ground level and low-income housing above. The developers are in the process of renovating the exterior of the building, the bottom-floor storefronts and the lobby, which has been boarded up for years due to excessive water damage. Once the

renovation is complete, the lobby will serve as a retail hub for various local businesses providing goods and services related to historic preservation.

Caruana and Faherty say they plan on leasing out vignette and kiosk-like spaces in the lobby to the many of preservation and restoration businesses in town. Prices for each space will vary by size, but most will cost between \$100 and \$200 per month.

“Due to the buildings historical relevance, it seems appropriate to offer a wide-range of restoration products and services within the space,” Caruana said.

A similar renovation project is taking shape in Tillamook where the circa-1916 Independent Order of Odd Fellows Building is being turned into the 2<sup>nd</sup> Street Public Market, a year-round public market housing 24 vendors. Prices for each space range in that building sill range from \$200 to \$300 a month, including utilities. Spaces range from 100 square feet to 240 square feet.

The 2nd Street Public Market is being pitched as the perfect location to start a small business in Tillamook - and not just because of the low rents Any business owner that leases space in the building will have the opportunity to enroll in a small business program offered by Tillamook Bay Community College’s Small Business Development Center. The market is slated to open in May.

### Newport hits “hub” status in the research world



Cottage-style sustainable homes in the Wilder development will help accommodate growth associated with plans from OSU and NOAA to expand their operations in Newport. The first phase of the 200-acre development will consist of 40 of these types of homes and over 120 apartment units. (Rendering courtesy of Landwaves Inc.)

Two projects - one currently under construction and in the proposal stage - are putting Newport on the map as a potential national hub for oceanic research.

With the National Oceanic and Atmospheric Administration deciding to move its Pacific fleet to Newport, and the possible expansion of the Oregon State University’s Marine Mammal and Marine Genomics Building, there’s little doubt among Newport residents that construction jobs will be plentiful in that city over the next few years.

But the projects are also expected to create more than a handful of permanent jobs that the city of Newport and local developer will need to accommodate with additional housing and services. It’s estimated that the NOAA facility alone will bring 165 of the

agency’s employees to Newport. The OSU expansion could bring up to 70 new residents to the area.

One major mixed-use development project is currently under way. The first phase of The Wilder, a 200-acre sustainable development, is slated to be constructed by early fall. It will consist of 40 cottage-style houses and about 120 apartments. While NOAA won’t be relocating any staff to Newport until May at the earliest, The Wilder and a large number of vacation homes for sale due to the economy could provide a good starting point to address an expected increase in the demand for housing.

“I think the people coming from these institutions will be really impressed with the environmental, educational and community aspects of this development,” said Bonnie Serkin, co-owner of Landwaves Inc., the firm developing The Wilder.

The city of Newport has also been hard at work preparing for an uptick in its population. The city recently completed \$3.2 million worth of traffic improvements to accommodate growth and is in the process of conducting an updated housing needs analysis for the entire town. The city is also looking at how to address the need for more retail and light industrial space that could be spurred by an increase in residents.

“We definitely have the landmass to accommodate growth,” said Derrick Tokos, economic development director for the City of Newport. “But, developers have been cautious to start projects in this economy. Hopefully these projects will change that.”

### Foreclosures create buyers’ market



The former Tillamook Creamery building will be renovated to a public market. (File photo courtesy of 2nd Street Public Market)

Last year brought Coos County its highest number of foreclosures in more than two decades, according to statistics reported by The World Link, Coos Bay’s local newspaper.

More than 150 properties were listed as foreclosures in 2009, the highest total since the mid-1980s when Coos County saw 249 foreclosures in a single year. Foreclosures dropped sharply, getting as low as seven in 1995, and then rising to the rates seen today.

While 2009 was bad, real estate experts say there are no signs that 2010 will be any better. In fact, it could be worse. There were 28 foreclosures in the first two months

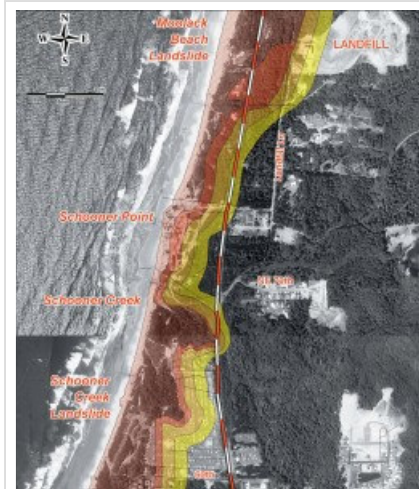
of this year, for compared to 21 through the first two months of last year.

Even when home are selling, the outlook is still somewhat gloom. In Bandon, for example, 21 more homes were sold in 2009 than in 2008. However, the average price in 2009 dropped \$50,000 over that same time period one year earlier.

This trend has led many coastal homeowners facing foreclosure to seek out other solutions: short sales, refinances, even bankruptcies. In Tillamook, for example, notices of defaults rose steady from September, when there were 10, to February, when 28 were reported. Over that same period of time, actual foreclosures have stood fairly even, with an average of just over ten a month.

### Updated mapping: a hindrance for property values?

Updated mapping of landslide areas and other geologic hazard zones has the city of Newport considering new building codes that would require property owners to get special building permits, geologic reporters authorized by certified engineering geologists and sign-offs on Hazard Disclosure and Liability Waiver forms.



Maps show erosion hazards on the Oregon Coast (Map courtesy of Oregon Department of Geology and Mineral Industries)

City officials originally wanted to limit the size and type of new construction that could occur in high hazard and active zones, as well as require that all new buildings be readily moveable the buildings could be readily movable in the event that they needed to be relocated, but changed it to a strong recommendation after hearing a large amount of public outcry. About 15-percent of Newport’s 7,249 lots fall into the active or high hazard designations, pointed out in the 2004 landslide and erosion mapping done by the Department of Geology and Mineral Industries.

A swell of public outcry convinced the city to downgrade their suggestion to a “strong recommendation.”

But residents say they are still upset about having to sign Hazard Disclosure and Liability Waivers and file them with property deeds. They worry the requirement could make it nearly impossible to finance properties and get affordable insurance,

and might even scare off potential buyers.

City officials say they understand the concerns. But they stress they also have an obligation to deal with geologic hazard issues and must consider the health and safety of everyone on the coast.

The city hopes to have the update officially adopted by June 30. In the meantime, property owners are trying to track estimates for how much the required permits and reports could end up costing them.



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