

City of Astoria

Uniontown Economic Conditions Memorandum

DISCUSSION DRAFT

September 6, 2018



*Community Attributes Inc. tells data-rich stories about communities
that are important to decision makers.*

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INTRODUCTION

Background and Purpose

The City of Astoria is currently working to prepare the Uniontown Reborn Master Plan for the Uniontown neighborhood, which is located in the western part of the City, and is anchored by the Port of Astoria and the Astoria-Megler Bridge. As part of this project, the City requires an economic conditions assessment to describe current and likely future market conditions for development and business activity in the study area.

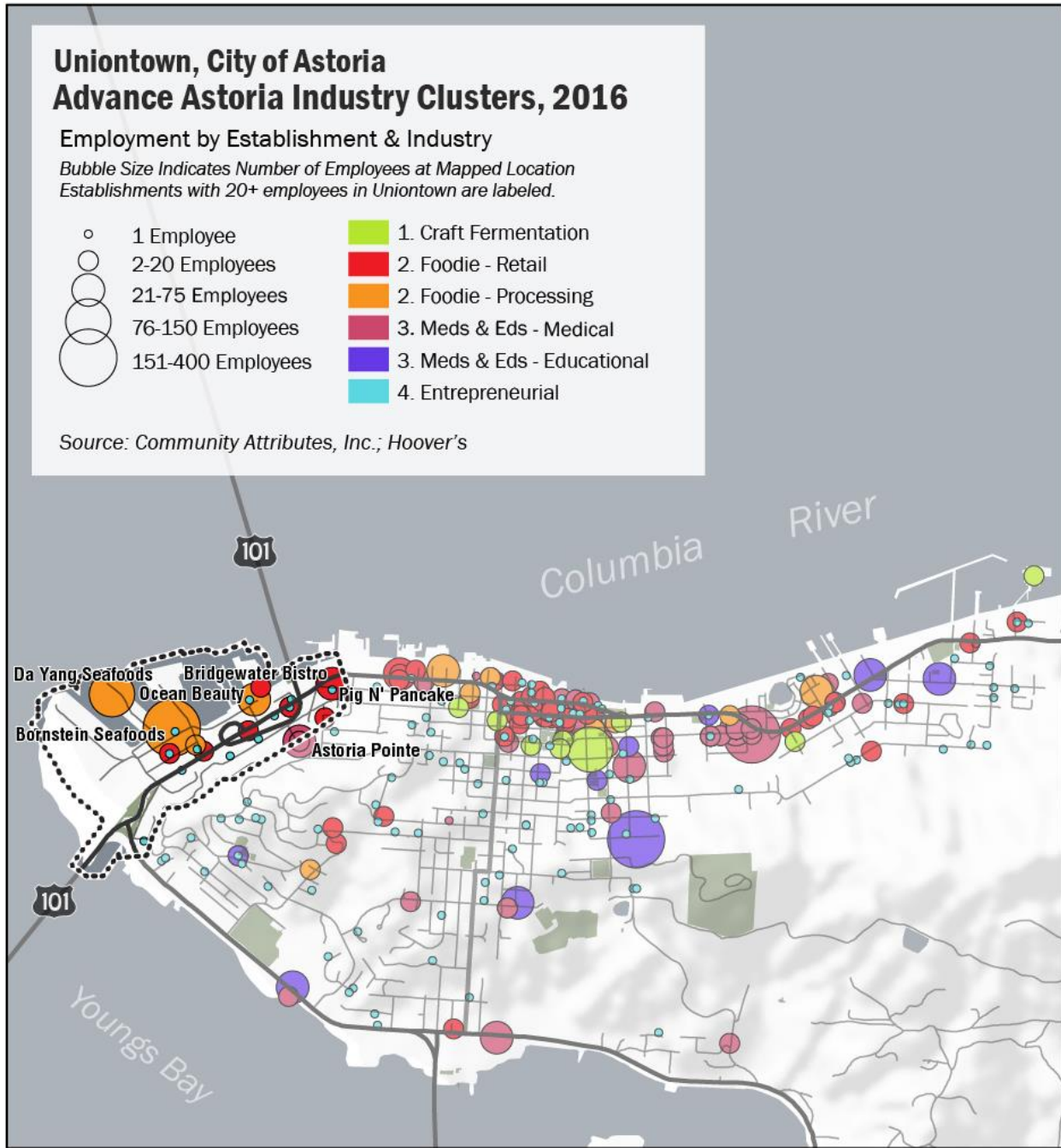
Planning Context

Advance Astoria

Advance Astoria is the City of Astoria's first economic development strategy. The plan was completed in 2017 and identified industry clusters, or "batches", for the City to target for growth opportunities. The batches include craft beverages and fermentation, food production and retail, medical sciences and education, and entrepreneurship. The map in Exhibit 1 illustrates the location and size (employment) of businesses in each cluster in the Uniontown area. Employers in seafood processing located at the Port of Astoria, including Da Yang and Bornstein Seafoods, are the largest employers in Uniontown in batches targeted by the Advance Astoria initiative.

Existing industry clusters may offer opportunities to expand land and improve amenities for these types of businesses. Furthermore, alignment between planning for Uniontown and the Advance Astoria initiative may speed implementation by creating efficiencies in coordination and resource utilization.

Exhibit 1. Advance Astoria Industry Clusters, Uniontown, City of Astoria, 2018



Source: Hoover's; Community Attributes Inc.

The Advance Astoria report also included a custom forecast for employment growth in the City of Astoria, as well as a buildable lands analysis that identifies the amount of land available to accommodate new growth. The forecast indicates that employment in Astoria will grow by about 1% annually, adding about 1,400 net new jobs by 2040. This could require about

125 acres of developable and redevelopable land in Astoria, which the City currently has available. Analyses included in the Uniontown Reborn Master Plan effort indicate that several vacant and potentially redevelopable parcels exist in Uniontown, particularly on the west end of Marine Drive, along Portway Street, and along Basin Street.

Astoria Comprehensive Plan

According to other analyses completed as part of the Uniontown Reborn Master Plan, zoning and land use regulations in Uniontown are supportive of a wide variety of commercial and industrial uses, with most parcels zoned either General Commercial (C-3), General Shorelands Development (S-2), Marine Industrial (S-1), or High Density Residential (R-3).

Property and Business Owner Survey

In July 2018, the City of Astoria administered a property and business owner survey to the whole city. The survey was completed by 129 respondents. The survey focused on priorities for Uniontown and included priorities for economic development and vitality. Respondents represented a range of business interests, with tourism-related, food service and retail businesses most heavily represented (59% combined).

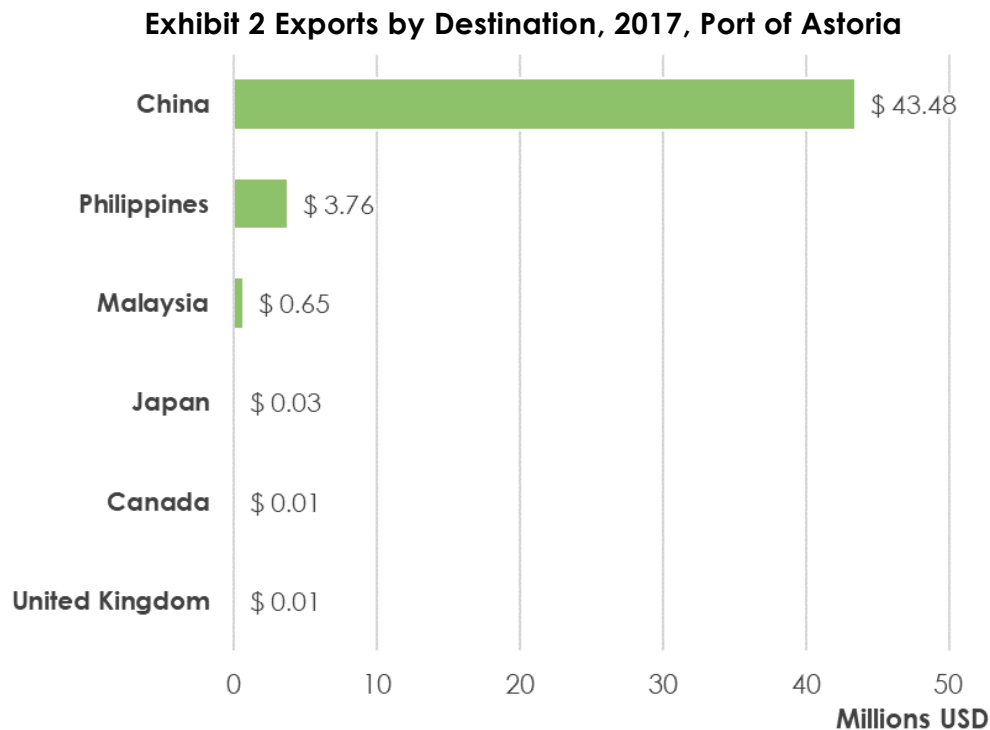
Out of eight potential topics to address, the top four priorities identified by the survey respondents were to preserve the historic character of Uniontown, encourage adaptive reuse of buildings and warehouses, support the working port and maritime industries, and encourage family wage jobs.

ECONOMIC DRIVERS

Trade Relationships

Oregon's economic health is tied to the export market. Oregon exports totaled \$21.9 billion dollars in 2017, an increase of 5% since 2014. However, federal policy proposals could potentially constrain this growth. Given that China is the number one destination for exports from both Oregon and Astoria, any substantial revisions to trade policy could impact the regional economy.

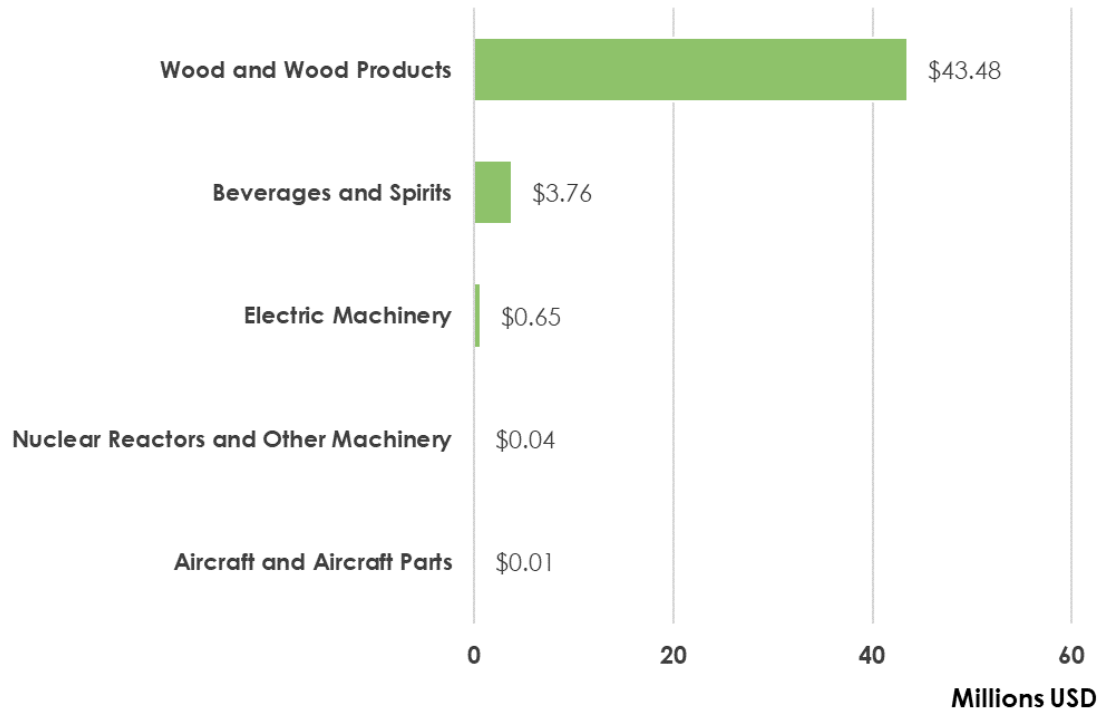
China is currently the predominant recipient of exports from the Port of Astoria (Exhibit 2). Out of \$47.9 million dollars in exports, 91% of those commodities were sent to China. Exports to China, the UK, and Canada declined slightly between 2016 and 2017, though exports to the Philippines and Malaysia now account for larger shares of the Port's exports.



Source: U.S. Census Bureau: Economic Indicators Division USA Trade Online; Community Attributes Inc.

While much of the direct trade from Oregon is in high-tech goods, Astoria's exports center on wood and timber commodities. Exhibit 3 identifies the top commodities from Astoria in 2017 as wood and timber (\$43.48 million) followed by beverages and spirits (\$3.76 million), with machinery and parts accounting for just under \$700 thousand.

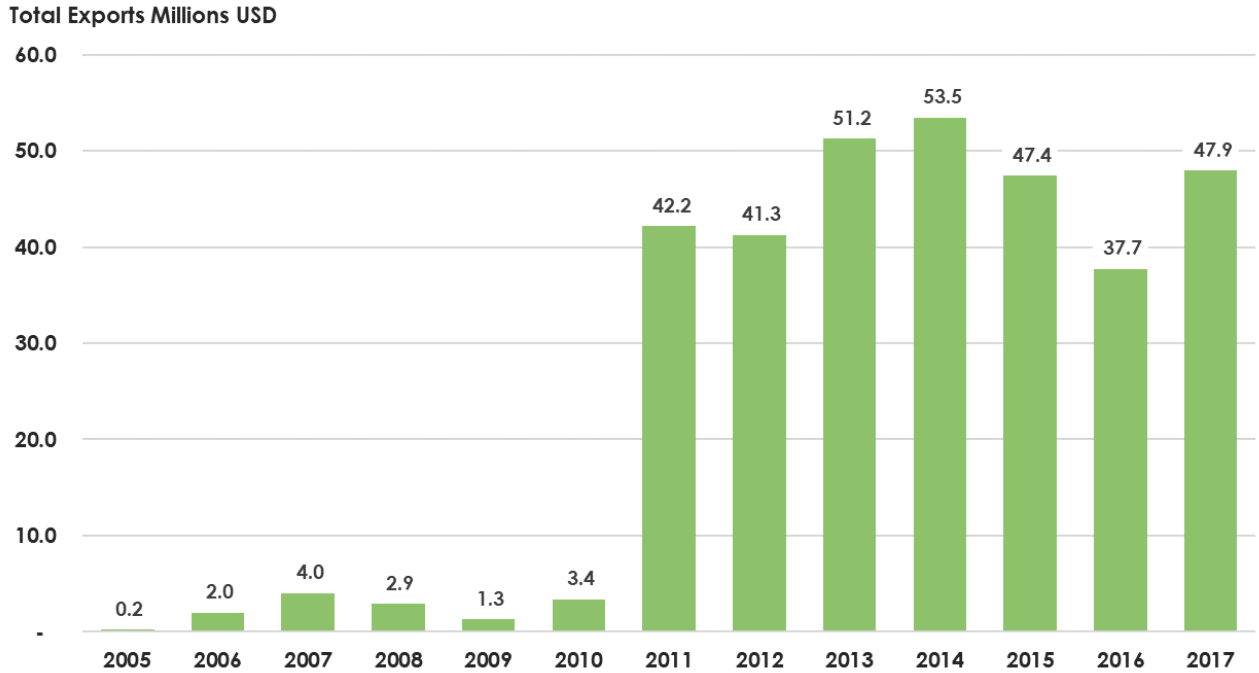
Exhibit 3 Export Commodities by Value in Astoria, 2017



Source: U.S. Census Bureau: Economic Indicators Division USA Trade Online; Community Attributes Inc.

Exports from Astoria increased 1,146% from \$3.4 million in 2010 to \$42.2 million in 2011 (Exhibit 4). The growth in 2011 may be partially attributed to a growing demand for rough wood commodities in China.

Exhibit 4. Total Export Value, 2005 to 2017, Port of Astoria

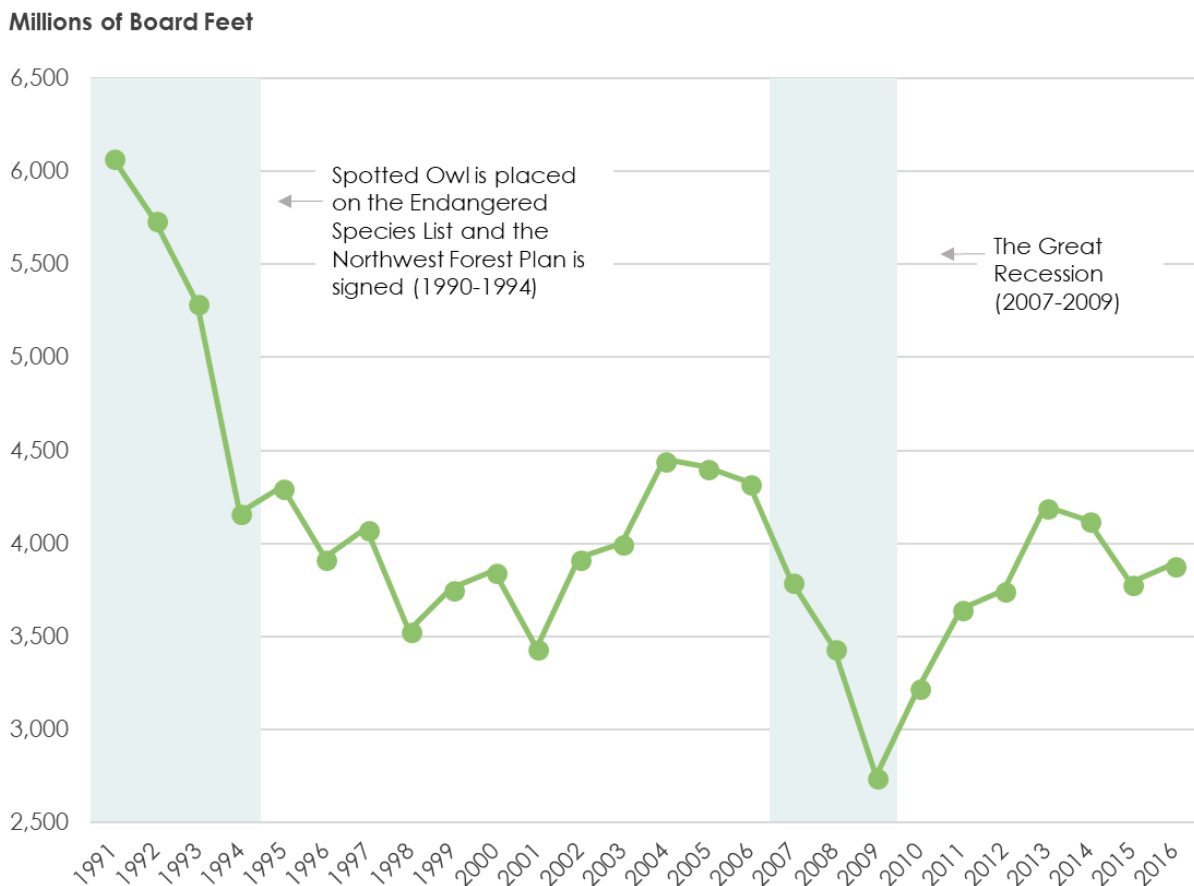


Source: U.S. Census Bureau: Economic Indicators Division USA Trade Online; Community Attributes Inc.

Natural Resource Industries

The economy of the U.S. has changed substantially between 1980 and 2017. As in many communities throughout the Pacific Northwest, employment in industries related to resource extraction has shifted or declined. Forestry has historically been an economic driver in Astoria and in Oregon. In the 1970's Oregon's timber harvests totaled over eight billion board feet, though less than four billion board feet were harvested in the state in 2016. While demand for wood and timber from China has led to increases in the timber harvest in Oregon since 2011 (Exhibit 5), timber harvesting is still at historically low levels.

Exhibit 5. Annual Timber Harvest in Board Feet, Oregon, 1991 – 2016

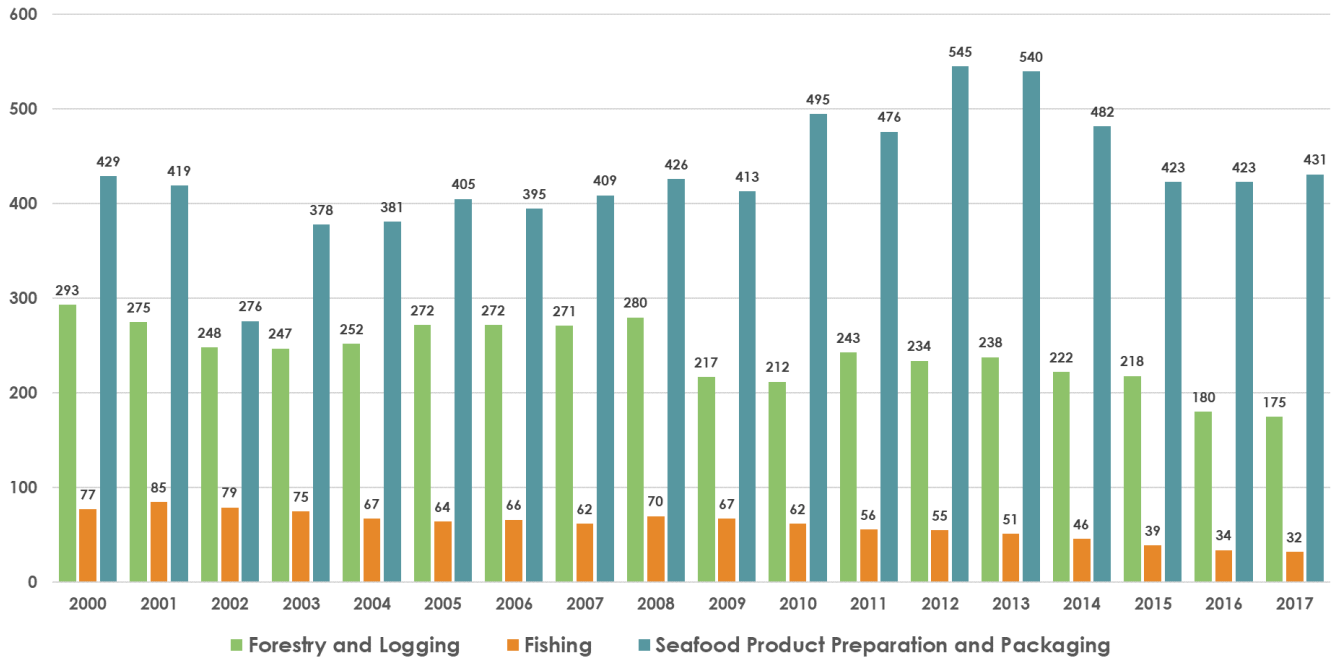


Source: Oregon State Library Annual Timber Harvest; Community Attributes Inc.

Several factors have negatively impacted the Oregon timber harvest in the last three decades, including the listing of the Spotted Owl as an endangered species in 1990 and the adoption of the Northwest Forest Plan (NWFP) in 1994 (Exhibit 5). More recently, the Great Recession also signaled a decreased timber harvest, likely due to a weak housing market and low demand for wood products for construction. Employment in forestry and

logging in Clatsop County has remained relatively steady since 2000, but had recently fallen below 200 (Exhibit 6).

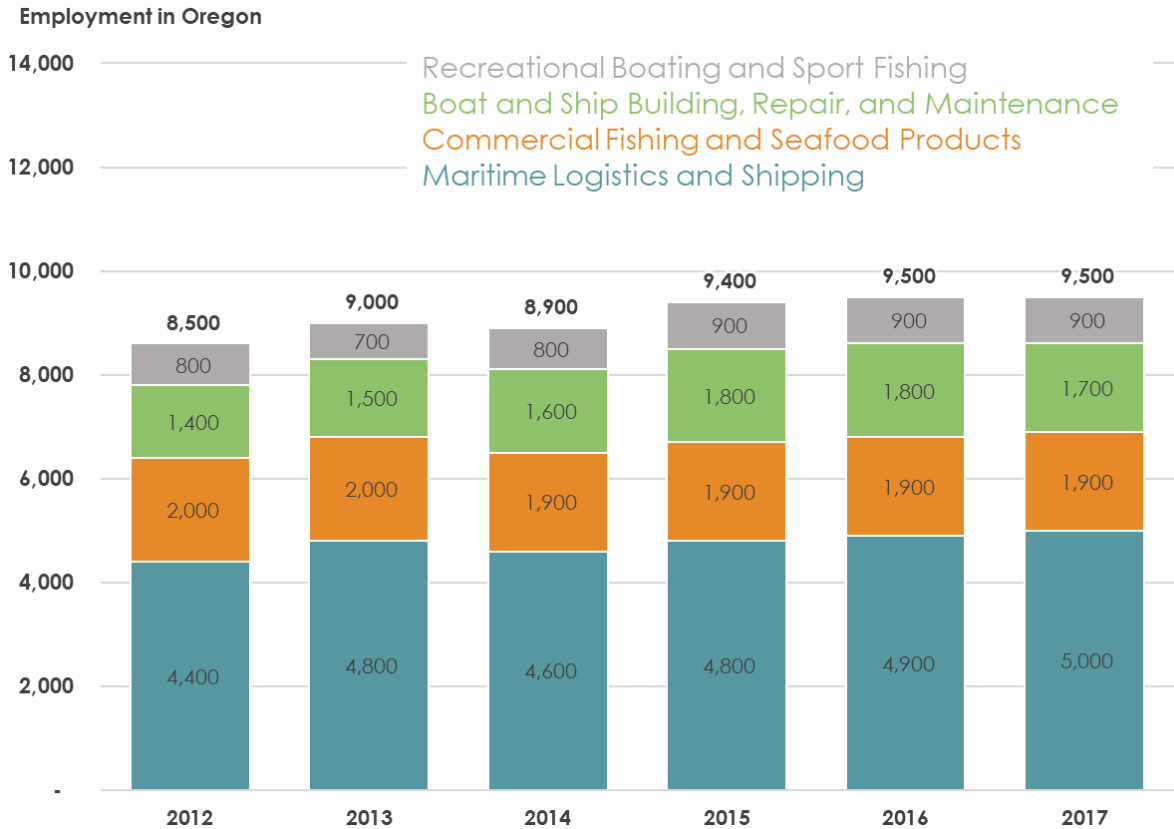
**Exhibit 6 Historical Employment in Resource-Related Industries,
Clatsop County, 2000 – 2017**



Source: U.S Bureau of Labor and Statistics; Community Attributes Inc.

Covered employment—not including sole proprietorships or partnerships—in maritime-related industries in Oregon has slightly increased in recent years from 8,500 jobs in 2012 to 9,500 in 2017 (Exhibit 7). At a statewide level, growth has predominantly been in the sub-sectors of maritime logistics and shipping as well as boat and ship building, repair, and maintenance.

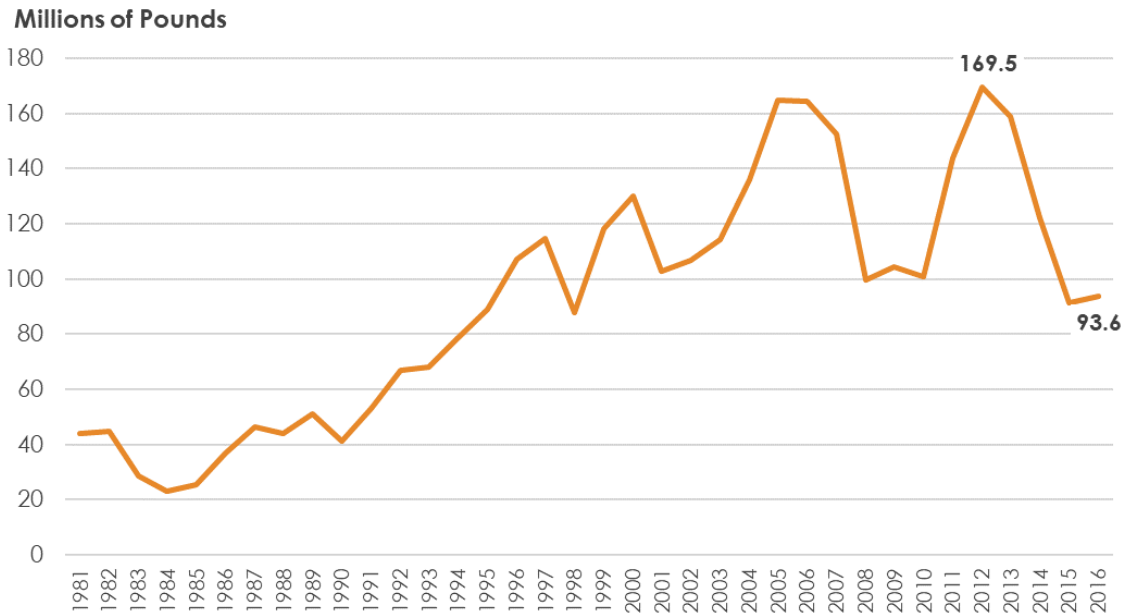
Exhibit 7 Maritime-Related Employment by Sector, Oregon, 2012 – 2017



Source: U.S Bureau of Labor and Statistics; Community Attributes Inc.

In 2016 Oregon fishermen landed 209 million pounds valued at almost \$151 million, a slight increase in pounds and value as compared to 2015 (Exhibit 8). Among ports in the U.S., Astoria was ranked 12th in landings by pounds in 2016, with 93.6 million pounds landed in commercial fisheries. Since 2012 Astoria’s landings began falling from a recent high of 169.5 million pounds.

Exhibit 8. Commercial Fishery Landings, Port of Astoria 1981 to 2016



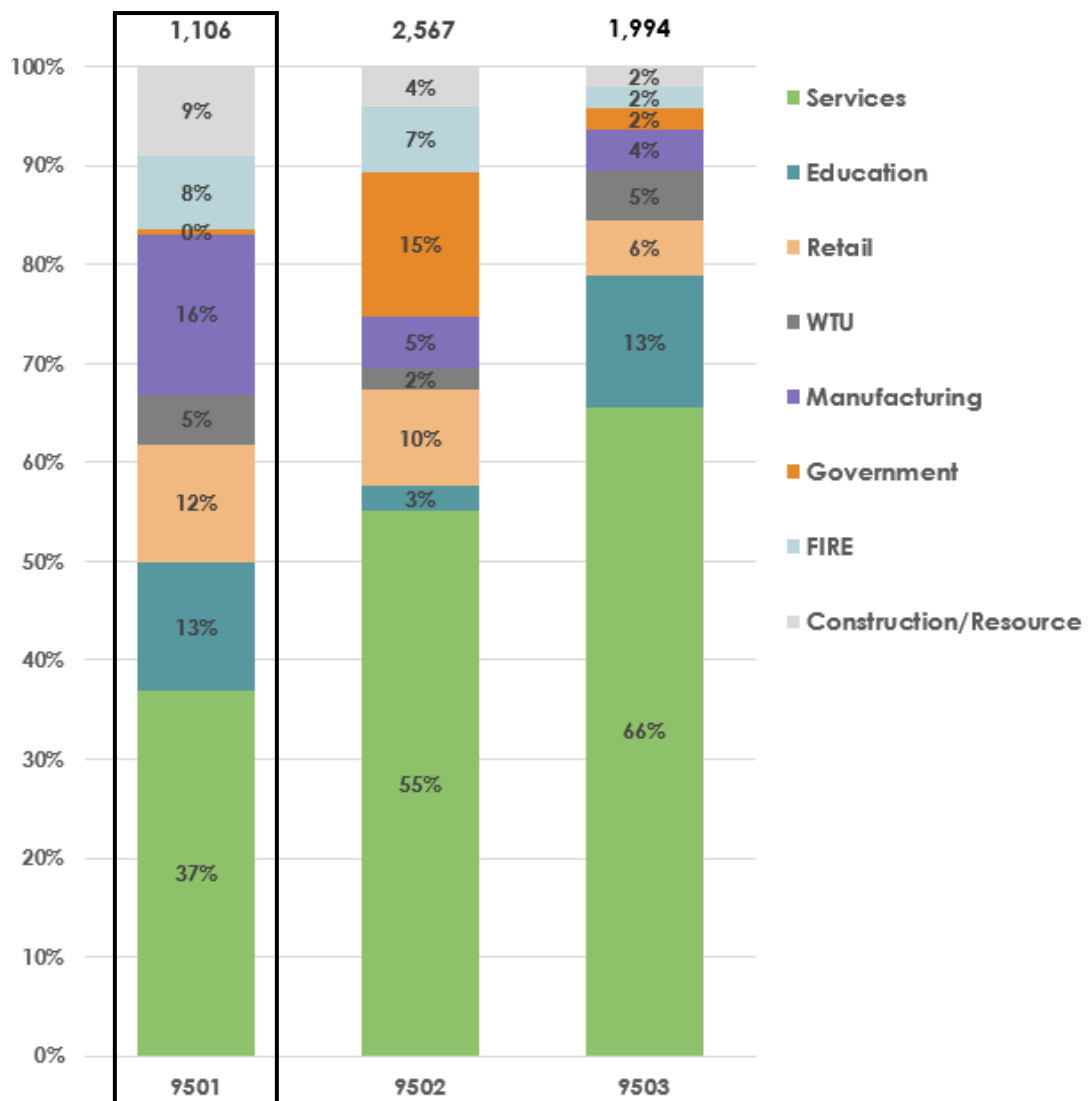
Source: National Oceanic and Atmospheric Administration, Fisheries Statistics Division; Community Attributes Inc.

REGIONAL LABOR FORCE AND BUSINESS ACTIVITY TRENDS

Consistent with national trends, Astoria’s economy is shifting away from its traditional industrial and resource-based jobs toward a services base. In terms of total jobs by industry, Uniontown (represented approximately by Census tract 9501) is more diversified than the two other Census tracts in Astoria (9502, which covers downtown and central Astoria, and 9503, which covers eastern Astoria from 17th St. to Tongue Point). While the largest portion of jobs are in services (37% of jobs), Uniontown has a higher share of manufacturing jobs and construction and resource jobs than either of the other two Census tracts within Astoria (Exhibit 9).

Exhibit 9. Jobs by Census Tract and Industry in Astoria, 2015

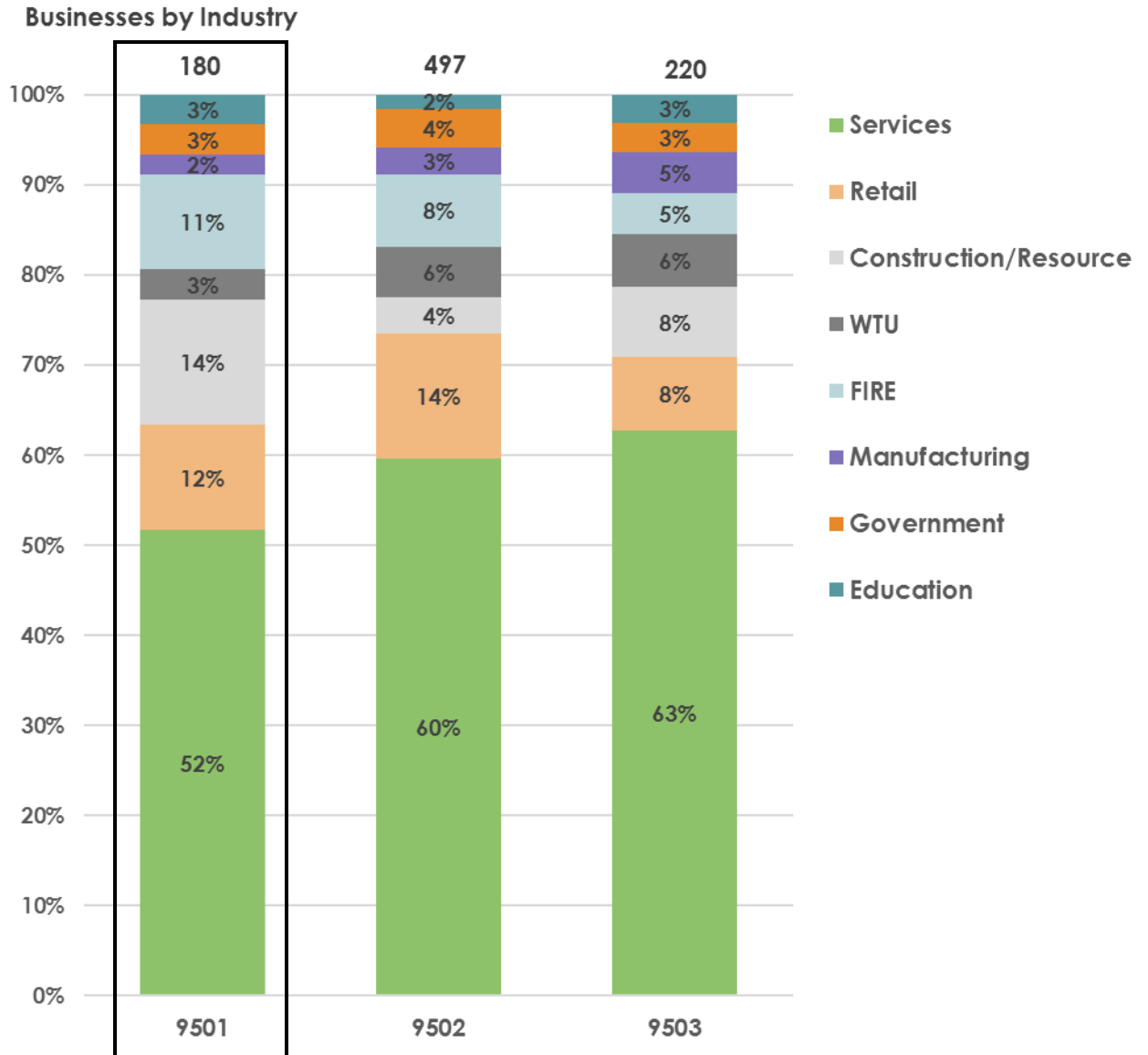
Jobs By Industry



Source: LEHD LODES Work Area Characteristics; Community Attributes Inc.

Exhibit 10 indicates that Uniontown’s largest business segments by industry, as measured by number of establishments, are services, followed by construction/resources and retail. The City Center (Tract 9502) is the largest employment center in Astoria with an estimated 497 businesses. Uniontown’s manufacturing sector is characterized by fewer large establishment, as evidenced by the fact that just four businesses (2%) account for 16% of total employment.

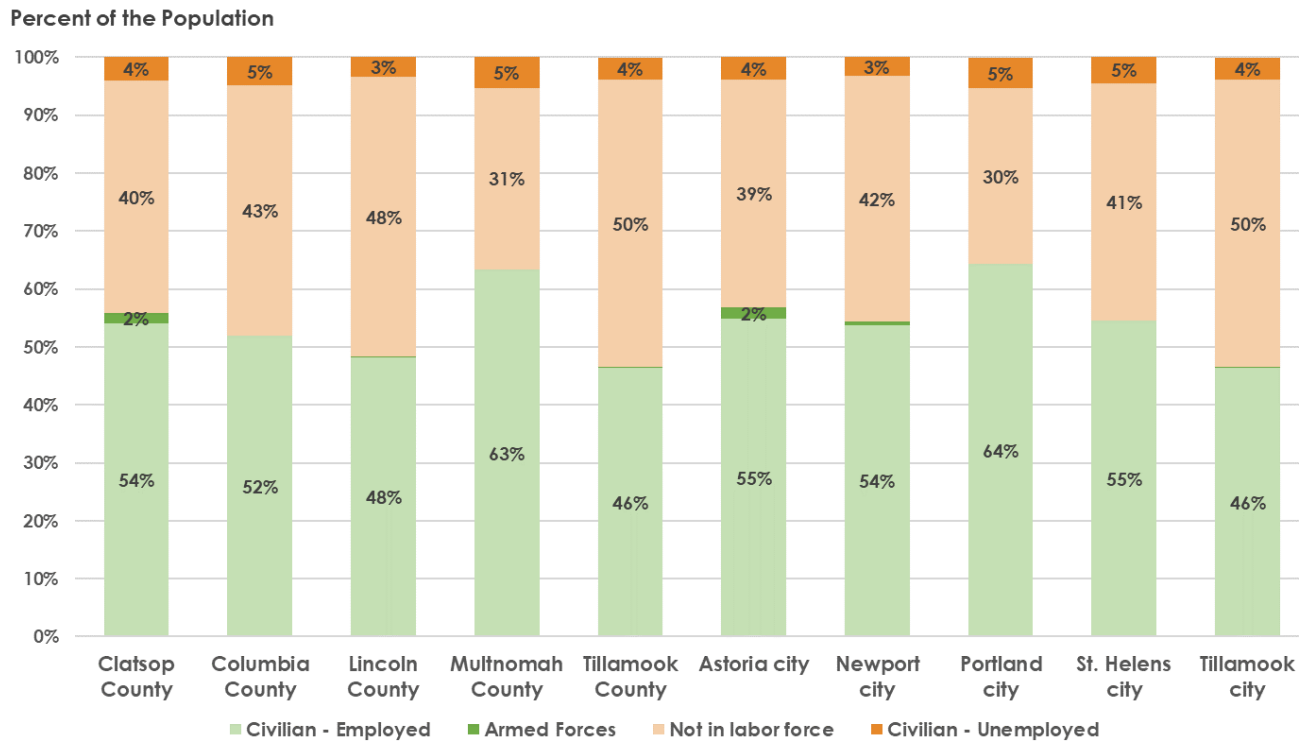
Exhibit 10. Businesses by Census Tract and Industry in Astoria, 2016



Source: Hoovers; Community Attributes Inc.

Compared to other selected cities and counties in Oregon, Astoria and Clatsop County have a larger share of the population working in the military due to the significant U.S. Coast Guard presence. The Astoria Regional Airport serves as the headquarters for the Coast Guard sector that stretches from coastal Oregon and southern Washington throughout the Columbia, Snake and Willamette River systems to Idaho. 1.9% of the working age population in Astoria were employed in the Armed Forces in 2016.

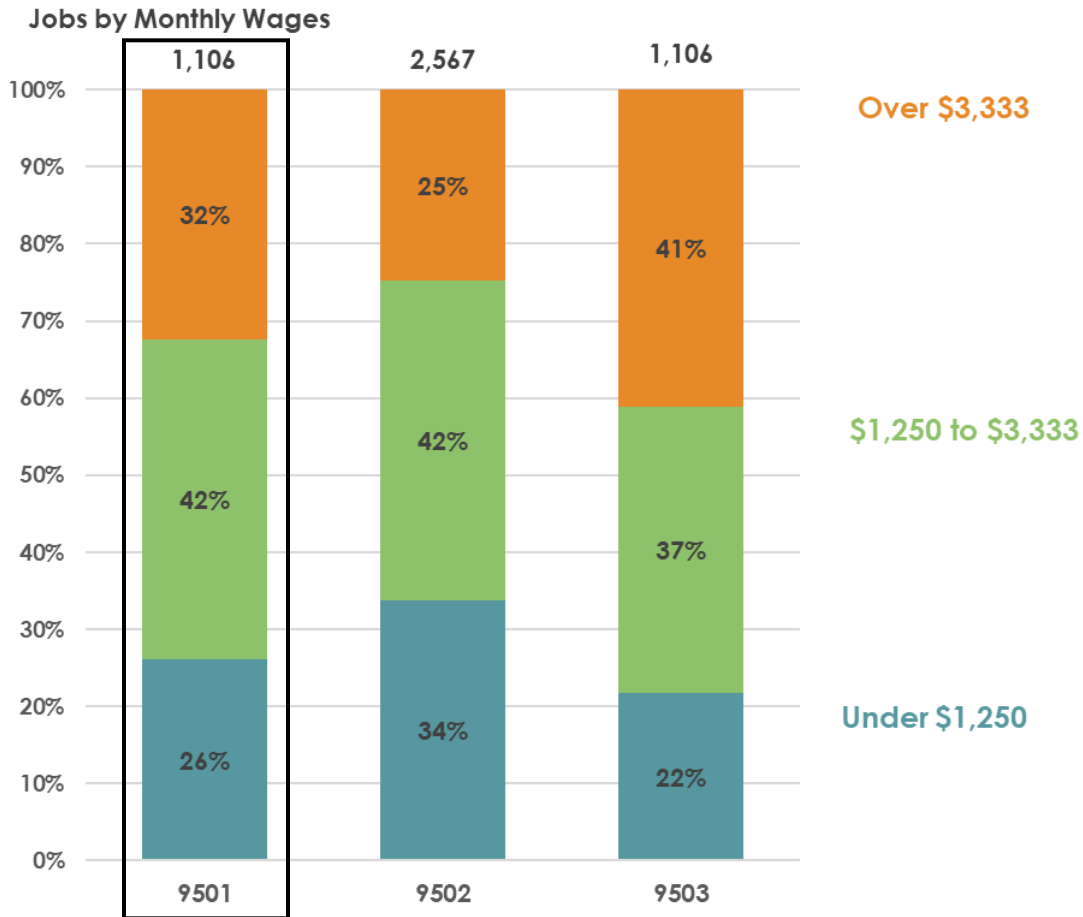
Exhibit 11. Employment Status Across Select Counties and Cities in Oregon, 2016



Source: U.S. Census Bureau ACS 5 Year Estimates; Community Attributes Inc.

In Census tract 9501, 26% of workers earned monthly take-home pay of less than \$1,250 in 2015 (Exhibit 12). The east side of Astoria (tract 9502) had a higher proportion of jobs with monthly wages above \$3,333 compared to tract 9501.

Exhibit 12. Percent of Jobs by Tract and Monthly Wage in Astoria, 2015



Source: LEHD LODES Work Area Characteristics, 2015

In 2016 the State of Oregon enacted an annual minimum wage rate increase that varies across the state. In July 2018, the minimum wage increased to \$12.00 per hour inside the Portland urban growth boundary, and to \$10.75 per hour in Clatsop County (including Astoria). For a full-time worker earning minimum wage the July 2018 rate increase in Astoria translates to about \$1,860 per month. In Clatsop County 6.6% of jobs paid minimum wage or less (\$10.25 per hour) in the third quarter of 2017. The minimum wage increase does not impact all jobs in Oregon, as exemptions exist for agricultural workers, childcare providers, taxi drivers, and certain types of non-profit camps and recreation-related employment.

The U.S. Department of Housing and Urban Development considers housing to be affordable if the household spends 30% or less of gross income on housing costs. Based on these HUD guidelines for housing affordability, a full-time worker at minimum wage in Astoria could afford to spend less than \$600 per month on housing costs. For people living in Astoria the median household income is \$43,900, less than the median statewide level of \$53,270. Between 2015 and 2016 the median household income in Astoria declined from \$44,663 to \$43,919, a 1.7% decrease. Using the same HUD guidelines as above, a median household income in Astoria would support spending about \$1,100 per month on housing costs. HUD sets income limits for Section 8 and other subsidized housing programs, which are often less than the median household income, but the limits vary by location and family size.

ANTICIPATED REAL ESTATE MARKET CONDITIONS

Current lease rates in Astoria are unlikely to support the development of more intensive, urban typologies. Based on a review of current lease rates for multifamily and commercial properties in Astoria, lease rates are below the levels generally needed to profitably develop projects that require concrete and steel construction or structured parking. As a result, market conditions indicate that new development will likely be limited to less intensive development products, though the specific conditions that apply to any given property or development project may allow otherwise.

Multifamily and Mixed-Use

Lease rates per square foot for a sample of multifamily units located throughout Astoria are given in Exhibit 14 below. Sampled units include those currently listed as available, regardless of location within the City. Observed rates range from \$1.21 to \$1.57 per square foot, per month. Though the threshold rate for developing more urban amenities, such as structured parking, varies depending on project financing, land costs, and other factors, projects unable to garner approximately \$2.00 per square foot are generally considered unable to cover the cost of such amenities throughout the Pacific Northwest.

Exhibit 14. Multifamily Lease Rate Summary, City of Astoria, 2018

Unit	Lease Rate (per Month)	Square Feet	Lease Rate (per Square Foot)
A	\$975.00	726	\$1.34
B	\$975.00	726	\$1.34
C	\$1,087.50	900	\$1.21
D	\$1,162.50	900	\$1.29
E	\$1,162.50	862	\$1.35
F	\$975.00	620	\$1.57
G	\$975.00	620	\$1.57
H	\$1,147.50	946	\$1.21
I	\$1,147.50	837	\$1.37

Source: Apartments.com (accessed 8/18); Community Attributes Inc.

Commercial

Observed commercial lease rates vary significantly depending on location in Astoria. Downtown locations can obtain lease rates upwards of \$30 per square foot (annually). For currently available properties outside the downtown area, lease rates were observed between \$10 and \$20 per square foot. Limited availability of commercial property, as observed in a review of current property listings, indicates that there may be some unmet demand for commercial space in Astoria, which may suggest the need for a variety of commercial space types.

KEY FINDINGS AND IMPLICATIONS FOR MASTER PLANNING

- The forecast included in the Advance Astoria report indicates that employment in Astoria will grow by about 1% annually, adding about

1,400 net new jobs by 2040. This could require about 125 acres of developable and redevelopable land in Astoria. Some rezoning and intensification may be required to accommodate all new growth, and Uniontown may be able to accommodate some of the growth as well.

- The largest industry in Astoria, by far, is educational services, health care and social assistance. These jobs often pay good wages, and Astoria also benefits from relatively high levels of educational attainment. However, the composition of Uniontown’s business community differs from other parts of Astoria and features large industrial employers. Seafood processing and other manufacturers are economic anchors for Uniontown and, notwithstanding, the Port of Astoria and its tenants will continue to drive Uniontown’s economy in the coming years.
- Uniontown contains a cluster of tourism-related and retail businesses that are important to the area’s identity. Preserving the historic character of Uniontown ranked as the most important economic development priority in the survey administered by the City of Astoria in 2018, which indicates a continuing preference for legacy businesses along the Highway 101 corridor in Uniontown.
- Housing affordability is a challenge for Uniontown and for Astoria. Anecdotal evidence suggests that many Astorians find it difficult to obtain housing aligned with their income. Meanwhile, land constraints and market conditions make new housing construction challenging. Uniontown may offer opportunities for housing development to meet this need, though current lease rates for multifamily housing in Astoria indicate that new construction will likely be limited to less intensive housing products, such as garden style apartments.
- Adaptive reuse of buildings in Uniontown was identified as a priority in the survey. This could indicate an opportunity to implement Advance Astoria strategies around craft and value-added food and beverage production in Uniontown, while reducing the need for costly new construction.