

Johnston

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2014 DEVELOPMENT SUMMARY

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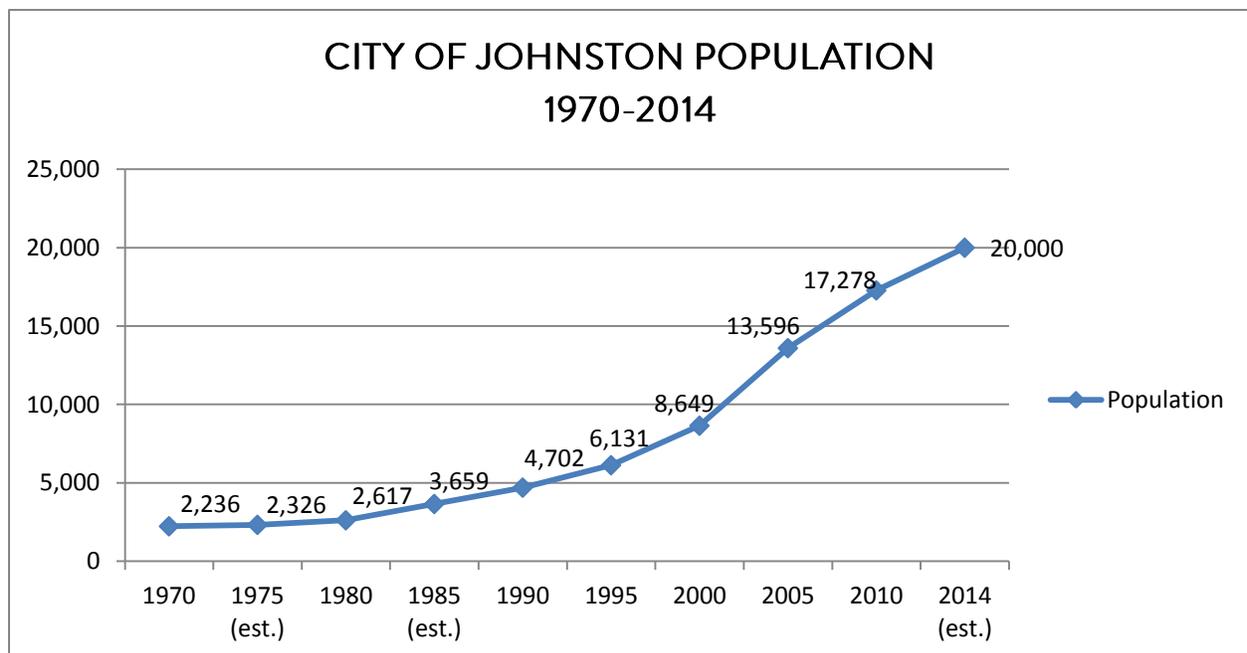
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INTRODUCTION

Johnston has historically been a place where businesses choose to locate and residents choose to live, and that trend continued in 2014. In total, \$137,316,413 in new valuation was permitted in 2014. This document is a summary of that development activity and identifies trends we might expect into 2015 and beyond.

POPULATION PROJECTION

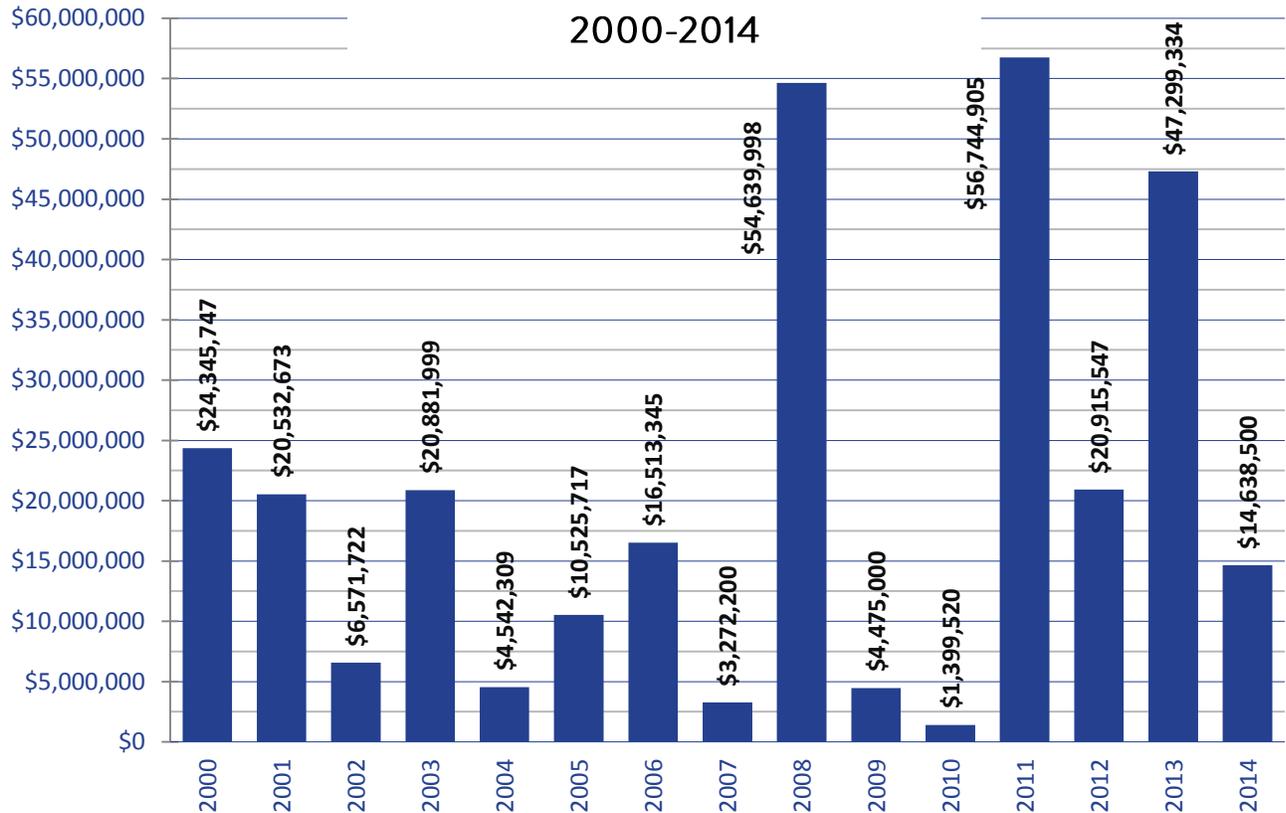
The City's population in the 2010 Census was 17,278 and the historical growth is shown in the table below. Based upon the number of permits issued since 2010, it is estimated the City's population as of January 1, 2015 is 20,000, an increase of approximately 2,700 residents. In order to reap the revenue benefits from these additional residents, the City, in partnership with the U.S. Census Bureau, will be conducting a Special Census in early 2015 to certify the current population.



COMMERCIAL DEVELOPMENT

In 2014, seven new commercial permits were issued totaling an assessed valuation of \$14,638,500; additionally, 26 commercial remodel permits were issued totaling an investment of \$3,749,013. While this was down from the near record valuation of 2013, it's just slightly below the \$20.4 million average over the past 15 years as noted in the following table:

COMMERCIAL & INDUSTRIAL NEW CONSTRUCTION VALUATION



A summary of the additional projects that are included in the valuation noted above are contained in the following summary of sites plans reviewed and approved in 2014. Also included in the table below the new Johnston Community School District High School, which is under construction with a permitted valuation of over \$69.1 million.

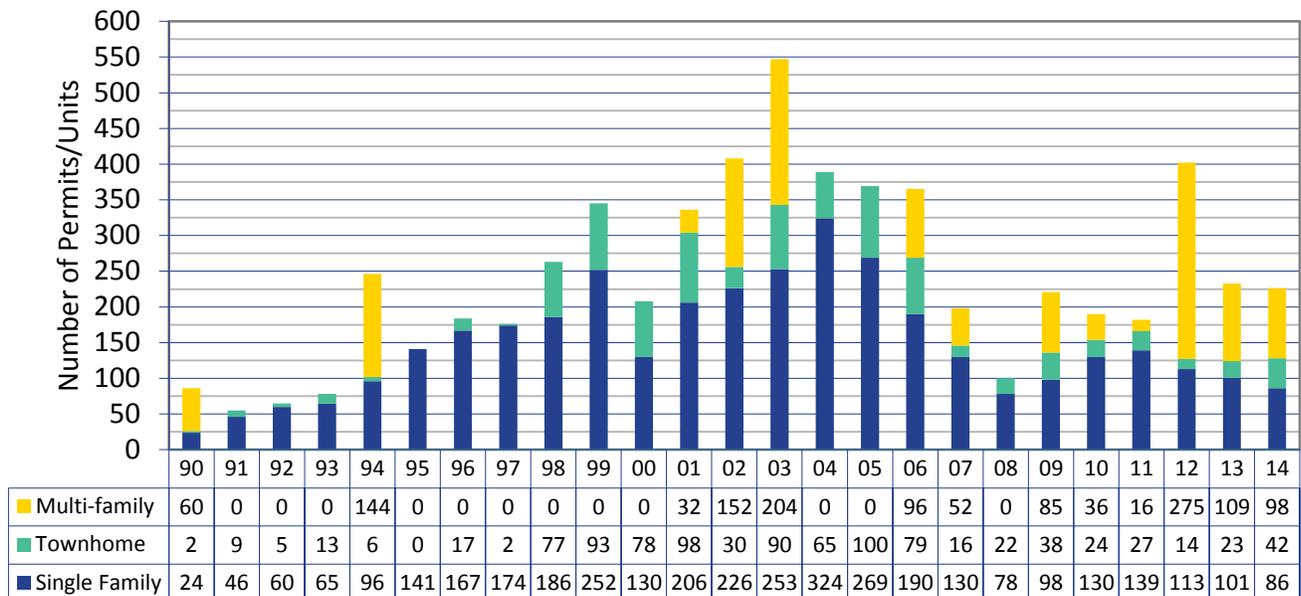
Project	Square Footage	Description
Johnston Community School District High School	369,000	New high school for grades 10-12 and other associated improvements
Edencrest at Green Meadows	71,520	72 bed assisted living facility
Westfield Professional Center	5,011	Multi tenant office building
DuPont Pioneer Research Samples Building	21,000	Building expansion
Chambery Point – 8605 and 8705 Chambery Blvd	9,710 and 3,900	Two multi tenant retail/restaurant buildings
Suburban Plumbing Supply	14,000	Office, manufacturing and warehouse building

RESIDENTIAL DEVELOPMENT

The most common measure of development activity in a community is the number of residential permits issued during the year. In 2014, single family detached permits were at their lowest level since 2008, totaling 86 residential units and \$26,177,000 in valuation. However, there was a resurgence in permit issuance, for townhomes/duplexes with 42 permits totaling \$5,742,000 in valuation. This is the highest number of permits for these types of units since 2006. While the townhome market has been soft in Johnston and across the metro in recent years, there appears to be a market emerging for detached or bi-attached townhome units that likely caused the surge of townhome permits this year, based upon approved/pending projects it's anticipated this surge will continue into 2015.

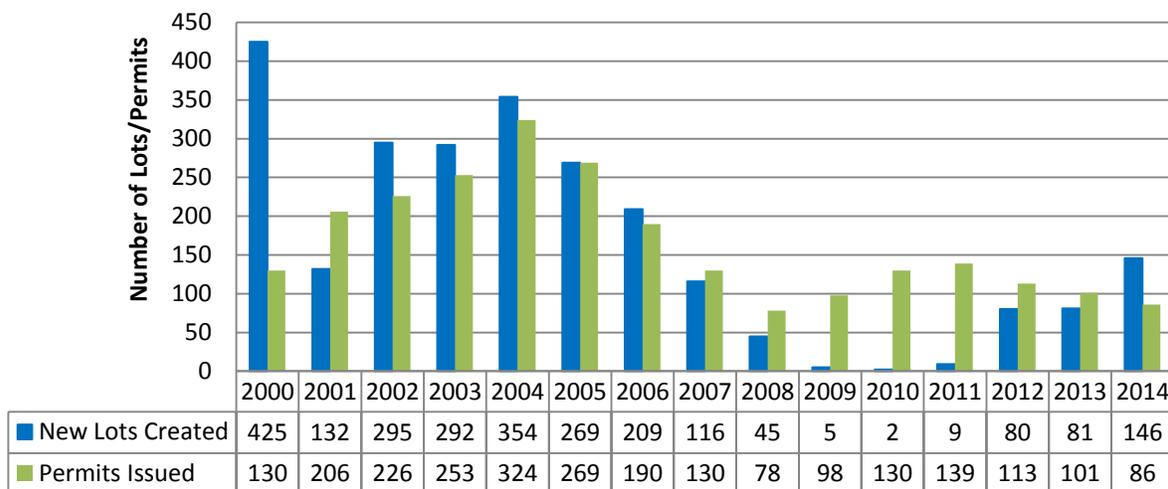
Without question, the strongest area of residential growth continues to be in the multifamily high density residential development with 3 permits issued totaling 98 residential units and a \$15,549,000 investment. As the metro area recovered from the economic downturn starting in 2010, a strong market emerged for multifamily residential apartments, national trends and recent rezoning requests would indicate this trend will likely continue in Johnston at least over the next few years. A summary of residential building permit history from 1990-2013 is provided below:

NEW DWELLING UNITS PERMITTED 1990-2014



One of the concerns noted repeatedly over the last several years has been the lack of available lots for single family detached residential, which has been the result of fewer and smaller subdivisions being developed as the area emerged from the recession. As noted in the chart below, since 2006 the number of new single family permits issued has exceeded the number of lots, thus the inventory of available lots has continued to shrink over that time. However, as anticipated, this trend changed in 2014 with the creation of 146 single family detached lots, and the permitting of only 86 homes. With the additional lot availability, it's anticipated that 2015 will see a resurgence of permit issuance for single family detached structures. It's also anticipated that additional subdivisions will continue to come online maintaining a larger lot inventory.

SINGLE FAMILY LOTS CREATED AND PERMITS ISSUED 2000-2014



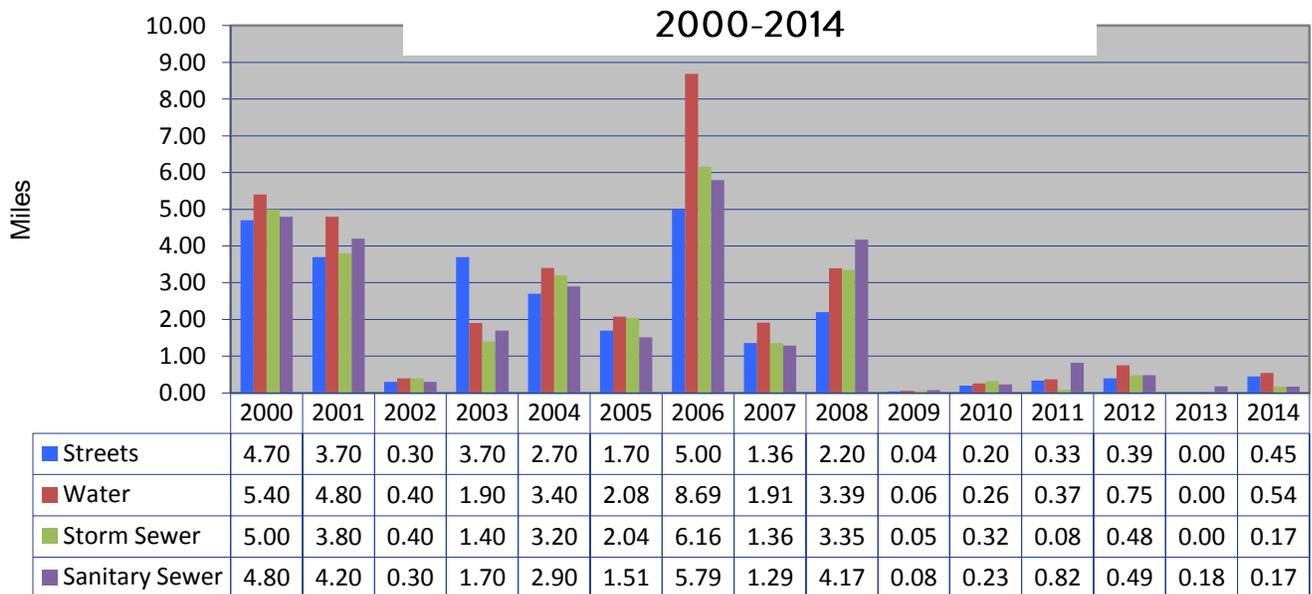
The following table summarizes the residential rezonings and preliminary plats/site plans approved in 2014 with development expected in 2015. In total, plans have been approved to accommodate an additional 345 multifamily apartment units and residential preliminary plats have been approved to accommodate an additional 146 single family residential lots and 95 townhome lots.

Residential Plats/Rezoning	Number of Units/Lots
Bella Strada Preliminary/Final Plat	19
Highland Summit Preliminary/Final Plat	40
Villas at Northwood Single Family Detached Townhomes	40
White Oak Place Apartments	87
Adam Ridge Apartments – Lots 1 and 2 Adam Ridge Plat 3	168
West Prairie Townhomes Plat 2 – replat bi-attached and detached townhomes	55
Chesterfield Heights Final Plat	33
Cadence Apartments	90
Crosshaven Plat 4 Final Plat	31
Crosshaven Plat 5 Final Plat	23

PUBLIC INFRASTRUCTURE

Along with the overall decrease in number of lots being created, the total infrastructure (water, sewer, storm sewer and streets) constructed and dedicated to the City as public infrastructure in new subdivisions has been significantly lower than the long term averages since 2009, as depicted in the chart below:

PUBLIC INFRASTRUCTURE ACCEPTED BY FISCAL YEAR IN MILES



MERLE HAY ROAD REDEVELOPMENT – NORTH OF NW 62ND AVENUE

In 2007 the City Council adopted the Merle Hay Road Redevelopment plan focusing on redevelopment of properties on Merle Hay Road north of NW 62nd Avenue. Since that time the City has continued to work towards implementation of the Plan's recommendations. Two major accomplishments occurred in 2014:

- A ribbon cutting was held in August at the Johnston Public Safety Building, a 43,330 square foot state-of-the-art building housing the headquarters of the Johnston Police and Fire Departments. This site formerly contained four small single family homes.
- The Cadence Apartment project was approved within the Merle Hay Road Redevelopment area, redeveloping a 3.9 acre site assembled by the City by creating 90 new market rate apartment units. Groundbreaking on this project and the construction of the adjacent NW 63rd Place connecting Merle Hay Road to NW 59th Avenue is anticipated to occur in 2015. Tentative plans call for a second phase of this project which would double its size.

MERLE HAY ROAD GATEWAY REDEVELOPMENT – SOUTH OF NW 55TH AVENUE

In 2013 the City Council adopted the Merle Hay Road Gateway Redevelopment Plan focusing on the redevelopment of properties on Merle Hay Road south of NW 55th Avenue. Combined, with the redevelopment plan noted above, these two plans have put a renewed emphasis on redevelopment of properties along the corridor and have increased involvement by the City in such redevelopment.

In order to continue the implementation of the Merle Hay Road Gateway Redevelopment Plan's recommendations, several major undertakings occurred in 2014.

- In March 2014, the City submitted an application to the Iowa Economic Development Authority (IEDA) seeking approval of the creation of a Reinvestment District for the Merle Hay Road Gateway area which would have allowed for the collection of sale tax to support the redevelopment. While this application wasn't successful, positive feedback was received from IEDA leaving open the possibility of applying in the future.
- An extensive tree survey and endangered species study was completed for the area along Beaver Creek east of Merle Hay Road, in order to facilitate improvements in these sensitive areas. This work will allow conversations with the various regulatory agencies within this wetland/floodplain area in 2015 and ultimately lead to the necessary approvals for improvements within the area.
- In order to strengthen the City staff team working on the implementation of the plan, the City entered into a contract for consulting services with NAI Optimum, a commercial real estate firm, to provide assistance and expertise in marketing and assembling properties within the project area.
- Lithia Auto Dealerships are underway on a more than \$6 million improvement to their campus including a new 14,000 square foot Audi building and an expanded and remodeled Volkswagen building with completion scheduled for 2015 located in the heart of the Gateway Area, providing a catalyst to other improvements.

CONCLUSIONS

As documented in this report, there are a number of trends emerging that would give some insight into what growth expectations we may have for 2015.

- Based upon the site plan/rezoning approvals over the last two years, it is anticipated the strong high density multifamily permit growth will continue into 2015, provided the market conditions remain strong for this type of housing.
- Based upon the number of lots platted in 2015, it's anticipated the lot availability will lead to an increase in issuance of building permits for single family detached homes. There also appears to be a number of developments on the horizon that would ensure the existing lot inventory is maintained.
- While there does not appear to be any traditional townhome developments on the horizon, there appears to be a resurgence of townhome type developments, particularly developments offering single family detached or bi-attached association homes.
- Due to the momentum caused by several successful projects occurring in the Merle Hay Road Redevelopment Area north of NW 62nd Avenue, this area will continue to be desirable, particularly for multifamily development.
- The City will continue implementation efforts to spur commercial redevelopment within the Merle Hay Road Gateway area.
- In early 2015 the City will unveil a new Economic Development Guide which will be distributed to more than 11,000 site selectors, real estate agents and developers within Central Iowa and nationwide. An e-version will be available at www.cityofjohnston.com/economicdevelopment.
- All signs point to continued strong commercial growth that will meet or exceed the recent averages.
- Construction has commenced at the new Johnston High School located west of NW 100th Street at Ashton Drive in 2014, beginning in 2015 associated road/utility improvements in the area will also occur, with the opening scheduled for August 2017. The construction activity and infrastructure improvements are anticipated to drive interest and development (residential and commercial) in the areas surrounding the school site.