

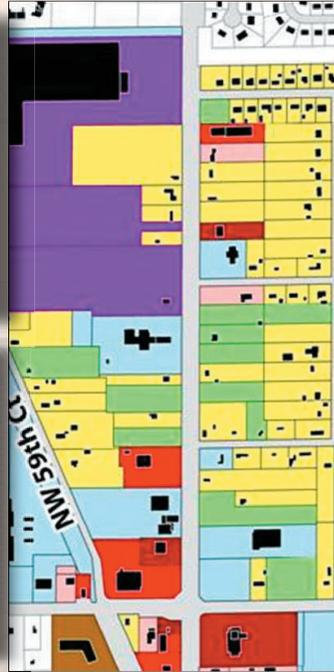
Merle Hay Corridor

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The Merle Hay Road Redevelopment Study

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Developed with the City of Johnston
September, 2007

Prepared by:



Merle Hay Corridor

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Chapter 1

Existing Conditions/Current Plans

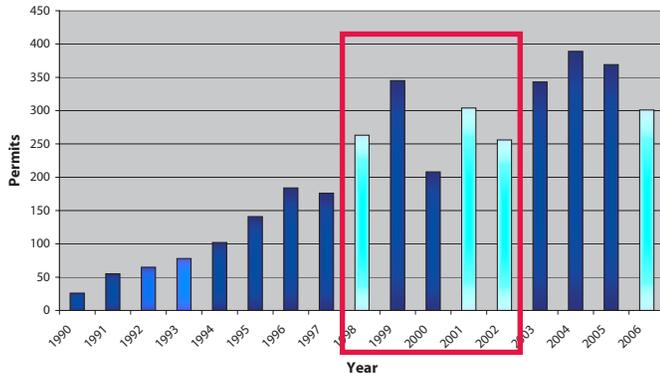
This chapter discusses the existing conditions and the land use and comprehensive plans of the city of Johnston. Population Projections, Existing Land Uses, the Johnston Comprehensive Plan, Current Zoning and Transportation issues are addressed briefly in the chapter. These analysis and findings help to form the base of a comprehensive development vision for the Merle Hay Road Mixed Use Center.

A. POPULATION PROJECTION REVIEW/UPDATE

The 1998 Comprehensive Plan projected the City's 2020 population to be 15,140. As a result of the recent construction boom, Johnston experienced unprecedented growth and the city's census 2005 population was 13,596. Therefore, it is estimated that the Comprehensive Plan's 2020 population projection has already been exceeded. To provide an updated growth scenario with a new 2020 population projection, the Johnston Community Development Department prepared a document entitled "Growth Scenario" on June 2, 2003. This document was accepted by the City Council and its projections were used by H.R. Green Company to prepare a traffic analysis for the community.

Chart 1

**City of Johnston
Single Family and Townhome Building Permits
1990-2006**

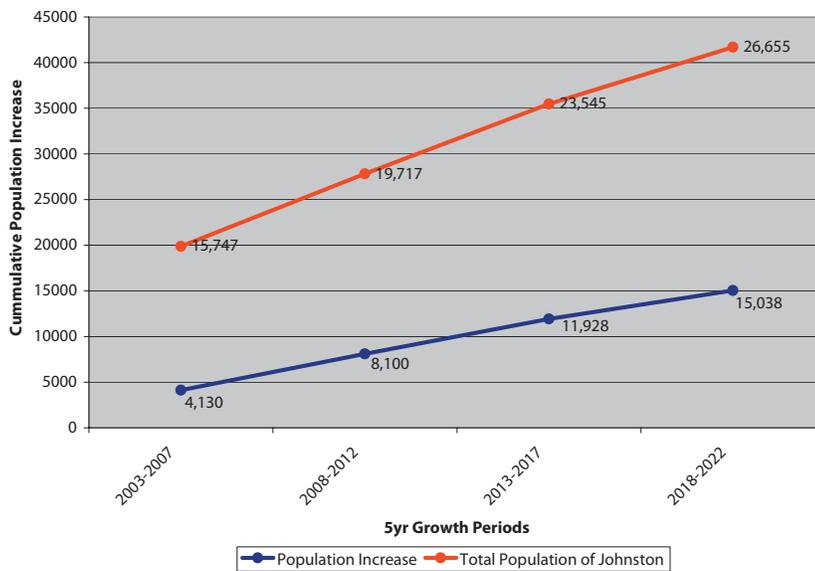


The 2003 Growth Scenario projections were based on historical building construction trends. Specifically, future residential development rates were based upon the number of building permits issued from 1998 to 2002. This construction trend is depicted in Chart 1.

The projection of the average annual construction rates, as experienced by Johnston between this period of 1998 to 2002, resulted in a projected year 2022 population of 26,655 as shown in Chart 2.

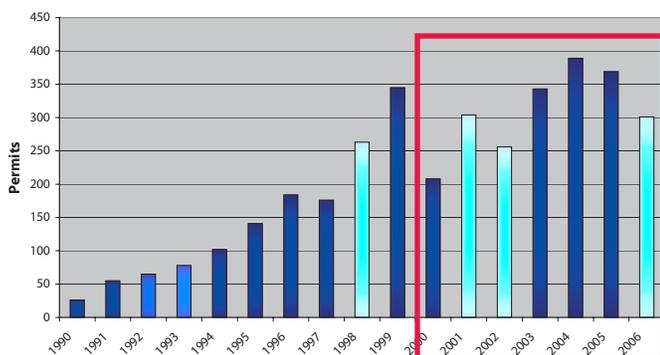
Chart 2

Growth Scenario 1: Population Increase



As a part of the Merle Hay Road Redevelopment Study, RDG and ERA recommended revisiting and, if appropriate, revising the 2003 Growth Scenario population projection. It was felt that ERA's market analysis work should reflect the most recent data for population estimates. Upon reviewing the updated construction trends to 2006 as reflected in Chart 1, the consultants recommended using the more recent trend reflected in the 7-year, 2001 to 2006 period. This is depicted in Chart 3, and is felt to be more reflective of the long-term potential for population growth in Johnston. A "Scenario 2" was developed based on this 2001 to 2006 construction rate.

**City of Johnston
Single Family and Townhome Building Permits
1990-2006**



As an alternative method, a "Scenario 3" was developed using the 2000 to 2005 growth rate of 4.63% to project population to the year 2025. Chart 4 shows the results of the 2000-2005 growth rate projection.

Chart 5 depicts all three Growth Scenarios: Scenario One is the 2003 Growth Scenario, utilizing 1998-2002 construction trends; Scenario Two uses the updated 2001-2006 construction trend; and Scenario Three applies the 2000-2005 growth rate. As can be seen, both

Chart 3



of the updated scenarios result in 2025 projected population in the 32-33,000 range. It was determined that for the purpose of the Merle Hay Road Redevelopment Study, the Scenario Two projected population of 32,481 would be used.



Picture: Merle Hay Corridor

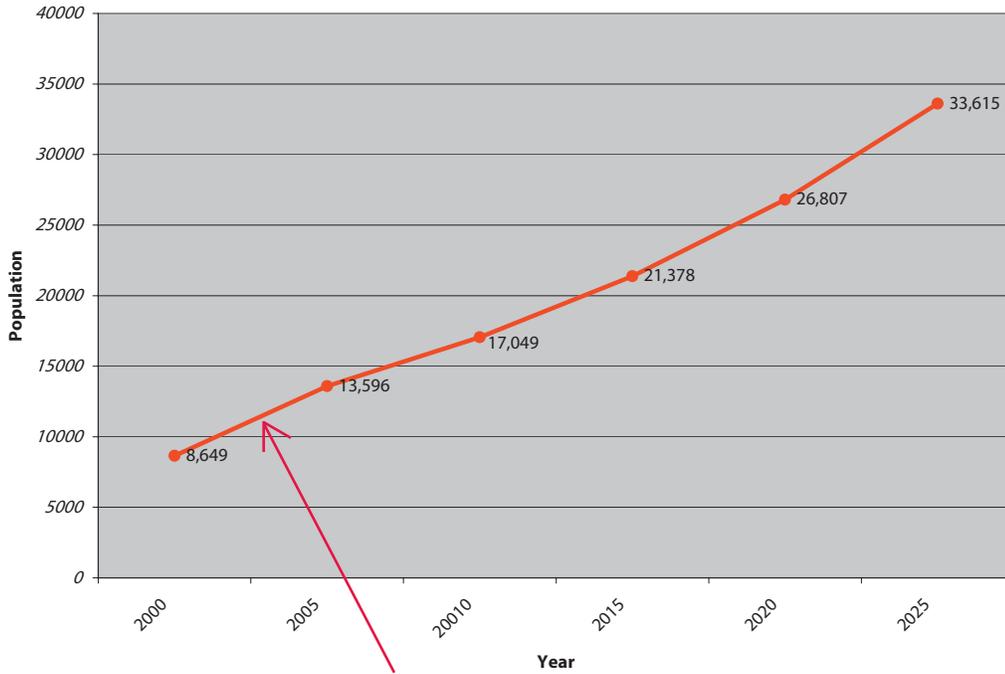
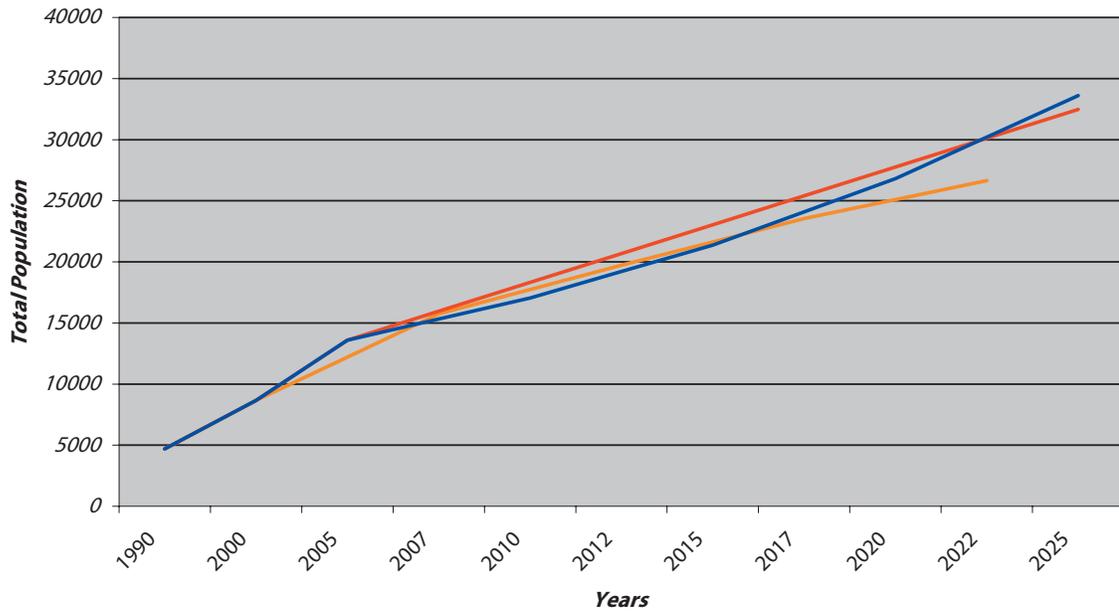


Chart 4

2000-2005 Annual Growth Rate = 4.63%

Chart 5



- Growth Scenario #1: 1998-2002 Building Permits
- Growth Scenario #2: 2000-2006 Building Permits
- Growth Scenario #3: 2000-2005 Annual Growth Rate



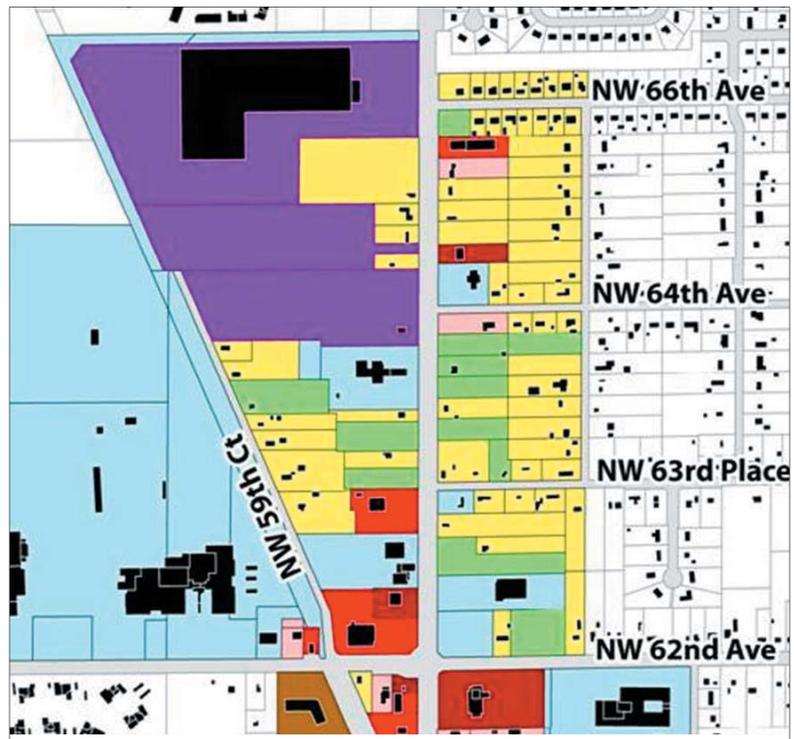
B. EXISTING LAND USE

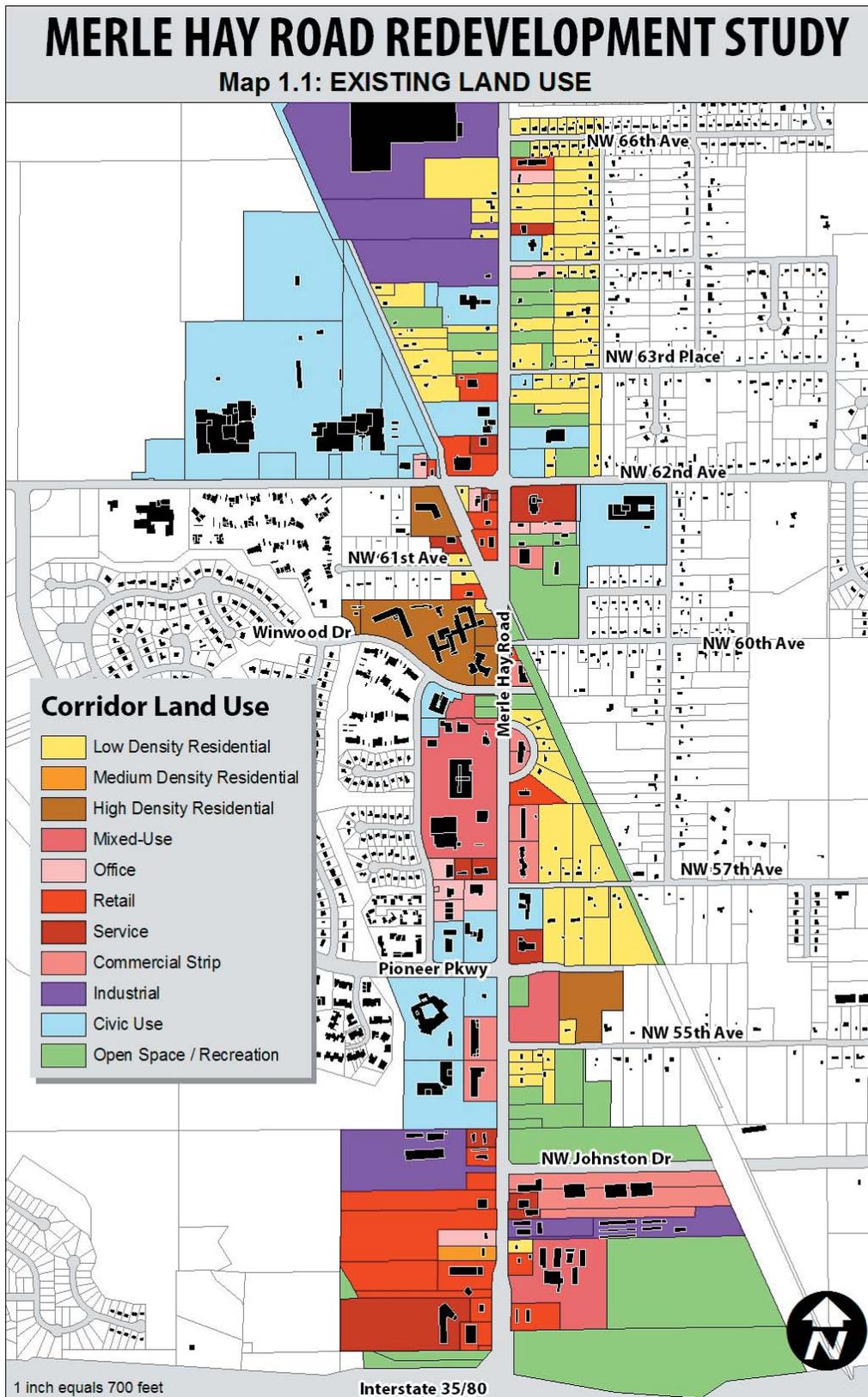
The existing condition study starts out by looking at the existing land use in Merle Hay Road. Map 1.1 designates the current usage in the corridor. As indicated, many of the Merle Hay Road frontage parcels north of 62nd Ave, remain in vacant or single family use, while south of 62nd few such uses remain. Single-family uses typically represent an under-utilization of land along an arterial corridor such as Merle Hay Road and, over time, these uses south of 62nd have converted to a variety of higher intensity uses.

South of 62nd, this conversion process has resulted in a mixed use land use pattern including commercial, office, and high density residential uses. Typical of most contemporary development, these uses have been predominantly auto-oriented.

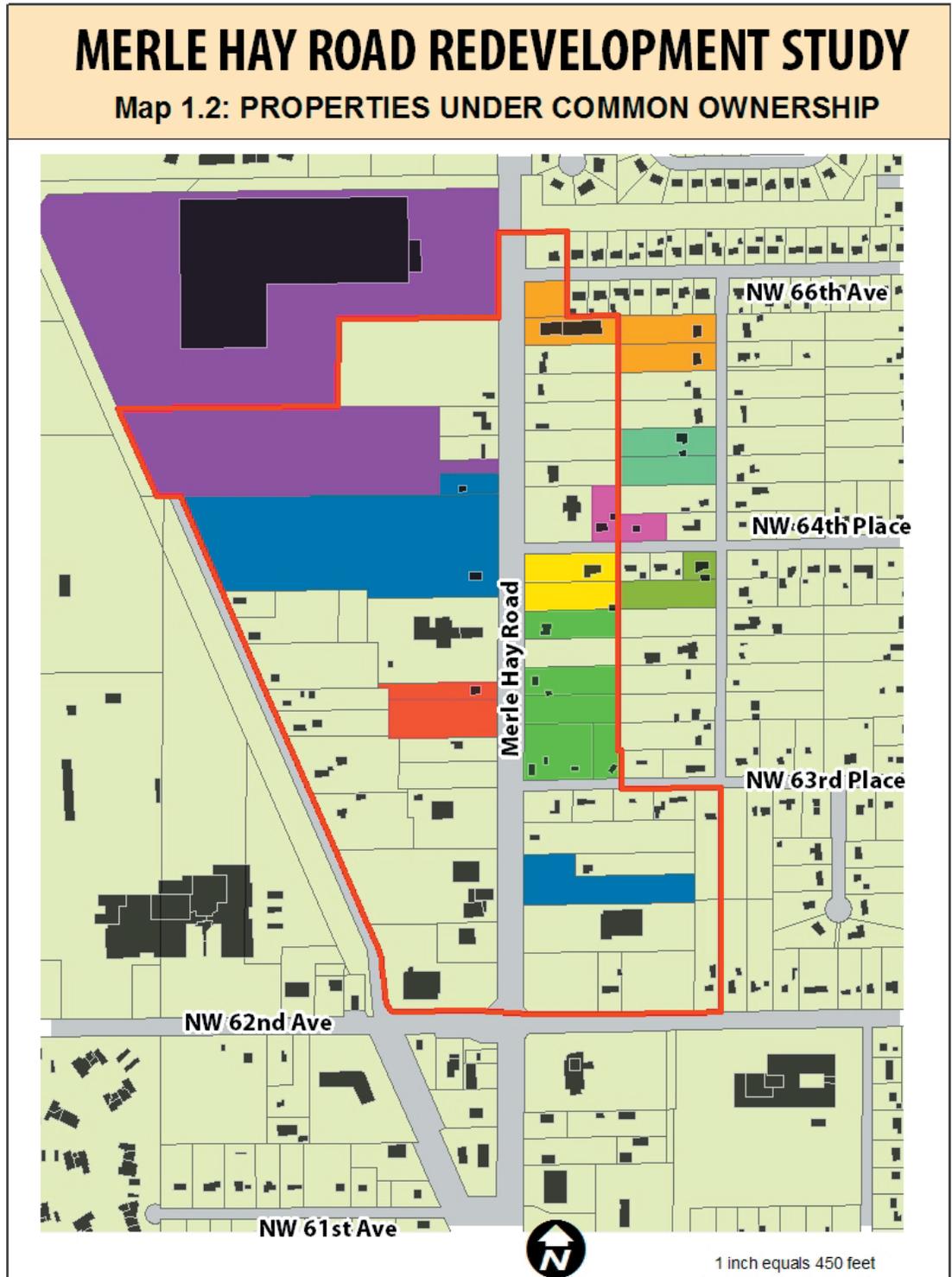
Maurice’s warehouse, at the far northwest corner of the project area, stands out as a seemingly out of place light industrial warehouse use in a predominantly residential area. The area to the north was also zoned industrial, but was rezoned when the Johnston Commons project was approved.

Picture: Merle Hay Road current Land Use from NW 62nd Ave to NW 66th Ave; Views of Merle Hay Corridor





Map 1.1: Merle Hay Road current Land Use



Map 1.2: Property Ownership along Merle Hay Road between NW 62nd Ave and NW 66th Avenue

C. PROPERTY OWNERSHIP

The existing condition study also looks at the property ownership along Merle Hay Road. Map 1.2 present properties under single and common ownership between 62nd Ave. and NW 66th Ave. Common ownership is depicted in single colors. For example, east of Merle Hay Road and South of NW 64th Pl., properties colored yellow show that both the properties are owned by a single owner. West of Merle Hay Road, properties colored violet depicts common ownership by Maurices. Though there are some common owned properties, the project area is characterized by single, separate property ownership. The project area as outlined on Map 1.2 indicates about forty separate property ownerships.



Picture: Merle Hay Corridor

D. COMPREHENSIVE PLAN

The Johnston Comprehensive Plan for the city of Johnston, Iowa was prepared by Hoisington Koegler Group Inc. in December, 1998. The City of Johnston has assembled the comprehensive plan as a guide for future growth and development. The Plan has been updated and amended at times since the adoption of the original plan.

Johnston is continuing to grow and evolve as a community. The land use section of the plan depicts the ultimate development pattern for the community. The plan establishes policies and recommendations that are intended to guide the use of land when development becomes appropriate. Overall, the Comprehensive plan provides guidance as to how the city can grow and maintain its character and quality. The vision set by the Comprehensive Plan for the City of Johnston is for it to be a diverse and well balanced community.

1. Development concept

The Johnston Comprehensive Plan provides the basis for a Future Land Use Plan and is intended to strengthen elements that make Johnston unique. The Plan emphasizes maintaining the small town character of the city while providing a full range of housing choices, creating an identity for the city and a place for people to gather and enjoy, providing efficient infrastructure and recreation opportunities while maintaining a sound and harmonious environment.

The development concept features a logical extension of the existing land use pattern with consideration given to previous land use plans. Future residential areas extend from existing residential boundaries. Another key feature of the plan is the establishment of two "community nodes", one at the intersection of NW 62nd Avenue and Merle Hay Road

Picture: Merle Hay Corridor





Picture: Merle Hay Corridor

and the other further west at the intersection of NW 62nd Avenue and NW 86th Street. The vision is to develop Merle Hay Road as an aesthetically enhanced corridor featuring a mixed use development pattern consisting of higher density housing, commercial uses, public spaces, and offices.

The development concept envisions NW 62nd Avenue as an upgraded parkway featuring functional and aesthetic improvements such as walkways, landscaping, lighting, signage and street furnishings to forge a visual connection between the eastern and western halves of the community. The design and function of Merle Hay Road is extremely important, particularly in view of the corridor's role as a principal community entrance. Johnston's Comprehensive Plan identifies a number of gateways that are considered significant community entrances. One of the primary entry nodes includes Merle Hay Road at I-35/80. These entry locations should serve as attractive approaches to Johnston. Similarly, the comprehensive plan focuses on need for range of housing as well as pedestrian friendly environment.



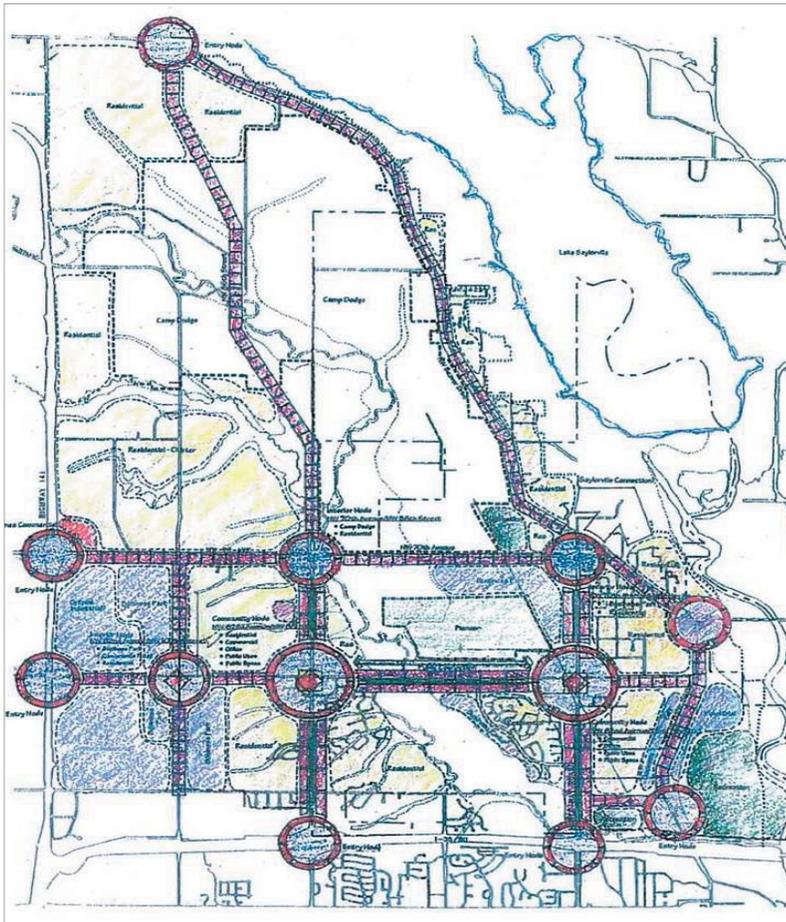
Picture: Merle Hay Corridor

2. Mixed Use Area Definition

Mixed use areas consist of lots or parcels that contain a mix of retail and service commercial, office, institutional, higher density residential, public uses and/or park and recreation uses, organized in a pedestrian friendly environment. The Johnston Comprehensive Plan designates two areas as mixed use: i) the intersection of Merle Hay Road and NW 62nd Avenue and ii) the intersection of NW 86th Street and NW 62nd Avenue. The purpose of these areas is to establish community hubs that integrate higher density residential uses and related activities. The plan emphasizes that these two sites have unique development opportunities as mixed use centers.

Mixed Use development patterns are intended to capture historic urban qualities and land use relationships for creating sound pedestrian friendly environment. The development integrates a variety of land uses, making neighborhood commercial areas truly accessible to the surrounding residential neighborhood both due to the close proximity of the uses and a pedestrian sidewalk or trail system that provides direct linkages. If developed in this manner, the mixed use areas in Johnston have the potential to become an attractive amenity for the community.

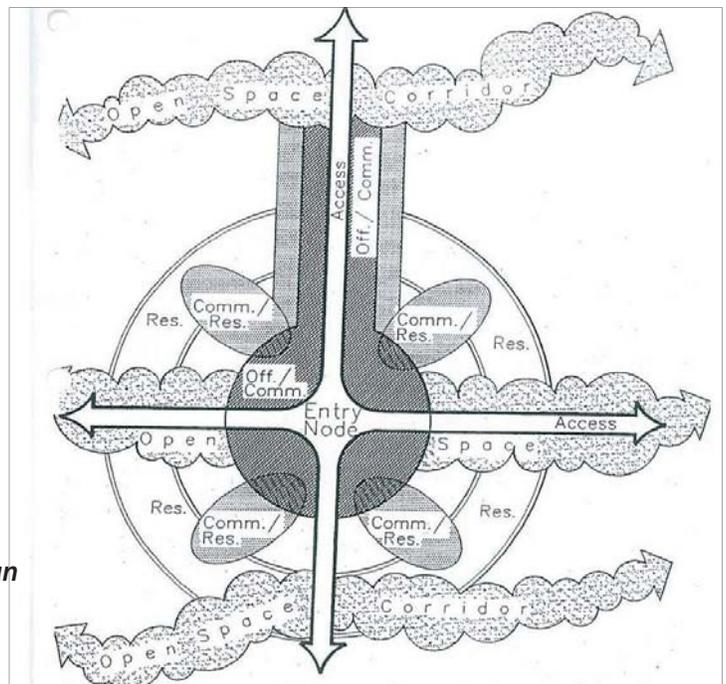




Picture: Merle Hay Corridor; NW 62nd Ave and Surrounding

Picture: Initial Development concept; developing community nodes at NW 62nd Ave. and NW 86th Street

Source: Johnston Comprehensive Plan



Picture: Mixed Use Center Concept Plan

Source: Johnston Comprehensive Plan





Picture: Merle Hay
Corridor

The Mixed Use Center Concept Plan depicts a diagrammatic concept for a mixed use area. Some of the major mixed use area development policies are:

- Provide a mix of commercial, residential, public and related uses in a pedestrian-friendly environment.
- Separate schools and commercial uses with adequate buffer areas
- Provide walkway and trail linkages to other public recreational facilities in the area
- Apply design standards
- Limit commercial uses to a community or neighborhood scale



Picture: Merle Hay
Corridor

3. Roadway Design Concepts

The diagram of Road Hierarchy and Entry Node Locations is a graphic depiction of the application of a uniform theme for Johnston. A series of primary and secondary entry nodes is delineated along the borders of the community. These locations offer opportunities to create a sense of entry.

The Road design concept diagram shows Merle Hay Road as a four lane roadway with or without a planted median. This type of road is a major traffic artery. Because of right-of-way limitations or existing development limitations such roadways emphasize landscaping along parking areas rather than in medians. Also, the Merle Hay Road and 62nd Avenue Intersection is drawn as a primary intersection within a mixed use district. At primary intersection nodes and entry nodes, varying types of signs can be used to mark community entrances.

Picture: Merle Hay
Corridor

4. Future Land Use/Parks/Trails

The future land use plan depicts a pattern that is expected to evolve in and around the City of Johnston over the next 20+ years. The future pattern is the product of both past and present influences. The existing development pattern has a strong influence on the future allocation of land uses.

The future land use plan identifies three categories of residential land development including low density residential (LDR), medium density residential (MDR) and high density residential (HDR). Low Density Residential will accommodate infill development that is consistent with existing single-family development patterns and densities. Medium density residential accommodates somewhat higher residential densities ranging from 1



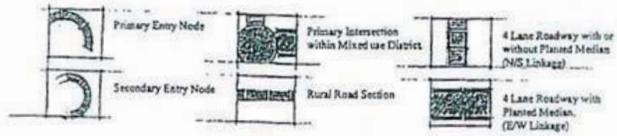
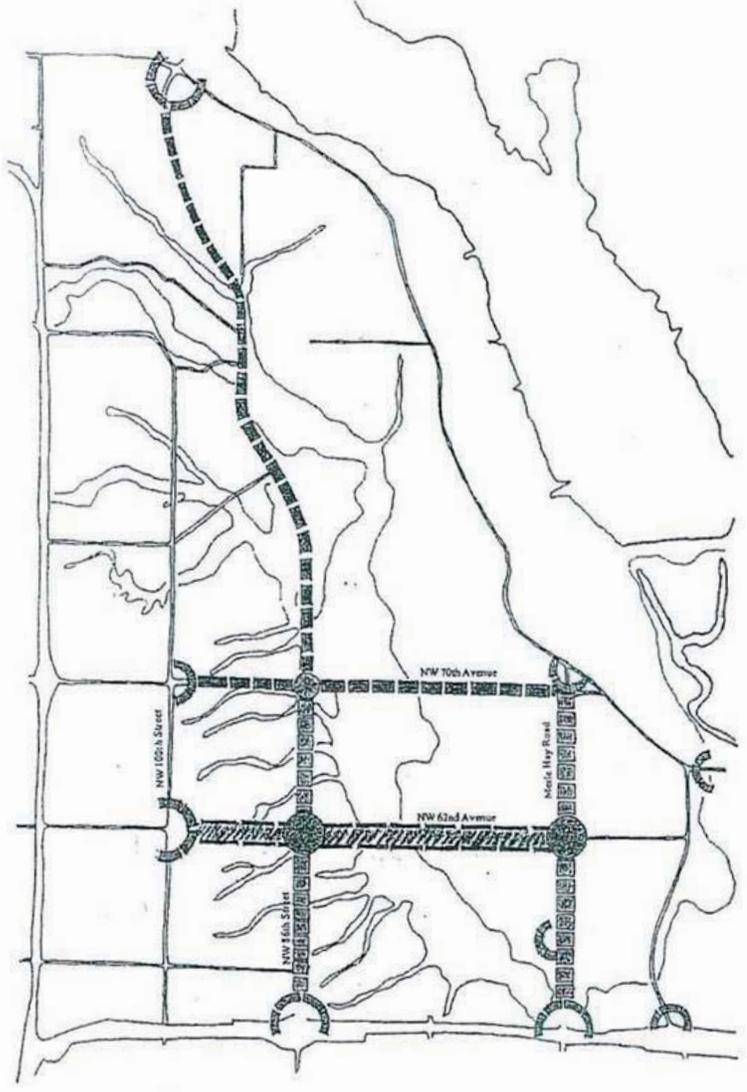


Diagram of Road Hierarchy and Entry Node Locations



Design Concepts

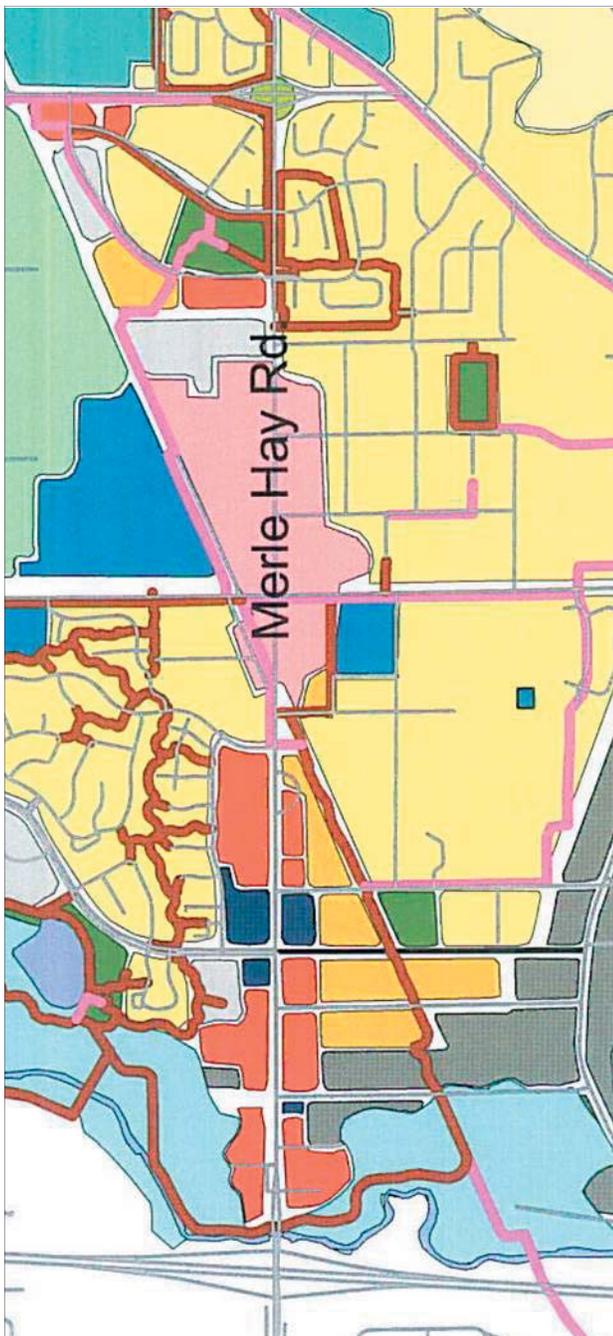


Picture: Road Design Framework Plan

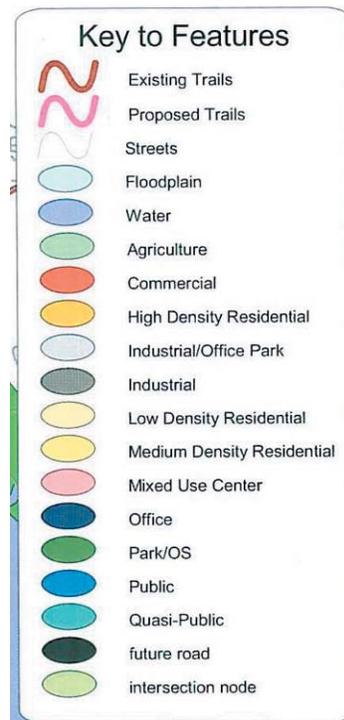
Source: Johnston Comprehensive Plan

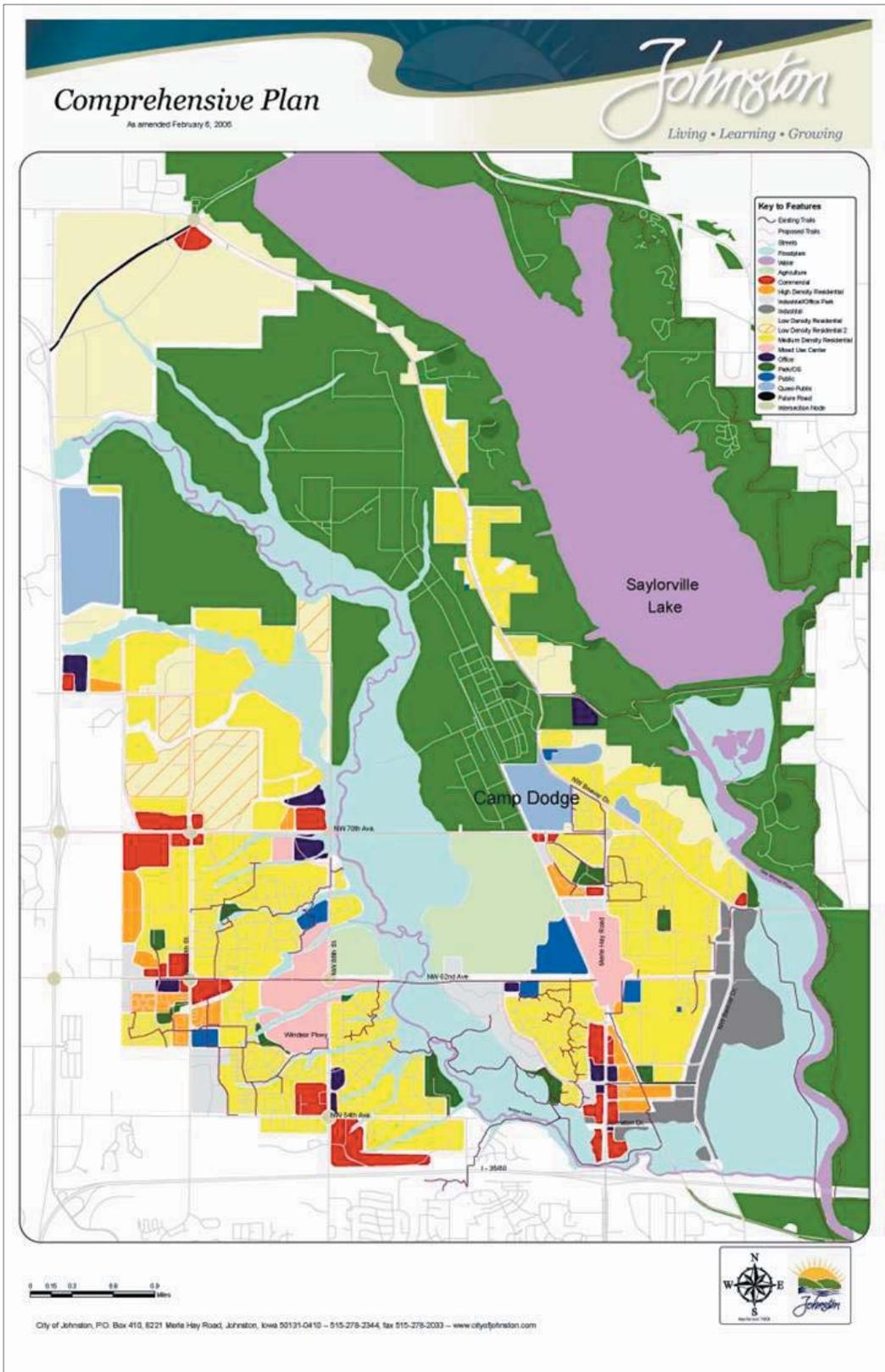


to 6 units per gross acre. Uses in this classification include single family detached homes and attached housing such as town home developments, all with full public utilities. Areas designated as high density residential are intended to accommodate multifamily housing at densities exceeding 6 units per acre. Uses in this category will be principally limited to higher density apartment buildings for either general occupancy or for special segments of the population such as senior housing.



The commercial land use category includes retail and service commercial land uses that serve neighborhood, community and regional markets. Commercial areas designated on the land use plan located along Merle Hay Road are those that serve a wider trade area generally providing a wider range of available goods and services such as grocery stores, drug stores, etc. The office land use category includes lots or parcels that contain professional offices and services such as medical, law, real estate and financial businesses. In the land use plan, office uses are designated along Merle Hay Road. Public uses in Johnston include churches, buildings, land adjacent to schools, cemeteries, local government facilities and other parcels that are owned by a public agency or institution.







The area along Merle Hay Road, between NW 60th Ave and NW 66th Ave, west to 59th Court, is designated as “Mixed Use Center”. This use is defined under Section 2 above and this land use designation forms the basis of this study.

The Comprehensive Plan also emphasizes providing a park and recreation system that supports community identity and serves as a gathering space for neighborhoods. Establishing a trail system that interconnects the city and offers an alternative means of transportation for residents and visitors is another long term goal of the plan.

It is essential that trail links to regional trail systems and trails maintained by adjacent communities. Neighborhood parks should be designed to serve properties designated as low, medium and high density residential in the comprehensive plan. To maintain the overall linkage and pedestrian system of the community, trail connections should be provided to link properties in the low-density residential areas to existing and planned community and neighborhood parks.

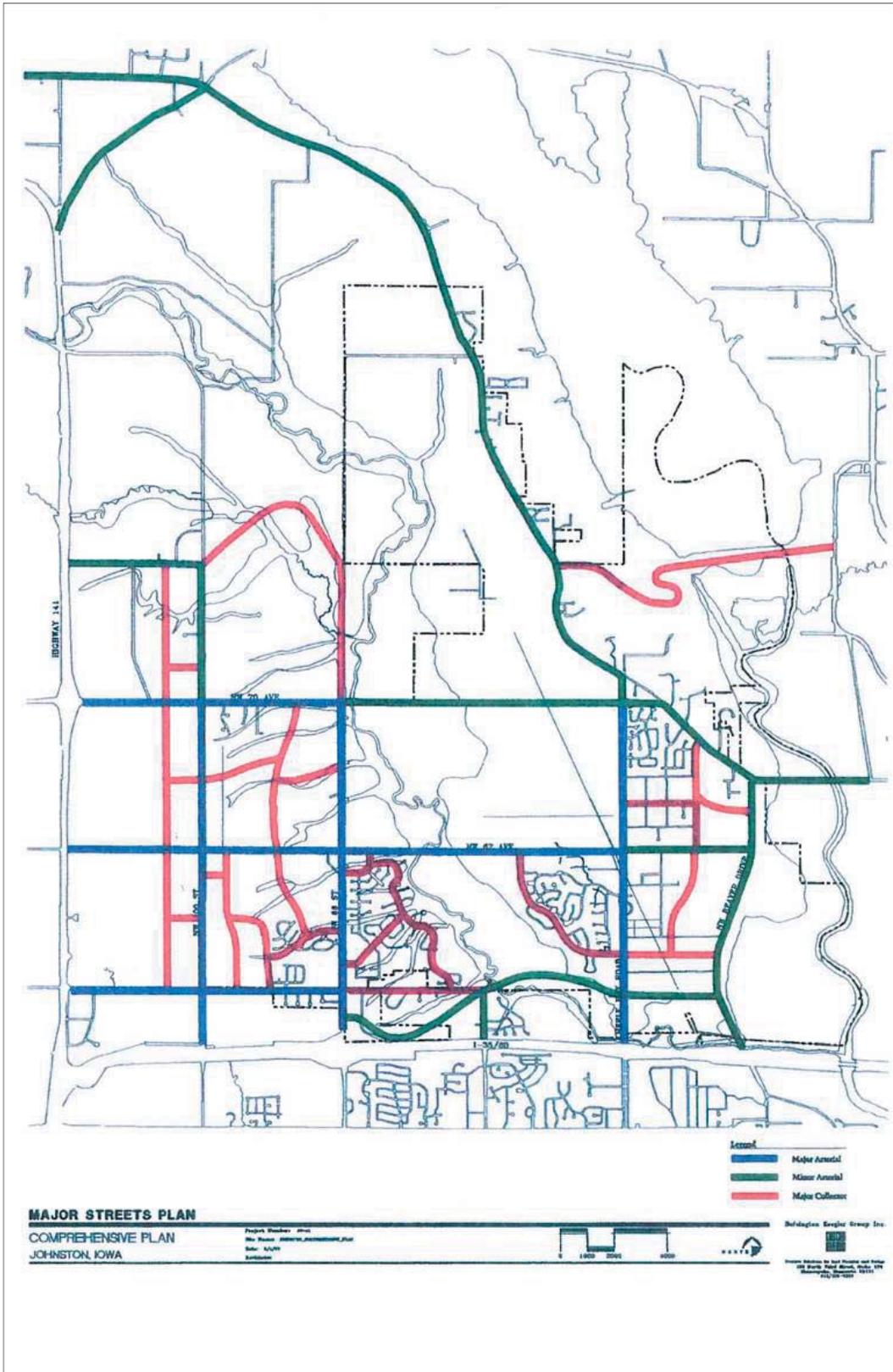
5. Transportation

Johnston’s transportation system is directly linked to the growth and development of the community. As traffic levels build, inadequate access can affect the location decisions of prospective residents, industries and commercial employers.

The Transportation Plan section of the Comprehensive plan designates Merle Hay Road (I-35/80 to NW 70th) as a Major Arterial Road. A subsequent transportation study by Howard R. Green Company (Section E) analyzed growth impacts on the Johnston street system.

Merle Hay Road will always be a very important roadway in Johnston and the community should continue to improve both the function and aesthetics of the roadway. The form of the road and the land uses that lie adjacent to it will continue to impact peoples perceptions of Johnston.

The improvements from Winwood Avenue south need to be extended to north of the NW 62nd Avenue intersection. The upgrading of this segment of the road is consistent with the prominence of the intersection, since it lies in the heart of one of the areas designated as mixed use on the land use plan.



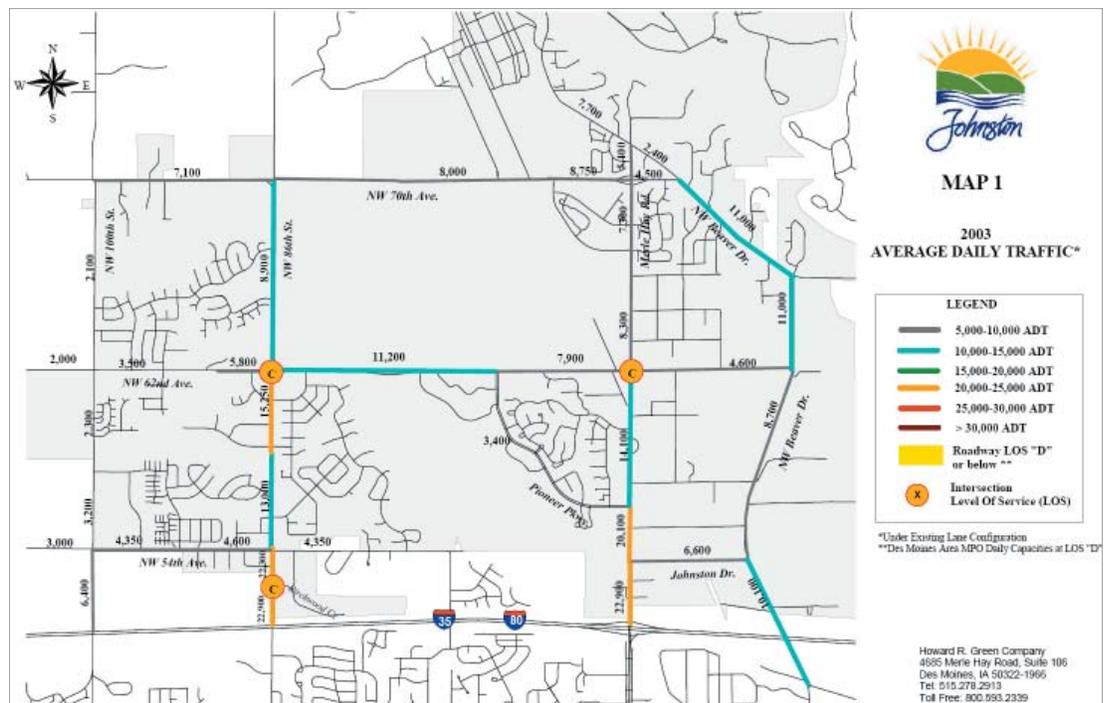
E. TRANSPORTATION STUDY, 2003

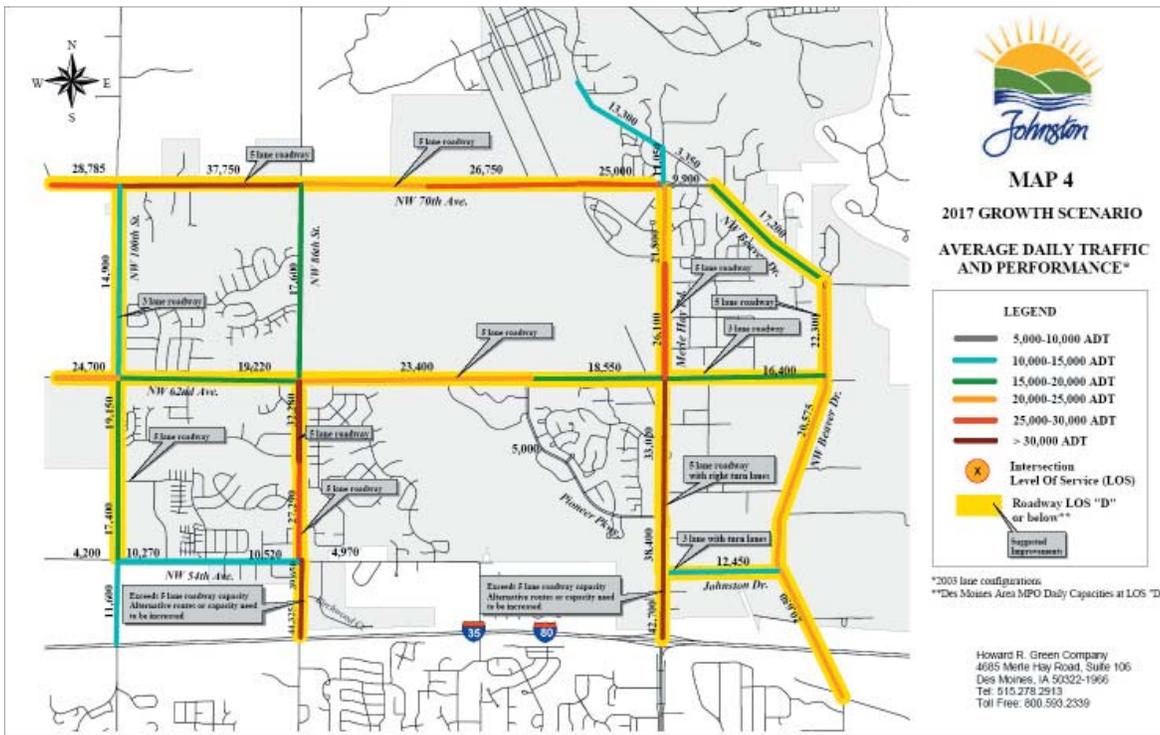
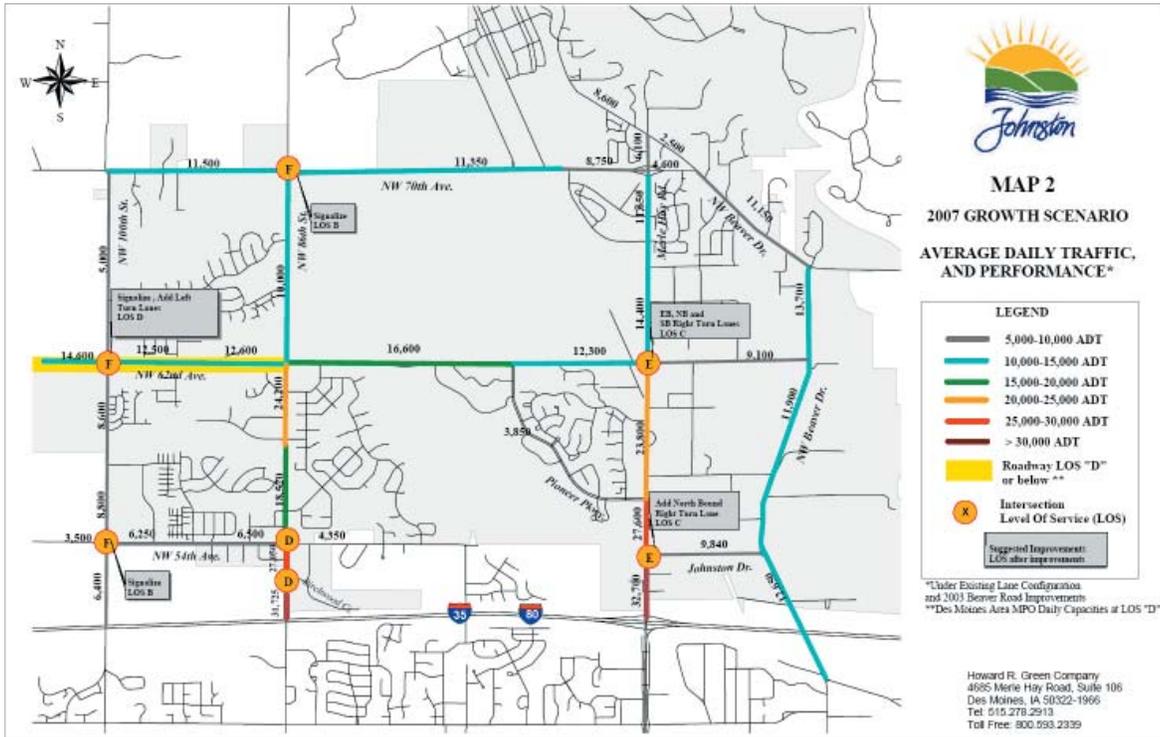
Summary of H. R. Green Study Analysis of Merle Hay Road

In 2003, the City of Johnston engaged Howard R. Green Company to study the impact of planned community growth on the City’s primary road corridors. The traffic analysis was based upon the 2003 Growth Scenario discussed in Section A. of this chapter. Projected traffic volumes were placed on the 2003 existing roadway network, and Level of Service (LOS) was determined for both corridor segments and main intersections in 5-year projected time periods. The conclusions of this study, as related to the Study Area Merle Hay Road corridor, are summarized below.

As indicated by H.R. Green Study Map 1, the existing Merle Hay Road improvements, including the 62nd Street intersection, were capable of handling the then current traffic levels without exceeding accepted traffic congestion levels. Note that within the Des Moines metropolitan area the LOS threshold generally desired is level D or above, which relates to some peak hour congestion but no excessive delays.

Map 2, projecting traffic levels to 2007, indicates that both the 62nd Street and Johnston Drive intersections have exceeded the acceptable congestion level and improvements are recommended. Such improvements typically include channelization, turning lanes, and signalization modifications. Note that in the intervening years since 2003, actual





development levels have exceeded those projected in the 2003 Growth Scenario. Therefore, traffic levels have likely increased more than projected, making these congestion projections somewhat more serious than originally indicated.

The 2012 analysis, assuming no roadway improvements, indicates a further deterioration of the 62nd intersection to level F (gridlock condition). Map 4, the 2017 Growth Scenario, indicates that all of the Merle Hay Road and 62nd corridor will be in need of improvements. Suggested improvements are indicated on the graphic.

Cautions about the LOS System

The Level of Service measure is ultimately a measure of traffic speed. Clearly, LOS is an important measure because the fundamental purpose of streets is to move traffic. However, LOS does not measure other important values, including:

- Neighborhood preservation
- Environmental quality
- Economic vitality and access
- Energy conservation
- Efficient development patterns
- Pedestrian environment

A development pattern that improves LOS, can involve driving longer distances. This ultimately increases the amount of traffic and the total number and length of vehicle trips. Thus, while LOS is a useful tool, it should not be used to the exclusion of other values. The transportation system should serve, rather than dominate, the overall environment.

Although measures to improve LOS, such as widening roadways and adding lanes, can improve the flow of traffic, they can also diminish the quality of the pedestrian environment. These measures can also increase traffic speeds, which can in turn decrease pedestrian safety.

H.R. Green Study implications

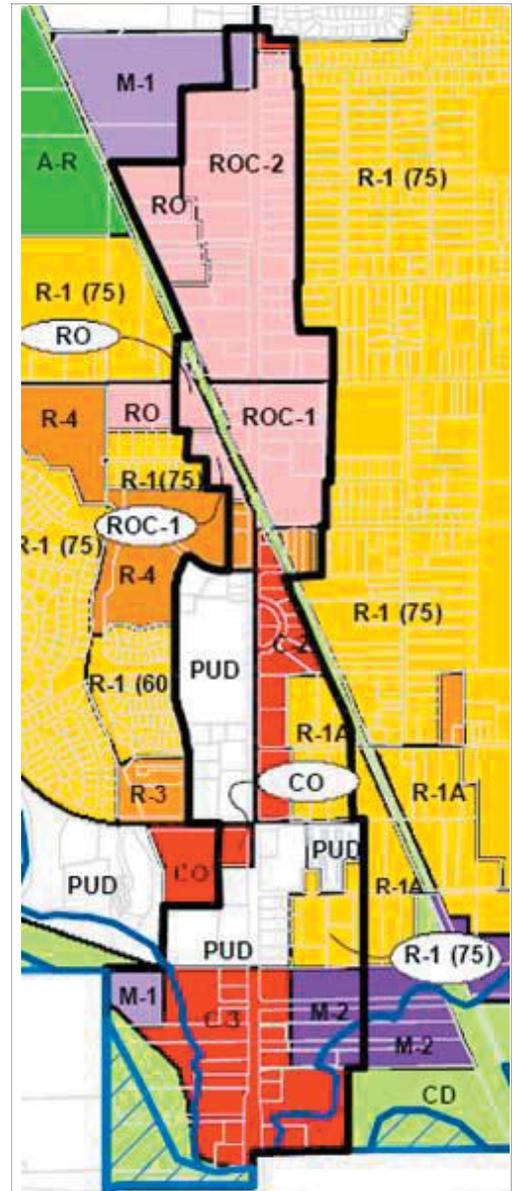
The impacts of the 2003 H.R. Green study recommendations on the Merle Hay Road Redevelopment study are basically three-fold. First, as the community moves forward with redevelopment projects along corridor frontage, adequate road right-of-way must be insured so that needed future roadway improvements can be accommodated. Sec-

ond, access management must be an ongoing consideration with corridor redevelopment. Efforts to develop frontage and rear access road systems linking separate developments, as well as construction of parallel alternative roads, should be considered. Finally, any plans for the improvement of the major community node at NW 62nd and Merle Hay Road must be made incorporating ultimate channelization, lane configuration and right-of-way needs. For this intersection, those needs are sooner rather than later, according to the H.R. Green study.

F. CURRENT ZONING

The figure shows the current zoning along Merle Hay Road. The Zoning designations are as follows;

- C-3: Highway Service Commercial District
- M-2: General Industrial District
- PUD: Planned Unit Development District
- CO: Commercial Office District
- C-2: Community Retail Commercial District
- R-1 (75): Single-Family Residential District
- R-3: Medium Density Multiple Family Residential District
- R-4: High Density Multiple Family Residential District
- RO: Mixed Use Center
- ROC-1: Mixed Use Center
- ROC-2: Mixed Use Center
- M-1: Light Industrial District



The area east and west of Merle Hay Road on the northern part is zoned Mixed Use Center. Farther east and west from the corridor are Low Density, Medium Density and High Density Housing zones. On the South, properties along east/west of Merle Hay Road, are zoned commercial.



Chapter 2

Market Assessment

A. APPROACH

Economic Research Associates (ERA) was engaged by RDG as a subconsultant on the Merle Hay Road Redevelopment Study to conduct a market assessment. There were three main components of their scope:

1. To analyze the residential, office and retail markets and make recommendations as to most appropriate land uses within the Merle Hay Road Mixed Use Center.
2. To provide market information and recommendations relative to the need for public incentives to accomplish the redevelopment projects proposed by this study.
3. To provide information as to reasonable property values to be expected by corridor property owners in the sale of their properties for redevelopment.

In this chapter, a summary of the ERA Report is presented. The full document is included as Appendix II to this study.



The ERA approach to the analysis was to incorporate available data and conduct their own research on the following areas:

- Demographic Context
- Economic Perspectives
- Land Use Context
- Retail Market Analysis
- Office / Industrial Markets

B. DEMOGRAPHICS/RESIDENTIAL MARKET ANALYSIS/IMPLICATIONS

The market assessment was prepared as a part of the initial phase of the study, with the intent that the analysis, conclusions and recommendations would inform the design studio, or charrette, phase in which a specific development concept would be proposed. Toward this end, the ERA assessment focused on those salient aspects of the market that most closely relate to the land use questions posed by the project. The demographic analysis highlighted the following main points regarding Johnston:

- Above average population growth - 9.5% annualized
- Housing unit growth since 2000 - 9.5% annualized
- Growth from 1.2% to 2.7% of MSA Population
- 8,800 new residents since 1990 – Younger families with children
- Growth is fast, albeit from a small base
- 2005 Population: 13,596
- 2030 population estimate of 32,481 residents
- Educational attainment leads region
- Income levels lead region, including West Des Moines



The high growth associated with the recent construction boom is evident. ERA identified the following implications of these growth trends on Merle Hay Road Mixed Use Center planning:

- While over 60% of new homes are single-family, the number of families with children represent only about 40% of households,

- Argues for an increases in the share of higher density owner-occupied units in the community at key locations

- Higher densities would build support for retail development

- While growth is concentrated in younger families with children, baby boom retirements and on-going needs for affordable senior housing must be considered

- New housing projects that provide a level of walkability will see increased interest by buyers.

- Priority considerations include:

- Broadening the array of housing options at higher densities, particularly north of 62nd Street.

- Upper floor residential in the town center area



C. Retail Market Analysis/Implications

The "Pull Factor" is a measure of the relative degree to which a community imports or exports retail dollars. A Pull Factor of 1.0 indicates that a community experiences retail sales at the state-wide average per person level. Pull Factors below 1.0 indicate that a community is below average, while those over 1.0 indicate that the community is drawing retail sales at a rate higher than the state average. As indicated in Chart 1., Johnston's Pull Factors in 2000 and 2006 are both relatively low and also flat as compared to other Des Moines metropolitan communities. This is despite strong population and income growth in the community. Given Johnston's above average incomes, it could be argued that retail sales in the community should be higher. The primary considerations and implications of ERA's retail market assessment include the following:

- Johnston will double in size within 20 years

- Income and educational attainment factors for Johnston are exceptional

- Leakage of retail sales reflects strong destinations in adjacent communities

- JEDCO has identified numerous tracts west of Merle Hay Road for commercial development





- The Merle Hay Road Corridor has limited future residential density potential
- ERA believes there is opportunity for 100,000 to 200,000 sf of new retail space through 2011.
- Retail opportunities should focus on infill sites south of NW 62nd, and higher density residential uses northward.
- In order to capture the retail market potential, the development would need to be a unique community destination. Where can that be located?

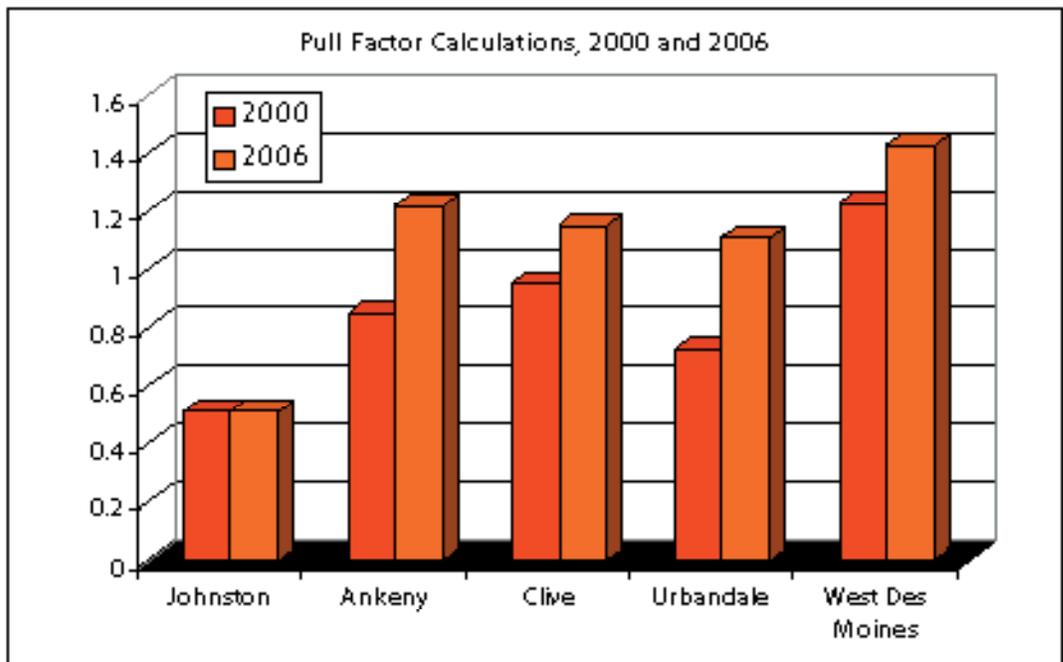


Chart 1: Retail Pull Factors

D. OFFICE MARKET PERSPECTIVES



Since 2000, there has been 2.6 million square feet of new office space constructed in the Des Moines metropolitan area. About 75% of the new inventory has been located in the western suburbs, with Wells Fargo as a key driver. Current overall occupancy is reported to be at 92%. Only a modest share of this inventory has been captured by Johnston and two recent projects, Johnston Station and Windsor Office Park are experiencing slow absorption rates.

Office market implications for the Merle Hay Road Mixed Use Center plan include the following:

- There is significant business park acreage along I-35 in Urbandale
- Additional competition for office space is taking place with Ankeny and, to a lesser extent, Altoona
- Proposed NW 100th Street interchange with I-35 will open up additional acreage, however, not in Johnston
- Office opportunities are limited, as other sites are better positioned



E. PROPERTY VALUATION IMPLICATIONS

ERA conducted a review of recent commercial sales and identified the following key benchmark sales:

- Casey's on Northglenn Drive: 96,000 sf for \$3.15 / sf
- Casey's on NW 100th: 47,428 sf for \$8.49 / sf
- Starbucks – 5340 Merle Hay: 35,191 sf for \$7.81 / sf

Based upon their review of commercial sales, ERA drew the following conclusions related to property valuations along Merle Hay Road:

- Commercial sites South of 62nd
 - values above \$8 per sf correlate with premium lease rates above \$15 per sf and national tenants
- Residential / Mixed Use sites North of 62nd
 - Value correlates with increased residential density
 - R-1 zoned land sells for \$0.80 to \$2 per sf
 - Higher density sites would sell at a relative premium



Chapter 3

Development Goals for the Mixed Use District

Oversight and input into this planning process was achieved through the Merle Hay Road Redevelopment Study Steering Committee's monthly meetings. In order to obtain additional community input on issues concerning the Merle Hay road redevelopment, a series of focus group meetings were conducted. A total of seven meetings were held over a one day period. Each focus group included Merle Hay corridor property owners and various stakeholders representing a wide variety of redevelopment interests. These included design & engineering professionals, City Council and City Staff representatives, corridor businesses owners, community social & cultural organization representatives, community business organizations & economic development representatives, Real estate professionals, developers & builders, financial institutions & lenders, corridor residents and community members.

The dialogue during each meeting was documented and analyzed to identify general trends in the perceptions of participants. The primary issue areas discussed during the meetings included:

- Aesthetics & Character
- Town Center & Johnston Commons



- Land Use & Master Planning
- Vitality & Business Growth
- Transportation

The consensus comments from the Focus Group meetings were summarized in the form of project goals and presented for Steering Committee review. These goals, by Issue Area, are indicated below:

Aesthetics & Character

Goals:

- Install additional streetscape improvements along Merle Hay Road that build upon the themes and materials used at the 86th & NW 62nd Ave. intersection, the NW 62nd Ave. corridor, and the Merle Hay entrance feature at I-35/80.
- The rural/agricultural roots of Johnston should be incorporated into the theme for corridor enhancements.
- Increase the enforcement of existing municipal codes as well as continuous maintenance of the existing infrastructure and streetscape improvements to promote the positive image of Johnston through the corridor.

Town Center & Johnston Commons

Goals:

- Continue creating a Town Center for the community at Johnston Commons by congregating civic assets and services there, including the relocation of City Hall at the proper time.
- Redevelop the intersection of NW 62nd Ave. and Merle Hay Road as a pedestrian friendly commercial node to serve as a unique destination point for the Johnston community as well as a commercial anchor point for the corridor, which functions as Johnston's 'Main Street'.

Land Use & Master Planning

Goals:

- Concentrate residential development north of NW 62nd Ave. and commercial

development south of NW 62nd Ave.; allow for flexibility in type and density of developments, focusing on adherence to design guidelines/regulations rather than narrowly identified land use.

- Develop a master plan for future land use north of NW 62nd Ave. that assembles fractioned properties to form a unified concept for future development; one that will enhance the corridor and increase redevelopment opportunity for individual property owners and encourage them to cooperate in the assembly of land.

Vitality & Business Growth

Goals:

- Encourage the redevelopment of vacant and underutilized properties into 'destination' places for the community; seeking the addition of a vibrant mix of restaurants, retailers, and services that are found in similar destination shopping centers in the metropolitan area.
- Strive to extend the positive image Johnston has as a metro community by expanding upon the Merle Hay Road entrance features & streetscape improvements, quality standards of design, and catalyst quality projects that have developed along the corridor in recent years.

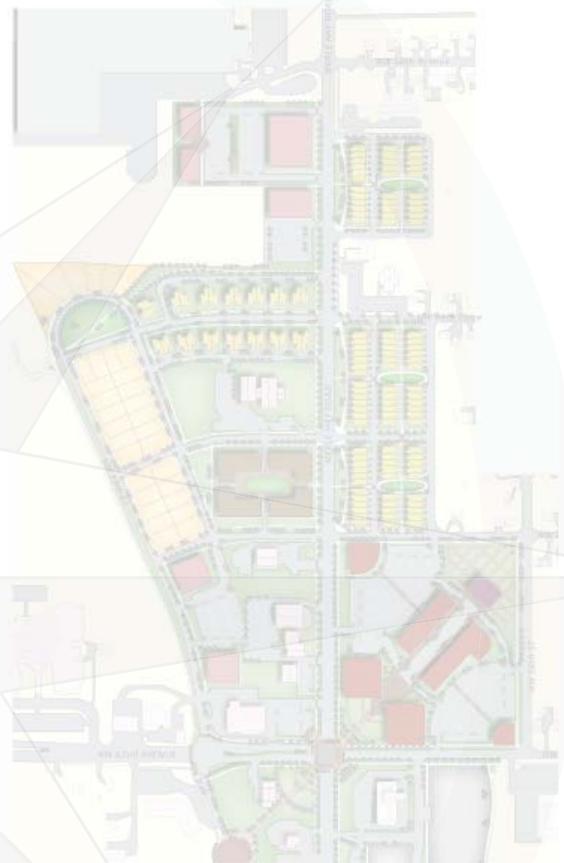
Transportation

Goals:

- Increase the availability and enhance the safety of pedestrian & bicycle movement throughout the corridor; Develop a Schools Campus to Johnston Commons trail connection, continuous sidewalks, regional trail connections and crosswalks across Merle Hay Road to ensure that these elements are included in corridor redevelopment efforts.
- Improve vehicular traffic movements along this major transportation corridor by increasing access management efforts, clearing obstacles that reduce visibility, and better regulating the flow of traffic.

This section outlines the major ideas which surfaced during the focus group meetings. Appendix I of this document contains a detailed transcript of the focus group comments.





Chapter 4

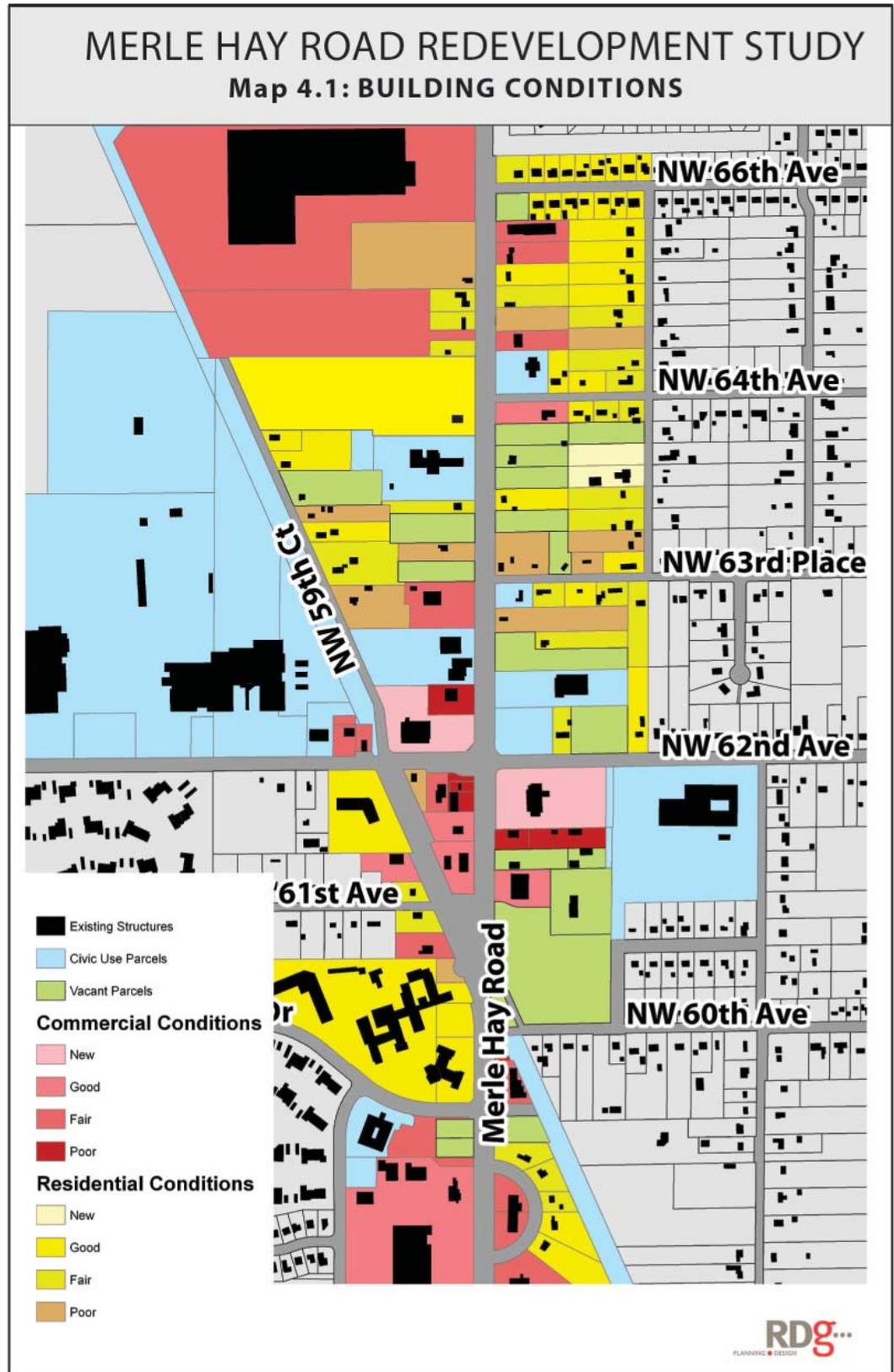
Development Concepts

The earlier chapters of the Merle Hay Road Redevelopment Study discuss existing conditions, market analysis and findings, survey results, focus group themes, and project goals. These analysis and findings form the basis of a comprehensive development vision for the Merle Hay Road Mixed Use Center. This chapter of the plan presents individual project concepts for the redevelopment areas. The projects are grouped together by their location and land use.

In Chapter two, the existing conditions along the entire Merle Hay Corridor were discussed. Here, we will focus on Building Conditions and Property Ownerships in the Mixed Use Center portion of the corridor, specifically between the NW 62nd and NW 66th Avenues. These detailed studies are an important aspect of determining the Potential Redevelopment Sites along the corridor.

A. EXISTING BUILDING CONDITIONS

This section looks at the existing building conditions along the Merle Hay Road with focus on the area between NW 62nd Ave to NW 66th Ave. Map 4.1 shows the building conditions along the Merle Hay Road and



categorizes the condition as new, good, fair and poor. As shown in the map, residential buildings represent the range of conditions, with existing homes in good, fair and poor condition. The buildings reflect, to a varying degree, the disinvestment that comes with location along a busy corridor and resultant reuse potential. Commercial buildings, though fewer in number, reflect a similar range of conditions.

B. PROPERTY OWNERSHIP

The existing condition study also looked at the Property Ownership along the Merle Hay Road which is presented in Map 4.2. The map shows properties under common ownership in single colors along the Merle Hay Road between the NW 62nd Ave to NW 66th Ave. For example, the properties colored in light green represent common ownership. Similarly, properties colored violet depicts common ownership owned by Maurices. If we look at the properties along the corridor between the NW 63rd Place and NW 64th Place, we see that except for one single property, two property owners own all of the parcels along that east block face. Other than the example cited, the project area is characterized by single, separate property ownership. In fact, the project area as outlined on Map 4.2 indicates some forty separate property ownerships.

C. POTENTIAL REDEVELOPMENT SITES

The following factors were considered in determining appropriate redevelopment parcels within the Merle Hay Road Mixed Use Center:

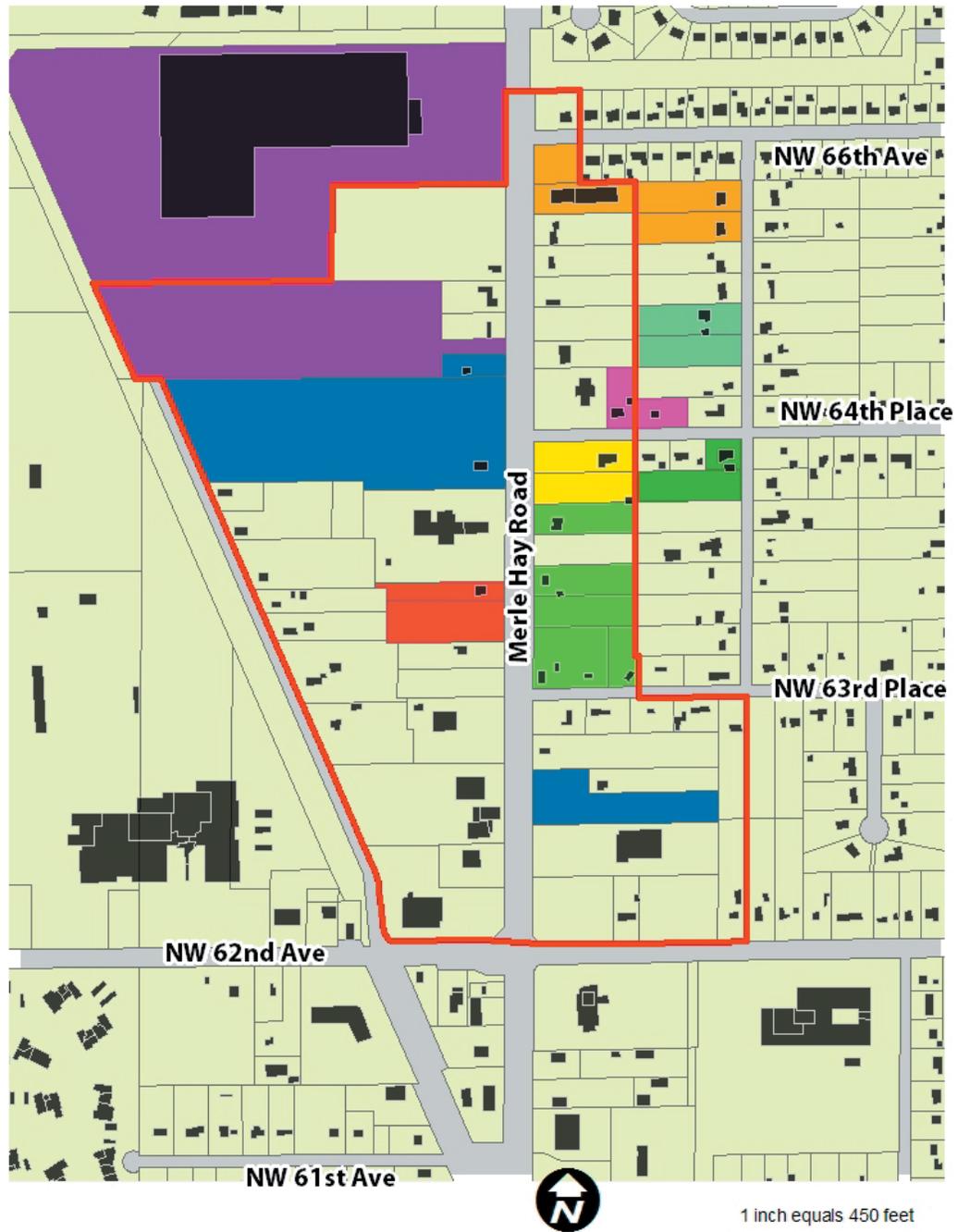
- A. Building Conditions
- B. Contiguous property ownerships
- C. Retention of existing church and civic buildings. City hall is excluded from this group as indications are that the existing building will likely be demolished in the near future.
- D. Retention of existing viable commercial development
- E. Redevelopment of existing single family dwellings to a highest and best use

Applying these factors, redevelopment sites are recommended as indicated in Map 4.3. These separate parcels begin to suggest an organization of land uses along the Merle Hay Road and NW 59th Ct.



MERLE HAY ROAD REDEVELOPMENT STUDY

Map 4.2: PROPERTIES UNDER COMMON OWNERSHIP



MERLE HAY ROAD REDEVELOPMENT STUDY

Map 4.3: POTENTIAL REDEVELOPMENT SITES



DEVELOPMENT CONCEPTS

This section presents the recommended redevelopment concepts for the Merle Hay Road, based on the identified redevelopment parcels and land use recommendations from previous plan sections. These concepts present Commercial and Residential Developments, Intersection Improvements, Street Plans and Streetscapes. There are six major development concept areas:

- I. Mixed Use Center
- II. Merle Hay Road and 62nd Ave Intersection Improvements
- III. Merle Hay Road Pedestrian Bridge
- IV. Merle Hay Road South Gateway and Streetscape Improvements
- V. East side of MHR, South of 62nd Avenue
- VI. Merle Hay Road and Johnston Drive Site

The Redevelopment Areas for the Merle Hay Road, with land use categories, are presented in Map 4.4. Map 4.5 identifies plan components with more specific land use indications. Note that Map 4.5 represents ONE EXAMPLE of how the district could develop within the general land use categories.

I. MIXED USE CENTER

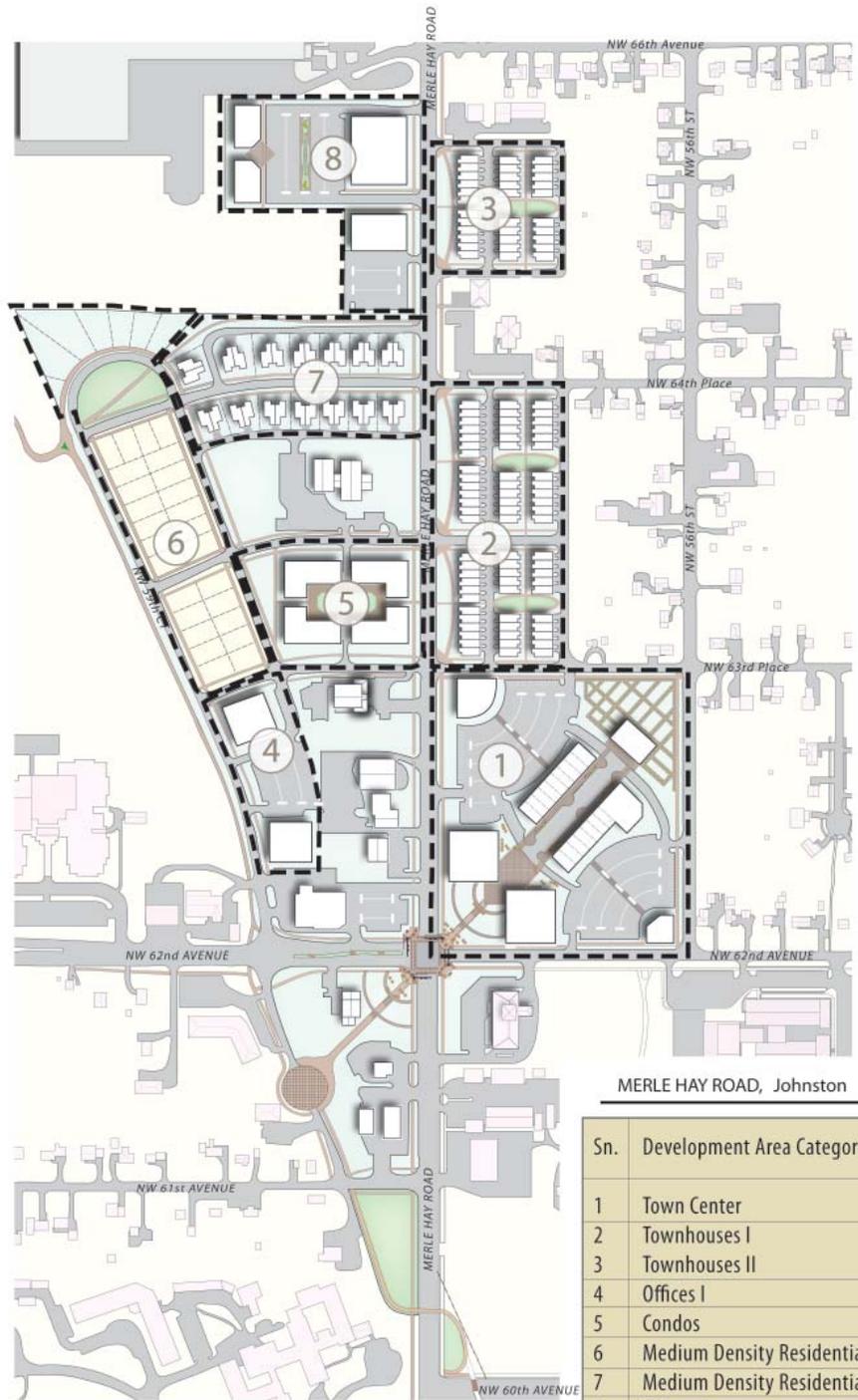
This Section of the Plan presents the development concept proposed for the Merle Hay Road Mixed Use Center. The section establishes a framework for the mixed use development and categorizes the projects within the area in terms of location and use. Illustrations are made with diagrams, pictures and drawings to describe the redevelopment concepts. The plan components include;

- A. Street Plan
- B. Town Center
- C. West Side of MHR, South of 63rd Place
- D. West side of MHR, South of St. Paul's
- E. North of 63rd Place, East side of 59th Ct.
- F. West side of MHR along 64th Ave



MERLE HAY ROAD MIXED USE CENTER

Map 4.4: REDEVELOPMENT AREAS



MERLE HAY ROAD, Johnston

Sn.	Development Area Category
1	Town Center
2	Townhouses I
3	Townhouses II
4	Offices I
5	Condos
6	Medium Density Residential I
7	Medium Density Residential II
8	Offices II



MERLE HAY ROAD MIXED USE CENTER

Map 4.5: PLAN COMPONENTS



G. Lots in front of Maurice’s, west side of MHR

H. East side of MHR, North of 63rd Place

The Plan Components for the Mixed Use Center are presented in Map 4.5. The map depicts the different plan components by proposed land use. Each focus area is described in detail below.

A. Street Plan

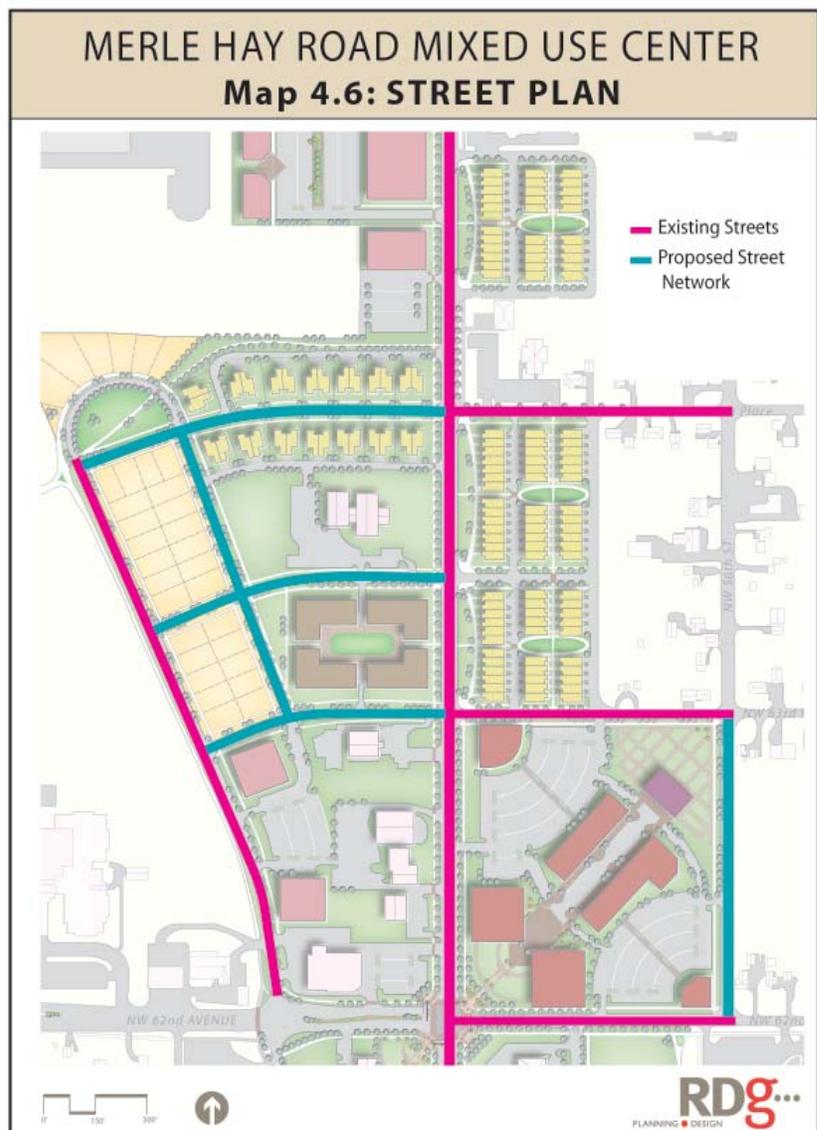
While individual redevelopment uses may have some variability, the extension of a street network between NW 59th Court and Merle Hay Road is considered a fundamentally important component of the Mixed Use Center. This street network is designed to “open up” the area for redevelopment, create logical development parcels with good accessibility for both vehicles and pedestrians and present options for linking the school complex west of 59th to Merle Hay Road. The Street plan development involves:

- Continuation of the east/west grid for NW 63rd Place and NW 64th Place.
- Perpendicular intersections with NW 59th Ct.,
- Relocate 59th Ct. slightly to east, using the west part of the existing surface as a trail

Map 4.6, Street Plan, depicts the streets that should be extended to the west of Merle Hay Road.

These extended streets will serve the new developments as well as connect the existing uses, forming a functional street grid.

Map 4.6: Proposed Street Network as extension of existing streets east of Merle Hay Road





Picture: An example of pedestrian oriented town center

B. Town Center

This feature of the plan presents the concept for developing a Town Center along Merle Hay Road between NW 62nd Avenue and NW 63rd Place. The Town Center is an important project to implement as it has the potential to be the space that creates an identity for the city. The idea here is to create a destination point for Johnston, attract customers and retailers and promote commercial and retail activities along Merle Hay Road. The town center is envisioned as the city’s image center, a visually attractive place filled with activities, a place people go to and enjoy and participate in different activities. Another important aspect of the concept is to develop a stronger connection between the town center and the surrounding area and overall corridor. This development involves:

- . 20-25,000 sq.ft. “Junior Anchors” at intersection
- . “Main Street” shops, with diagonal parking = 44,000 sq.ft.
- . Space for Museum, or other public/private use: 9,000 sq.ft. Single-story foot print

Picture: Proposed Town Center Plan, Views of Town Center



- Junior Anchors + Main Street Shops = 80-85,000 sq.ft
- Corner Commercial = 6,000 – 12,000 sq.ft.
- Total Site Development = around 110,000 sq.ft.

The pictures above show the concept for the Town Center. The Junior anchor buildings flank and define an open space system beginning at the corner of Merle Hay Road and 62nd Avenue. The parking is not visible from the intersection, creating a strong pedestrian amenity at the key 62nd street node. Behind these buildings is a more formal plaza. The plaza is envisioned for outdoor dining and other outdoor activities. The set of mall shops or strip shops is planned to give the area the feel of a main street. The street is open to traffic and has diagonal parking. Two main parking areas are quarter-circle in configuration and locate most parking spots closer to the destination. Parking areas are interlinked with drives and strong pedestrian amenities.



Picture: Existing Site Condition

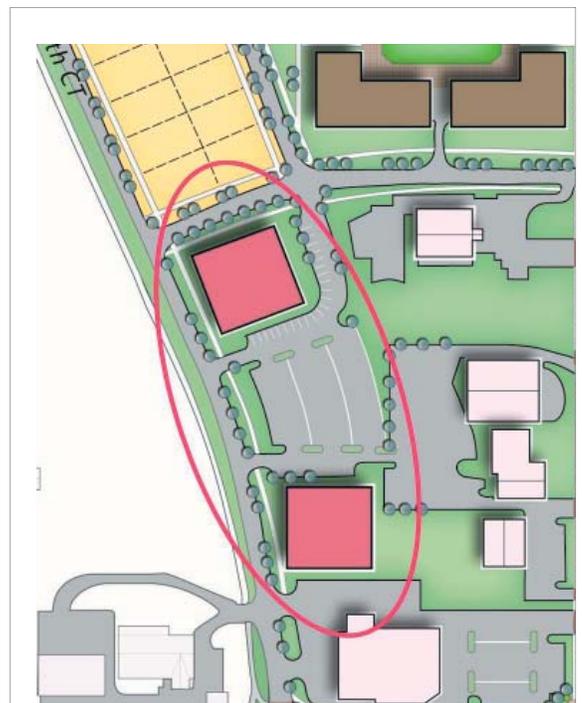
The corner commercial buildings provide locations for coffee shops or restaurants at the plaza level. The emphasis is placed on creating a pedestrian oriented space with sidewalks all around and pedestrian walkways connecting the commercial and retail stores. The space allocated for the Museum could also be a potential site for development of a new Johnston City Hall.

Picture: Proposed office use west of Merle Hay and South of 63rd Place

C. West of Merle Hay Road, South of 63rd Place

This component of the Mixed Use Center proposes offices west of Merle Hay Road and South of 63rd Place (extended). This site is best suited for Office use as it is located at the rear of existing commercial uses on Merle Hay Road. 63rd Place then becomes the transition point from commercial to residential land use. This development involves:

- Two Office Buildings, 12,000 - 15,000 sq.ft. each
- Parking in middle, to retain pedestrian character along NW 59th Ct.



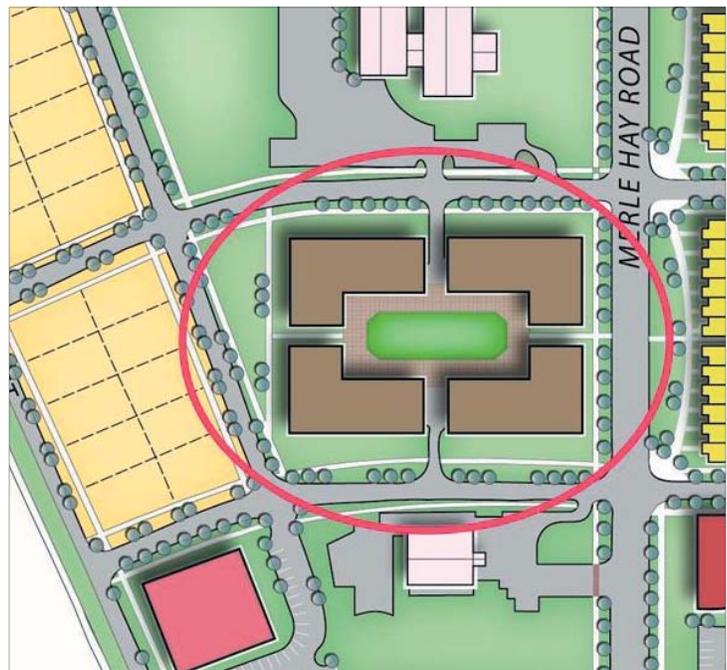
D. West of Merle Hay Road, South of St. Paul's

This component of the Mixed Use Center proposes developing Condo Apartments on the west side of Merle Hay Road and South of St. Paul's church. This site is best suited for residential use, especially for high density housing such as Condo, which are becoming very popular in the market among retirees as well as young couples and first time home buyers. The development involves;

- 84 units with underground parking
- Underground Parking is a half-level down from grade
- Buildings are oriented around a central park area
- The site is about 3.4 acres with density of 25 units per acre
- Proposed street pattern creates a triangular open space (west of buildings) as a site amenity



Picture: High Density Housing Plan west of Merle Hay Road & South of St. Paul's church; View of Condos



E. North of 63rd Place, East side of 59th Ct.

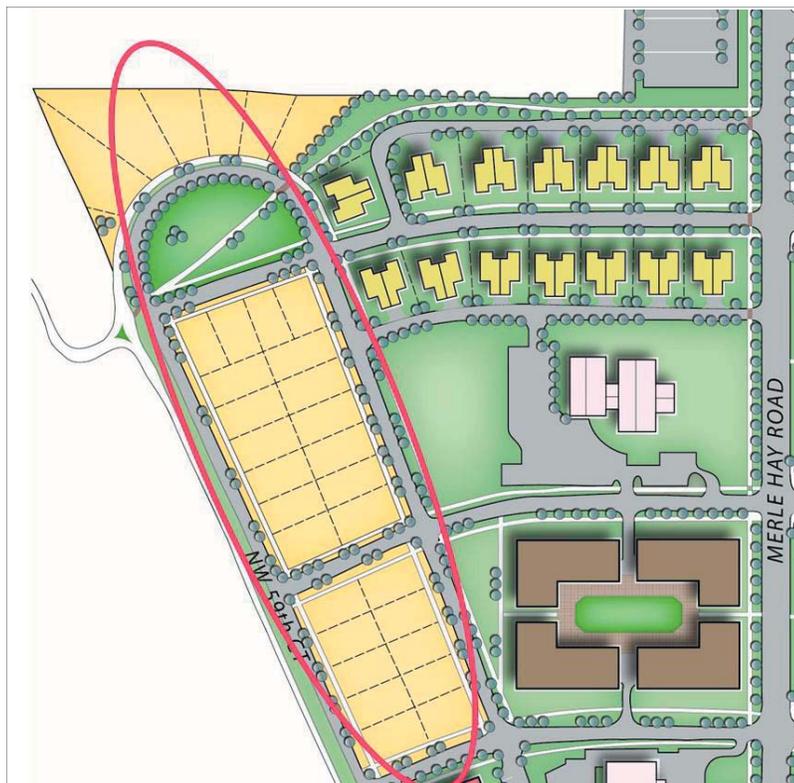
This site is designated for medium density residential housing, especially suited for Single Family Lots. The lots are set back in the quieter area, west of Merle Hay Road. With convenient access to the Town Center and other commercial and retail activities along Merle Hay Road, these housing options are intended to attract young families and empty

nesters. With the pedestrian oriented design and its setback from the busy Merle Hay Road, this location may also attract families with children. The provision of a mini park within the development area is an additional advantage as it provides open space and play area for children. The development involves:

- 32 Single Family Lots
- Moderate sized lots: 60'X110'
- Affordable detached homes
- Crescent Mini Park with lots facing park
- Space west of St. Paul's could be for future church expansion or additional Single family lots

This development concept is also flexible in terms of housing options, within the medium density category of residential use. The lots shown could be bi-attached homes or even town homes, according to the dictates of the housing market. However, it is recommended that the development implement and maintain the street system and the circulation pattern as designed in the Development Concept.

Picture: Proposed Single Family Lots; Some examples of character of Single Family Houses



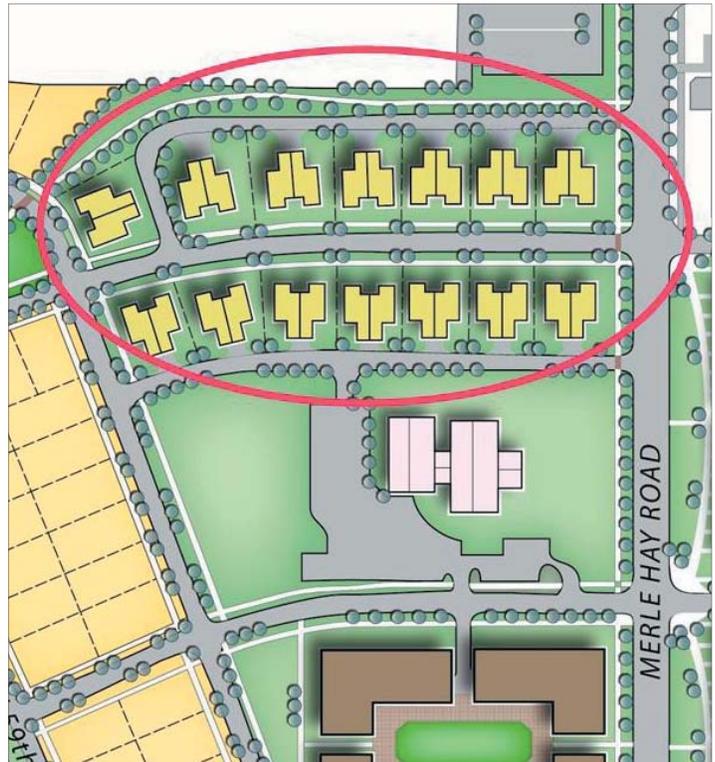


Picture: Proposed Bi-attached Homes west of Merle Hay Road; A view of the Bi-attached homes; Example of character of Bi-attached houses

F. West Side of Merle Hay Road along 64th Avenue

This site is proposed for development as medium density residential with opportunities for Bi-attached housing. The idea here is to provide a variety of housing options to the buyers in Johnston. The flexibility of the plan provides for developing the area as Bi-attached Units or townhomes. The development involves:

- . Ownership Housing
- . Option for townhomes
- . 45 ft. wide lots (bi-attached)
- . 64th Avenue terminates in a small park area
- . Single Family lots shown around the crescent park could be additional bi-attached or townhomes
- . Trail crosses the park and then extends to Merle Hay through the buffer area adjacent to Maurices.
- . Units are proposed to be back loaded (alleys).
- . Traditional street front appearance is intended with porches and trees.



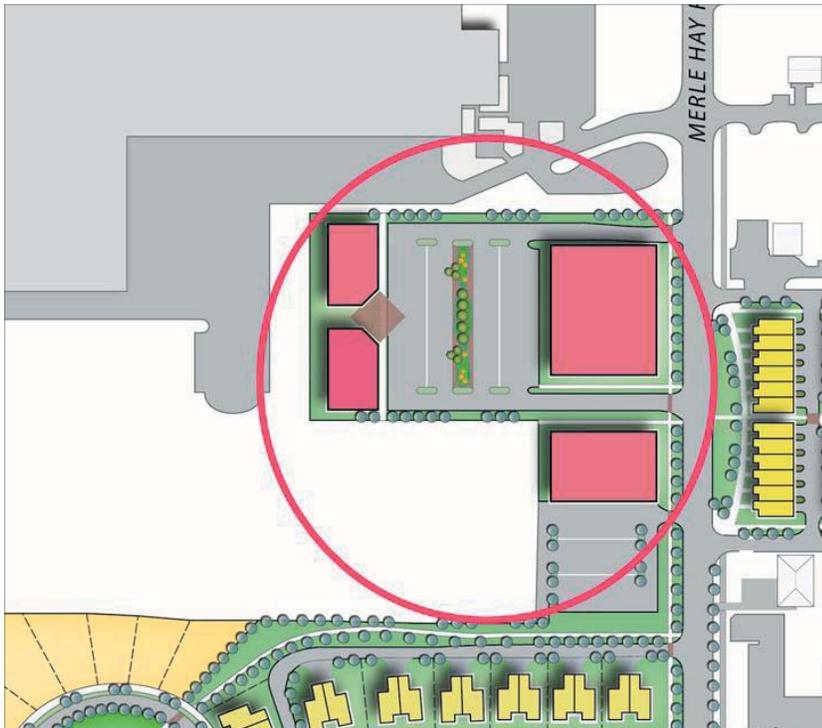
If alleys are used as proposed, an option would be to widen one of the front sidewalk as the trail. Front loaded, bi-attached or townhomes would result in too many driveway interruptions for a trail to cross.

G. Lots in front of Maurice's, west side of Merle Hay Road

This site is proposed for development as a small office/business park. This is a difficult piece of property, adjacent to an Industrial/Warehouse use. This site provides a good location for small scale office use which will be compatible to the existing Maurice's warehouse.

Some major factors of this development are:

- Develop in a way that defines the streets with parking on side or back
- Hide parking with location and buffering
- Ensure a residentially compatible use
- Small building along Merle Hay Road: 14,000 sq.ft.; Large building: 32,000 sq.ft. and two smaller buildings: 10,000 sq.ft. each
- Total development around 66,000 sq.ft.
- Bio-swale to handle storm water on Northern site

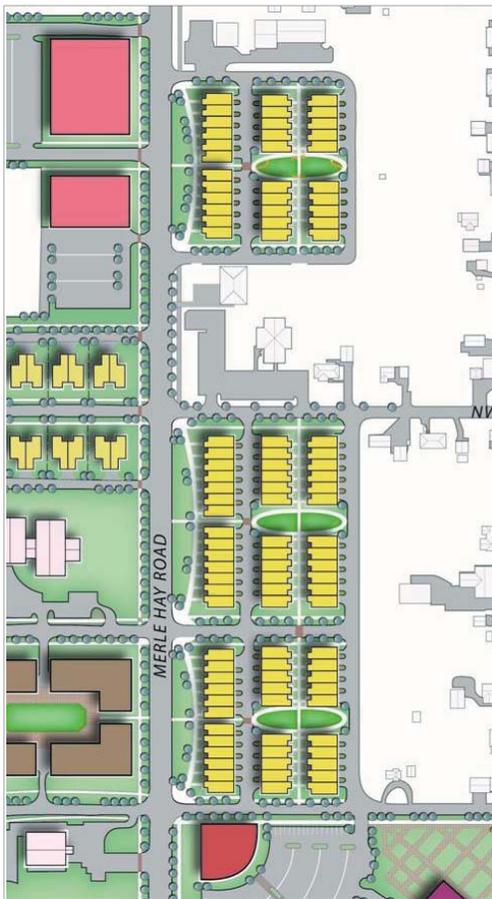


Picture: Proposed office/business in front of Maurice's warehouse; A view of the proposed office/business



H. East side of Merle Hay Road, North of 63rd Place

This site is planned for townhome development, as it provides an ideal location for this housing type. With ample green space, proximity to the library and Johnston Commons and activities in the Town Center, these townhomes should be attractive to home buyers. The townhomes can be built incrementally in Phases. The buildings are set back from Merle Hay Road, creating crescent green spaces along the east side of Merle Hay Road.



Picture: Proposed Townhouses along east side of Merle Hay Road; Views of Townhouses

Some major factors of this development are;

- .96 units; 10-12 units/acre
- Units can be built incrementally
- Corner lot commercial/office option
- Along MHR, crescent-shaped park area



Picture: Brownstones Townhouses at the Johnston Commons

- All units car access from rear and have small private yards
- Between buildings (north/south): Common Garden Walk
- Garden Walks terminate in formal open space

The Crescent open space in front would be a heavily landscaped area which will serve as buffer to the townhouses from Merle Hay Road. Small private yards function as urban gardens for each unit. The formal open spaces between the buildings have elliptical sidewalks. This will be a high density residential project with about 10-12 units per acre.

This plan also provides an alternative to develop a small commercial use at the corner module. Small office or commercial services would be an acceptable use on the corners. The end area could be replaced with commercial or office use by replacing that module with commercial and parking (see illustration). The intent is to limit commercial so that the majority of frontage is residential, to avoid strip commercialization of the Merle Hay Road.



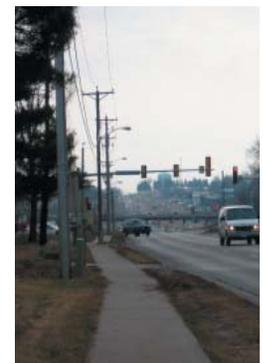
II. MERLE HAY ROAD AND 62ND INTERSECTION IMPROVEMENT

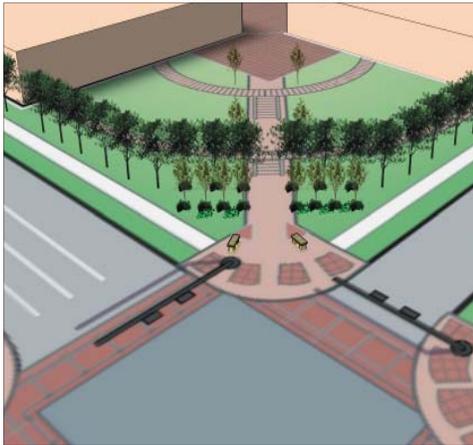
The development plan for Merle Hay Road and 62nd Ave Intersection focuses on providing pedestrian amenities at the intersection. The diagonal established by the town center is carried across the street to create a smaller plaza/public space on the southwest corner. This space would serve as an outdoor recreational area, outdoor amphitheater or space for public activities.

The diagonal walkway extends to a circle at the 59th Ct., which creates a node for the regional trail linking from the southeast through this area and north along 59th Ct. The Intersection Improvement involves creating easier pedestrian crossings and corner improvements for Walgreens and the Bank.

The plan also includes installing features like stone monuments with tiled bricks depicting Johnston's historical themes (like those in the 86th street) at the Walgreens and bank corners and benches and landscaping for all four corners.

Picture: Example of the character of townhouses with private green space; Corner Commercial Alternative Illustration





Picture: Proposed Intersection Improvement at Merle Hay Rd. and 62nd Avenue; Views of the Intersection



Picture: Existing Condition at Merle Hay Road and 62nd Ave. Intersection

III. MERLE HAY ROAD PEDESTRIAN BRIDGE

A central concept of the Merle Hay Road Redevelopment Study is to improve pedestrian access by providing pedestrian amenities along Merle Hay Road. Many of the plan components, such as the town center discussed earlier, focus on pedestrian-oriented design. To emphasize the pedestrian access and to create a much easier pedestrian crossing of Merle Hay Road, a major trail overpass bridge is proposed at the two triangular pieces of public area created by an old inter-urban rail right-of-way.

The main features of this component are;

- Ramp areas built on the two triangular pieces of public property
- Links current trail to 62nd intersection, school, and Johnston Commons
- Would be a well designed “sculptural” structure
- Will function as a “Signature” feature for Johnston

The figure shows the bridge crossing over Merle Hay Road and its connection to the surrounding trail system. One good example of this bridge concept is the pedestrian bridge on Dodge Street at 50th street in Omaha, Nebraska. The bridge, as shown in picture, is a simple, elegant structure with great functionality.



Picture: proposed Pedestrian Bridge at Merle hay Road; Example of similar pedestrian overpass at Dodge Street, Omaha.

IV. MERLE HAY ROAD SOUTH GATEWAY AND STREETScape IMPROVEMENTS

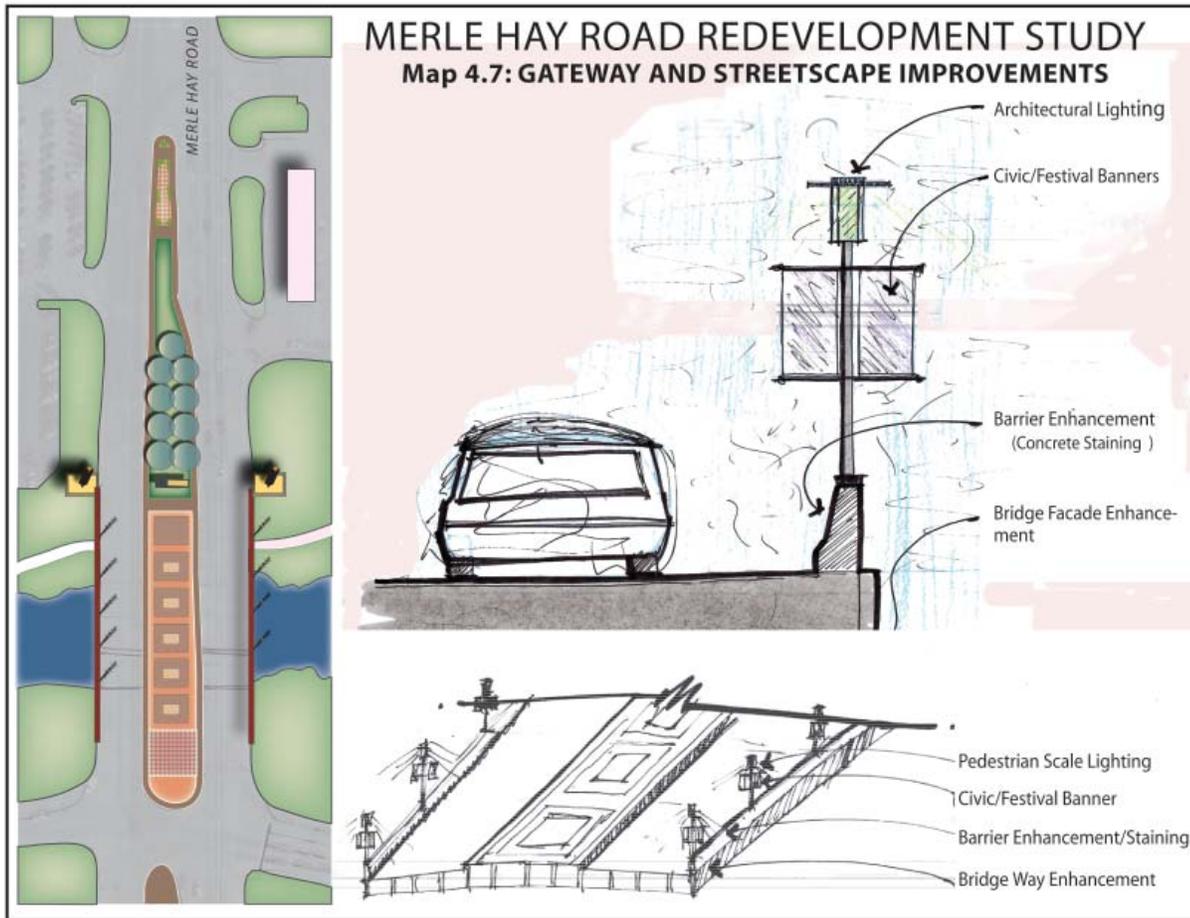
This section presents a brief summary of the proposed conceptual enhancements to the south gateway/bridge entrance to the Merle Hay Road. Improvements to the south entrance or gateway of the Merle Hay Road Corridor should enhance the existing monument sign, concrete pavers, and plant materials and provide a sense of arrival into the

Johnston Community. Potential enhancements to this gateway area could include the following:

- Integral color concrete or concrete paver banding through the roadway pavement, aligned with the established pattern of concrete pavers in the median island. This incorporation of an alternating color and/or texture on the ground-plane will provide a sense of arrival, encourage vehicular traffic to slow through the gateway area improving safety and increasing the visibility of surrounding businesses.
- Concrete color staining of the existing jersey barrier edge of the bridge will provide a color contrast between other surrounding concrete surfaces and create a sense of place for vehicles passing through the gateway into the Merle Hay Road Corridor.
- Vertical elements incorporated onto the jersey barrier edges of either side of the bridge that would align with the pavement banding through the roadway will provide an experience of passing through the space, rather than simply passing over a bridge. Potential vertical elements incorporated onto the jersey barriers could include architectural pedestrian scale lighting, community banners and/or community branding on vertical standards, or fabricated light columns with community specific lens template that provide a unique artistic element to the gateway experience.
- Monumental gateway features on either side of Merle Hay Road aligned with the existing monument sign will provide a sense of arrival to the Johnston Community for the north bound traffic and a sense of departure from the Community for the southbound traffic. These gateway features will need to be monumental in size and presence to accomplish the desirable sense of community markers and should echo materials and details of the existing monument sign.
- Although pedestrian access is not currently provided along Merle Hay Road through this gateway area, connectivity of the trail which underpasses the current bridge and the north and south sides of the gateway area should be thoughtfully considered during the gateway enhancement design process. Providing pedestrians the opportunity to engage these enhancements will increase the awareness of the Johnston Community and become an identifying feature for the Merle Hay Road Corridor.

These proposed enhancements to the south gateway/bridge entrance to the Merle Hay Road Corridor will provide the City of Johnston with a sense of place, arrival experience, and unique community identifier. It is recommended that the City retain the services of a design professional experienced in transportation and streetscape aesthetics and enhancements to aid in developing these gateway elements.

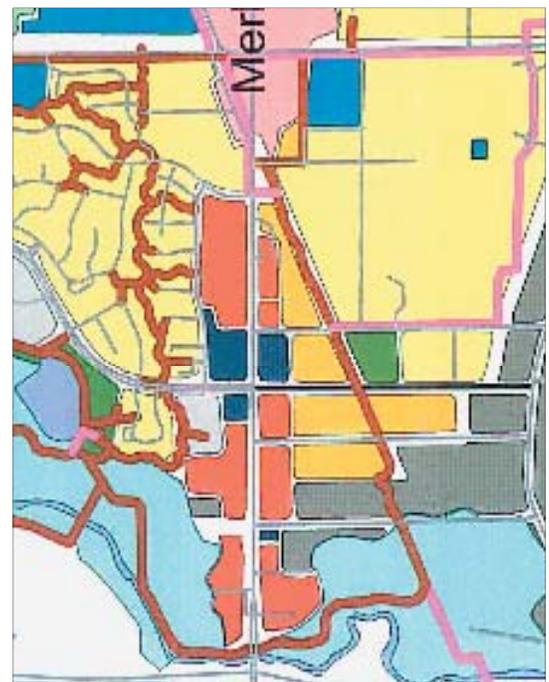




V. EAST SIDE OF MERLE HAY ROAD, SOUTH OF 62ND AVENUE.

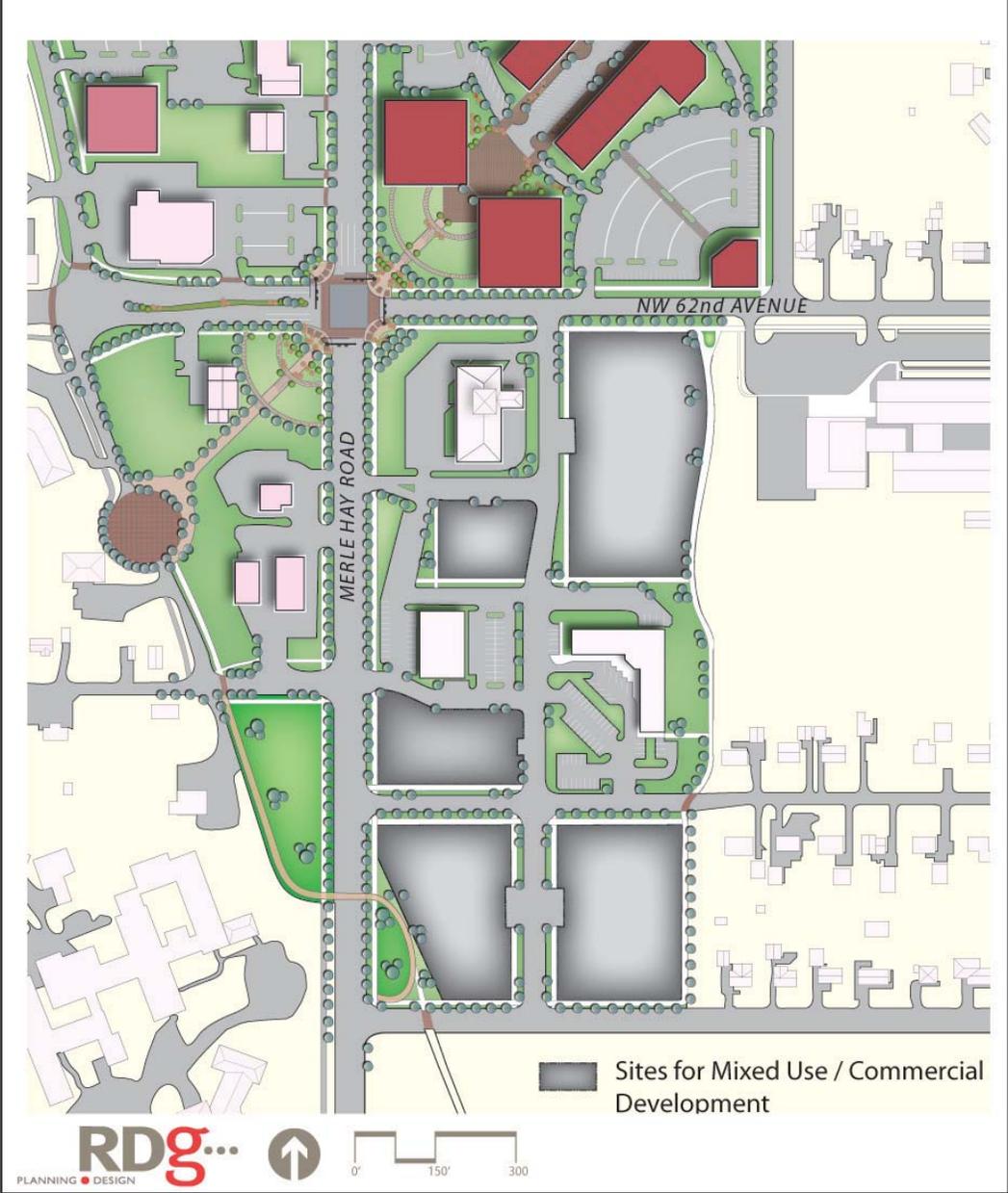
This section focuses on the connectivity throughout the site as well as maintaining connection to and from the surrounding area and existing streets. The development concept works with existing/approved sites and buildings as well as the existing access points to Merle Hay Road and 62nd Avenue. The concept also incorporates the development plan for the Child Day-care Center within the site and develops possible opportunities for single and multi-story commercial uses.

As shown in Map 4.8, the potential development sites are drawn in grey. The recreational trail on the east edge would be further enhanced by providing a greenway buffer between proposed



MERLE HAY ROAD REDEVELOPMENT STUDY

Map 4.8: EAST OF MERLE HAY ROAD & SOUTH OF 62nd AVENUE



commercial development and the single-family homes and elementary school to the east. The provision of sidewalks and trails around the site enhances the pedestrian accommodations and reflects a similar pedestrian emphasis as in the Town Center.

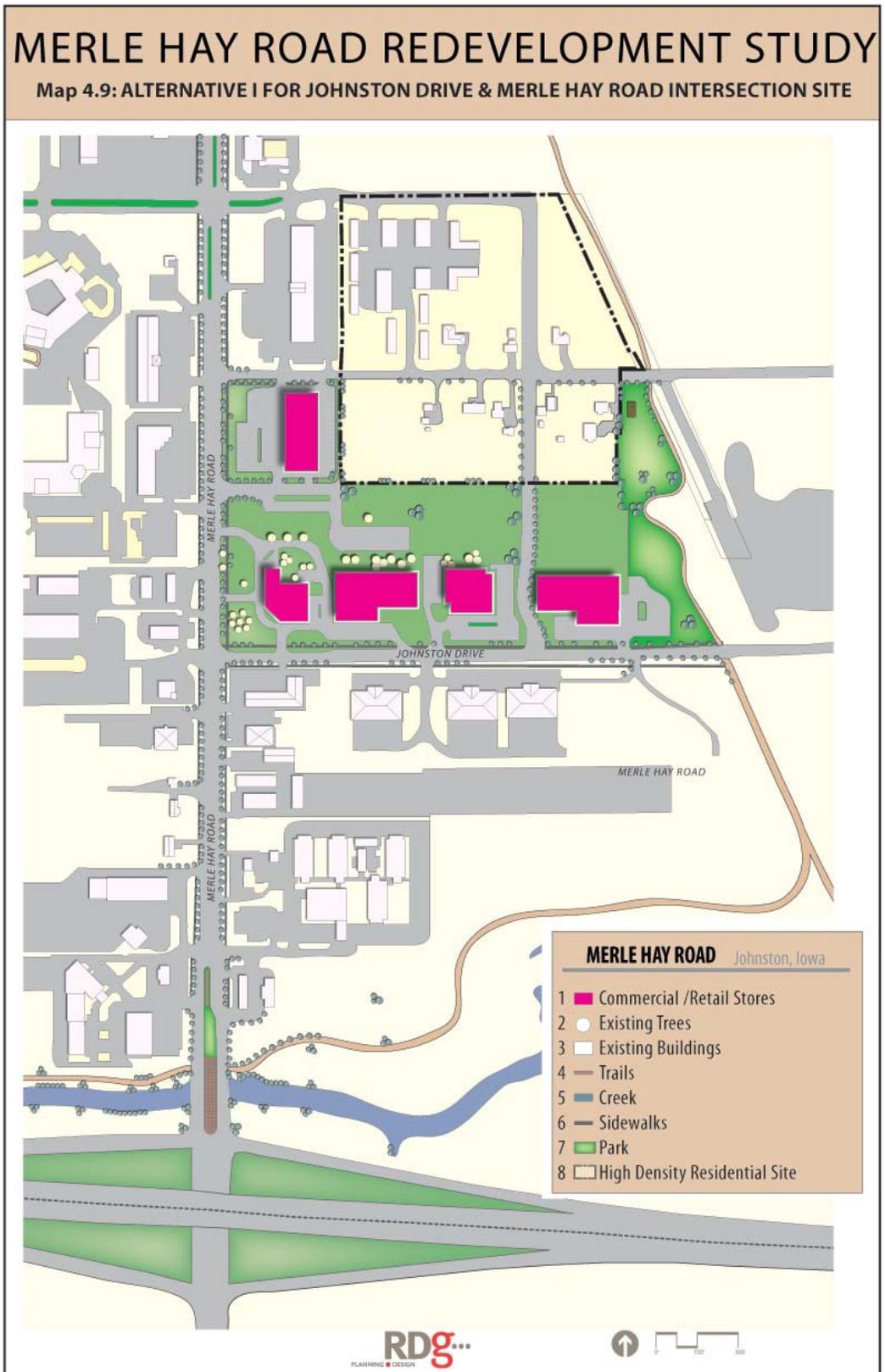
VI. MERLE HAY ROAD AND JOHNSTON DRIVE

The concept for this site focuses on the development of currently vacant land east of Merle Hay and north of Johnston Drive. The Comprehensive Plan indicates the frontage of this property along Merle Hay Road as Commercial, with the remainder of the property to the east as Industrial. The northern half of the block, as well as the entire triangular-shaped area to the north between the Merle Hay Road commercial frontage and the abandoned railroad corridor, is shown as High Density Residential. Consistent with this land use plan, the Trident Townhomes were developed south of Pioneer Parkway.

The proposed development concepts for this land, therefore, propose high-quality business park land use along Johnston Drive, consistent with the existing land use to the south. At the same time, the concepts propose a new north/south street connecting Pioneer Parkway to Johnston Drive, to open up the High Density residential area for further development as townhomes or perhaps condos or small apartments.

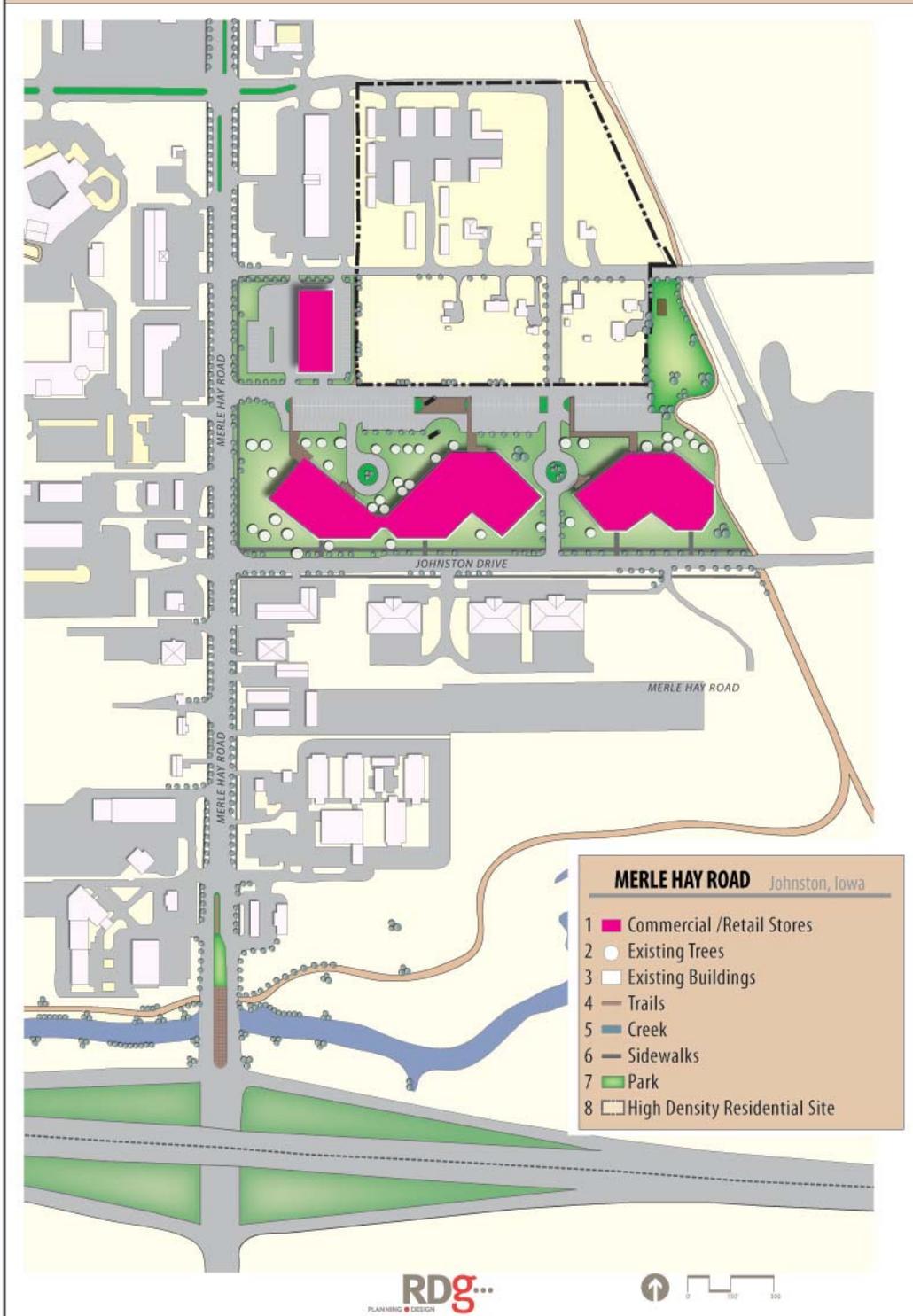
The development of this site is quite challenging because of the existing “heritage” trees identified under the city’s Tree Protection and Conservation Ordinance (City Code, Chapter 157). Another challenge is the power lines under which land cannot be used for siting buildings and can only be utilized as parking areas. Two site development alternatives are presented. In both concepts, the intention is to preserve as many heritage and other mature trees as possible and enhance the trail corridor to the east.

Alternative I, Map 4.9, focuses on developing retail at the intersection and transition to offices and warehouses to the east. Parking is provided in the front and side. Alternative II, Map 4.10 focuses on preserving the maximum number of significant trees with diagonal front yards and building facades. It also utilizes the area under the power lines for parking purposes. Entrance to buildings are placed such that they are near to parking areas. The proposed use is high quality Research and Development Centers or Corporate offices.



MERLE HAY ROAD REDEVELOPMENT STUDY

Map 4.10: ALTERNATIVE II FOR JOHNSTON DRIVE & MERLE HAY ROAD INTERSECTION SITE





Chapter 5

Implementation

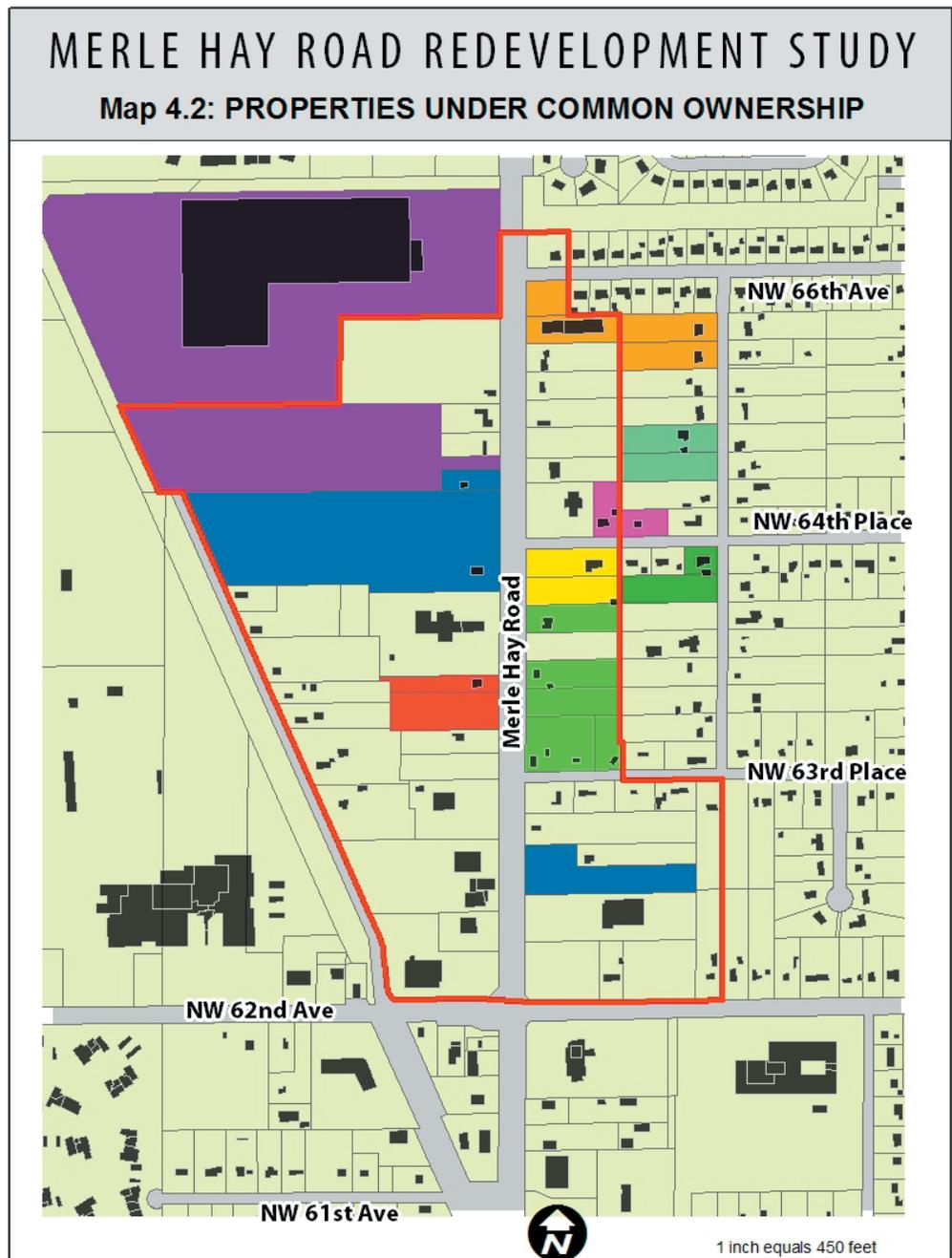
The Merle Hay Road Redevelopment Study presents development proposals for enhancing the corridor and its vitality. This chapter presents implementation strategies for the City of Johnston to achieve the goals set out in Chapter 3. These implementation strategies are organized into the following components:

- I. Property Ownership and Level of City Involvement
- II. Regulatory Revisions
- III. Development Incentives
- IV. Streetscape and Trail Improvements
- V. Infrastructure Improvements

The overall development vision derived for the corridor is attractive and compelling, and appropriate implementation strategies will hasten the process of converting those ideas into reality and achieving the project goals.

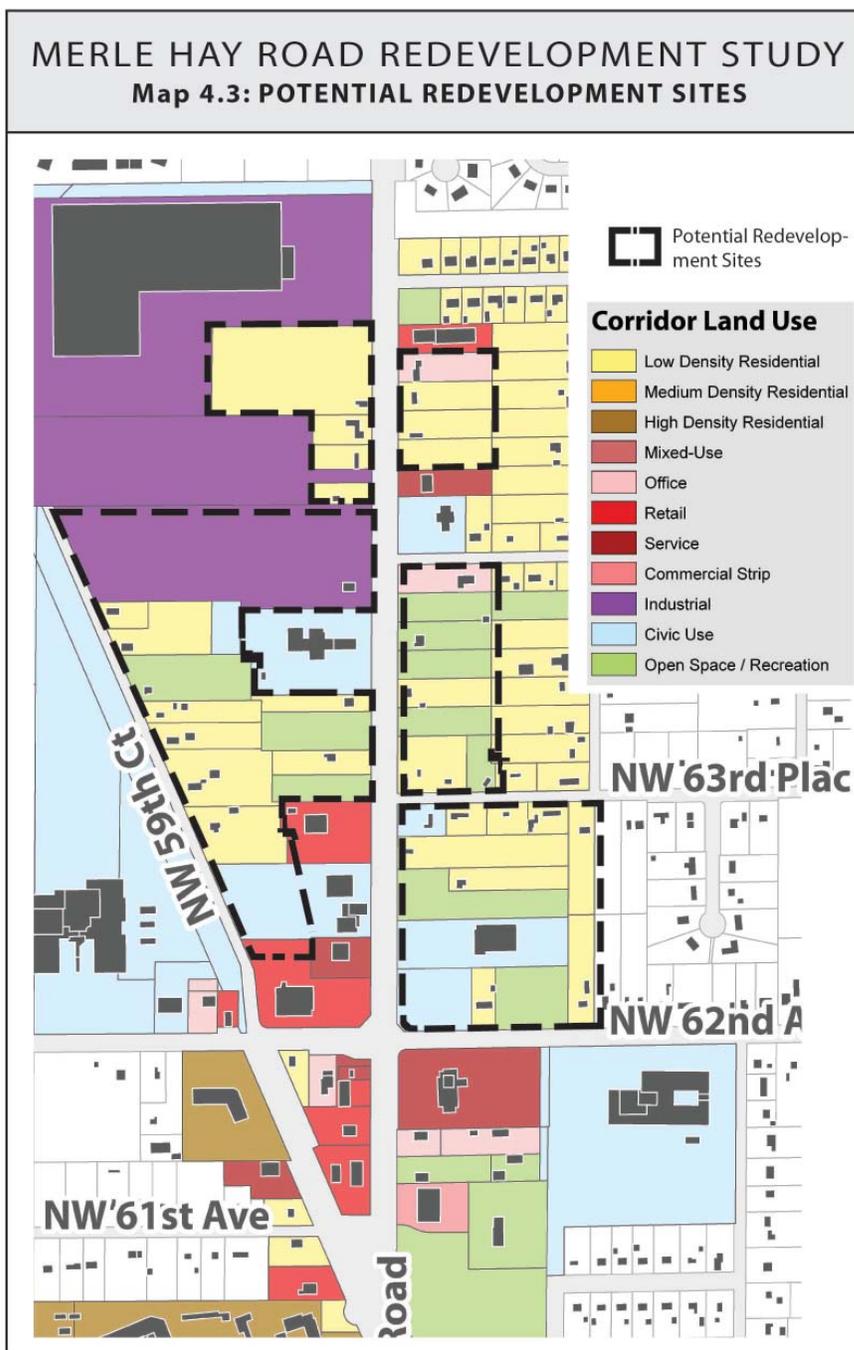
I. PROPERTY OWNERSHIP AND LEVEL OF CITY INVOLVEMENT

Land assembly and the City of Johnston’s role in implementing the redevelopment plan are key issues that need to be addressed in moving forward with the MHR Redevelopment Plan. As indicated in Map 4.2, Properties Under Common Ownership (reproduced here), there are some forty separate property owners in the redevelopment area. The number of separate property owners by project area is shown on Map 4.3, Potential Redevelopment Sites, also reproduced here. While only three property owners own all



the land needed to develop the Townhouses south of NW 64th Place, the Town Center project incorporates fourteen separately owned properties.

Further complicating the property ownership situation, the existing property lines do not coincide with all Mixed Use Area plan components, as is evident from Map 5.1, Existing Parcels. West of Merle Hay Road, existing parcel boundaries do not align with either logical project areas or necessary street alignments. This is unavoidable given the numerous



existing small parcels and the desire for efficient mixed land use patterns. Nonetheless, it makes land assembly for the separate project areas significantly more difficult than the typical “greenfield” development proposal.

How then is the ground to be assembled for development, given these property ownership characteristics? This question leads to the issue of the role that the City of Johnston wants to play in the implementation of the Merle Hay Road Mixed Use Center Plan. One thing is clear: the City will not be able to condemn the property for subsequent assembly and conveyance to a developer. The ability of the City to take such actions was severely curtailed by the Iowa Legislature in 2006. Prior to that time, the City might have declared the Project Area an “urban renewal area” under Iowa Code, Chapter 403, adopted a plan and proceeded to assemble the property either voluntarily or through condemnation, if necessary. The 2006 amendments to Chapter 403 limited the condemnation powers of the City for these types of projects to the extent that this plan area would not meet the requirements. There are, therefore, basically two roles the City of Johnston may wish to take in the implementation of this plan. Both options assume that this plan is adopted by the City as an Amendment to the Comprehensive Plan and Section II, Regulatory Revisions are completed.

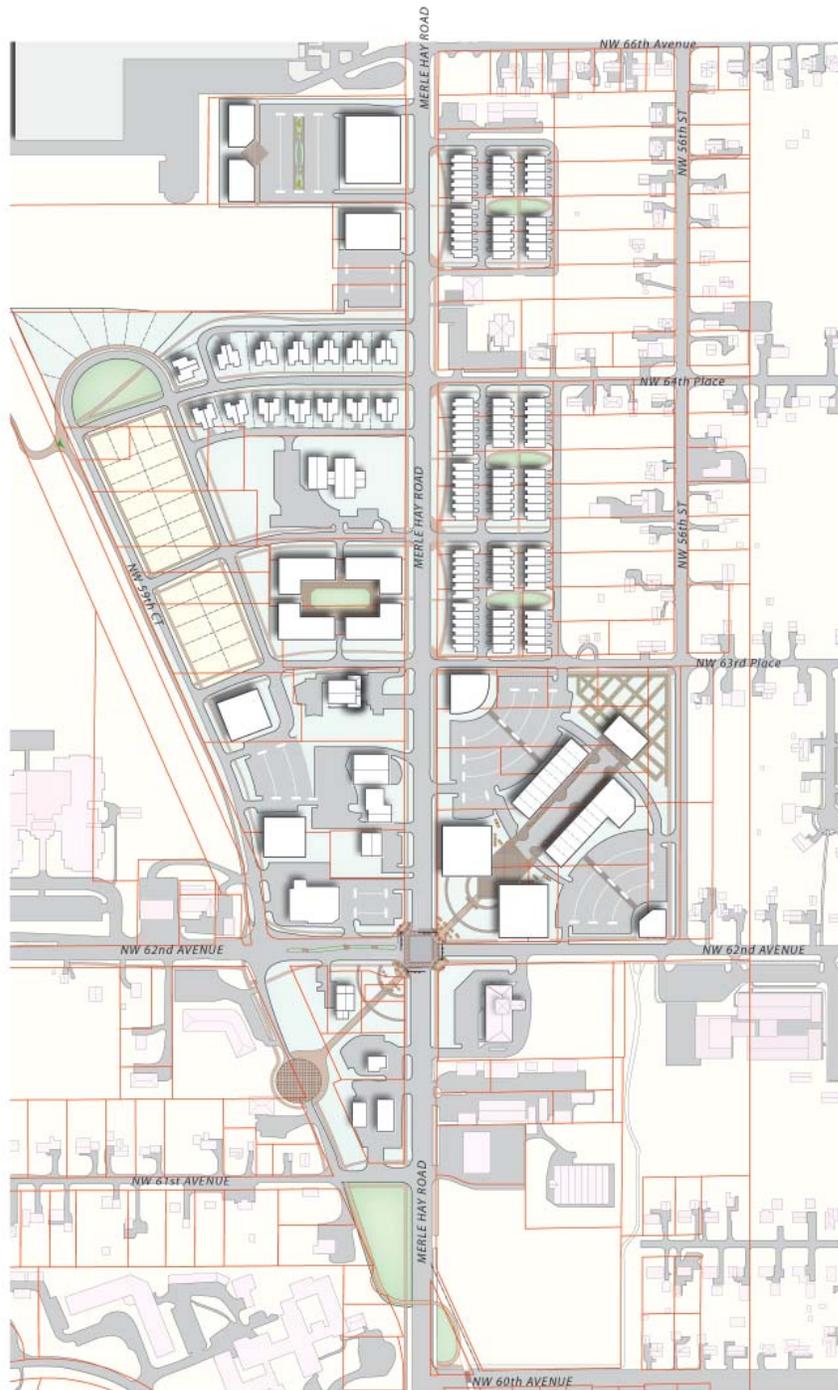
Role Level 1: Promote/Coordinate/Assist

The City, in coordination with or through JEDCO, could promote the redevelopment of the Mixed Use Area to developers, both local and regional. This promotional effort will be assisted by the ability of the City to use the quality graphics produced for the plan in any desired promotional material. Ideally, a major developer will become interested in the project, acquire all the necessary property privately, and negotiate with the City on needed development incentives (see Section III. Development Incentives). While this scenario is a possibility, it is likely that the project will be developed in separate stages, with developer interest focused on specific portions of the overall development. The City would meet with prospective developers as well as project area property owners to explain Plan proposals.

In addition to promoting the Mixed Use Area plan, the City could offer to coordinate between developers and property owners in their negotiations for property sales. For example, in addition to meeting with property owners and developers to explain plan proposals, staff and city officials could assist separate property owners in the marketing of properties for the purpose of a more advantageous coordinated sale. Likewise, the City could provide a forum for negotiations and offer to mediate between property owners and prospective buyers.

MERLE HAY ROAD MIXED USE CENTER

Map 5.1: EXISTING PARCELS OVERLAP



Finally, the City will be called upon to assist project implementation by offsetting the additional development costs that come with redevelopment projects. Part of the justification for redevelopment incentives is in fact the difficulty, and high cost, in assemblage of multiple parcels that typifies these types of projects.

Role Level 2: City Ownership and Sale

The Level 1 role of promoting, coordinating and assisting are also undertaken in Role Level 2 role. However, in Level 2 the City, or JEDCO, also takes on the more active role of purchasing, landbanking, assembling and ultimately conveying project property. While, as indicated above, condemnation is not an option, the City could negotiate and purchase property from willing sellers with the intent of conveying the property to a developer to undertake a development consistent with the Plan. This City action could take place independent of a specific developer's efforts to assemble land or in coordination with those efforts.

One advantage the City has in undertaking this role in a disputed value situation with differing property appraisals is its ability to more readily pay the higher claimed value and consider the extra payment as a part of the development incentive to implement the project. Likewise, the City could establish a fair "base" price for land in a particular project area and insure that the separate property owners all receive this fair land price.

There is no escaping the fact that, without City condemnation authority, a single property owner who refuses to sell or to accept a fair price could hold up an entire project component. Despite all rational appraisals of value, a particular property owner may hold on to unreasonable expectations. For this reason, the development of the Mixed Use Area may occur in phases over time, with ultimate build-out of the entire project area occurring only in the long term. Therefore, the more activist City role described as Level 2 is recommended to minimize the chances that these types of delays will occur.

Estimates of Property Value Ranges

The 'ERA Market Potential Analysis – Merle Hay Road Corridor' (Appendix II) includes a detailed "Analysis of Recent Sales" section starting on page 25 of the report. As has been discussed, the issue of the market value of existing residential properties, real and perceived, is a central issue in the implementation of the Mixed Use Area project. For that reason, ERA had been asked to include this analysis of market sales value estimates in their report. While the report includes their full analysis, they had been asked to specifically estimate property value ranges for land uses in individual project areas as indicated on the Mixed Use.



Table 5.1. Land Value Range Estimates, by Use, Johnston

#	Use	Density / Lot Coverage %	Assembled Acres	Avg Existing Parcel Size	Land Value Ranges
1	Mixed Use	17%	14.46	0.4 to 2.6 acres	\$6 to \$10 per sf
2	High Density Residential	10.06	6.96	0.86 to 1.2 acres	\$2 to \$4 per sf
3	High Density Residential	7.39	3.546	0.86 acres	\$2 to \$4 per sf
4	Office I	45%	3.42	1 to 2 acres	\$6 to \$8 per sf
5	Bi-Attached Housing	6.45	4.34	0.64 to 1.37 acres	\$2 to \$4 per sf
6	Medium Density Detached Residential I	3.38	9.47	0.8 to 1.8 acres	\$4 to \$5 per sf
7	Medium Density Attached Residential II	13.10	6.41	one parcel	\$2 to \$4 per sf
8	Office II	15%	6.34	0.4 to 4.6 acres	\$6 to \$8 per sf

The above chart highlights ERA's initial estimate of value ranges for existing parcels. The values incorporate assumptions regarding highest and best use for each parcel, as well as ERA judgment and experience. The reader should understand that highest and best use incorporates political, legal, zoning and planning elements, as well as market considerations. The values have been presented as ranges to reflect several important variables:

- All parcels are not created the same. Within the identified sample there are variations in parcel size and condition of existing improvements. As such, developers will pay less for parcels that they have to do more work on to prepare for new development.
- Redevelopment timing is a critical factor in the development equation. For redevelopment sites that require considerable assemblage of property, increased time requirements directly translate into higher risk. For this reason, sites that are assembled and ready to go are more attractive compared to existing individual parcels.
- As mentioned in ERA's analysis, end users for a redeveloped site carry considerable weight in dictating land values. For mixed use commercial centers with credit worthy national tenants (Starbucks, circuit city, etc.) higher rent tolerances directly translate into higher land values.
- Land values are a function of risk and reward. If sites are being sold "as is", the majority of the risk of redevelopment is in fact being transferred to the developer, who will be less motivated to pay a premium for the site.

II. REGULATORY REVISIONS

A. City Comprehensive Plan Amendment

The adoption of the Merle Hay Road Redevelopment Study as an amendment to the City's 1998 Comprehensive Plan is in conformance with and implements the following components of the Plan:

1. The MHR Mixed Use Area Plan addresses the designated Mixed Use district centered on 62nd and Merle Hay Road. The MHR Mixed Use Area Plan is in conformance with the following Comprehensive Plan Policies and Action Steps:

MUP.1. Provide a unique mix of commercial, residential, public and related uses in a pedestrian friendly environment.

MUA.1. Enact zoning modifications necessary to facilitate a mixed use development pattern.

MUP.2. Provide walkway and trail linkages to other public recreational facilities in the area.

MUP.3. Encourage consistent design standards that serve as a framework for both the public and private improvements addressing streets, lighting, landscaping, building materials and building placements.

MUP.4. Limit commercial uses to those that provide goods and services at a community or neighborhood scale.

MUP.5. Reconstruct NW 62nd Avenue and add aesthetic improvements that connect the two mixed use nodes.

2. Consistent with the stated Vision for the City of Johnston, the MHR Redevelopment Study furthers the following Actions stated in the "Implementation: Attaining the Vision" section of the Comprehensive Plan:

- Organize land use
- Pursue redevelopment opportunities
- Promote a range of housing choices

3. The MHR Redevelopment Study furthers the following Implementation Strategies of the Comprehensive Plan:

Land Use Strategy #2: Continue to refine design guidelines and zoning ordinance



provisions for the mixed use area (High Priority)

Community Image Strategy #1: Continue to initiate improvements along Merle Hay Road to emphasize the corridor as Johnston's main street (Immediate Priority)

Community Image Strategy #2: The City should further highlight elements of the City's image by applying them to public spaces (Ongoing)

Redevelopment Strategy #1: Initiate redevelopment efforts consistent with the establishment of a Mixed Use Area at Merle Hay Road and NW 62nd Avenue (High Priority)

On the basis of the above, the MHR Redevelopment Study should be adopted as an amendment of the Johnston Comprehensive Plan.

B. Development Concept Land Uses

Upon adoption of the MHR Redevelopment Study as an amendment to the City Comprehensive Plan, the Development Concept, Map 4.4, will then constitute the future land use plan for the project area. Rezoning requests and specific development plans must be found consistent with this Development Concept in order to be approved.

As indicated on Map 4.4 (reproduced here), the Merle Hay Road Mixed Use Area concept consists of eight development areas:

1. Town Center
2. Townhouses I
3. Townhouses II
4. Offices I
5. Condos
6. Medium Density Residential I
7. Medium Density Residential II
8. Offices II

While the Development Concept identifies specific land uses and building configuration for each development areas, in fact each of those areas provides for a range of land uses and site layouts. Table 5.2 describes the permitted range of land uses by development

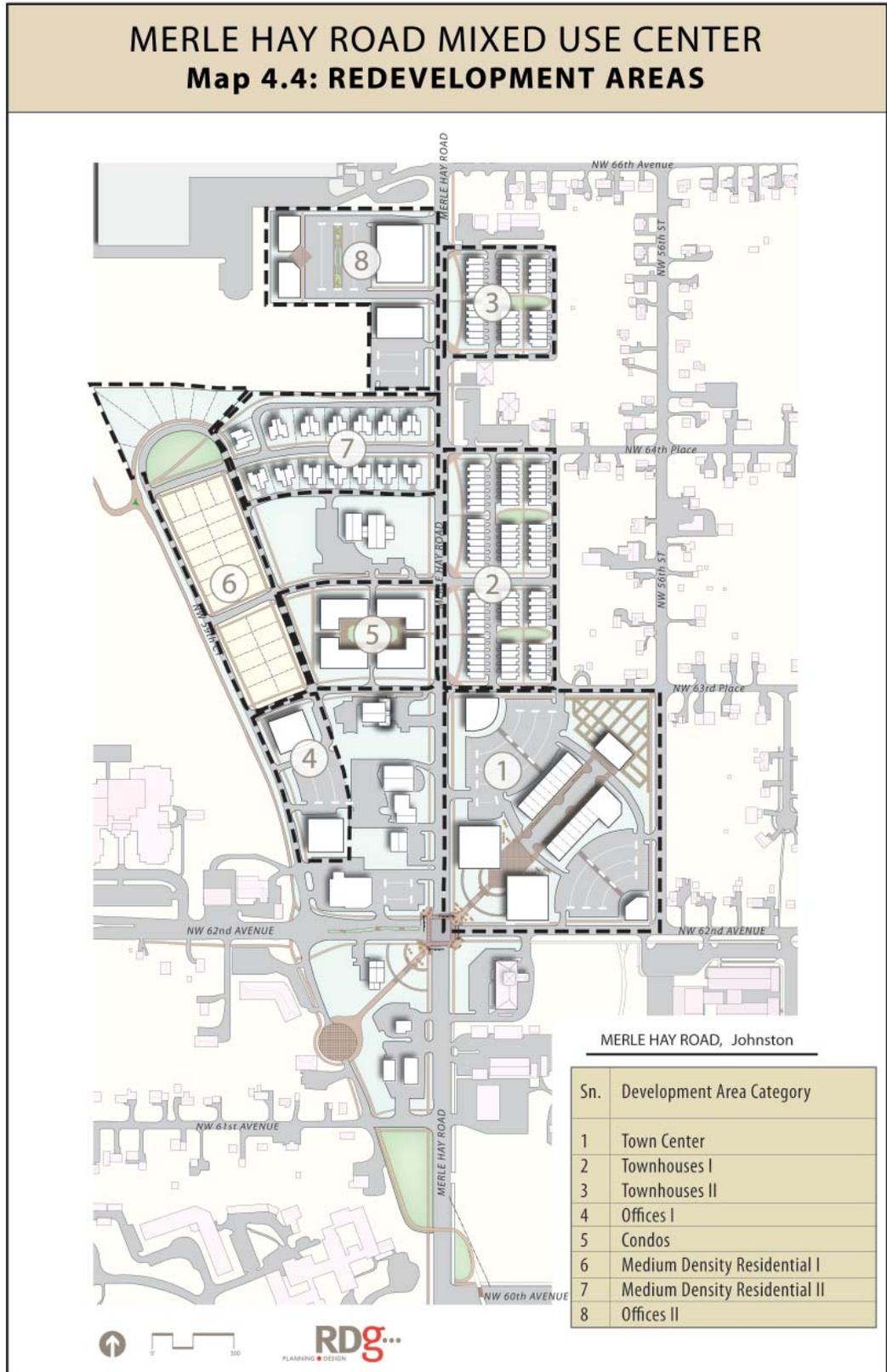


Table 5.2: Development Concept Land Use

Development Area	Land Use Designation	Permitted Land Uses	Residential Density Permitted
1. Town Center	Mixed Use	Retail, Service, Office, High Density Residential, Public/Civic	Residential limited to upper floor residential over commercial
2. Townhouses I	High Density Residential	Residential, Limited Commercial, Limited Service, Limited Office	Minimum 8 units/acre Maximum 21 units/acre
3. Townhouses II	High Density Residential	Residential Limited Commercial, Limited Service, Limited Office	Minimum 8 units/acre Maximum 21 units/acre
4. Offices I	Office, High Density Residential	Residential, Limited Office, Limited Service	Minimum 8 units/acre Maximum 21 units/acre
5. Condos	High Density Residential	Residential Limited Commercial, Limited Service, Limited Office	Minimum 8 units/acre Maximum 21 units/acre
6. Medium Density Residential I	Medium Density Residential	Single-Family Detached Single-Family Bi-Attached Townhouses	Minimum 3 units/acre Maximum 12 units/acre
7. Medium Density Residential II	Medium Density Residential	Single-Family Bi-Attached Townhouses	Minimum 3 units/acre Maximum 12 units/acre
8. Offices II	Office	Limited Office Limited Service	n/a

* NOTE: BASE DISTRICT DENSITY INCREASE NEEDED



area, lists permitted residential densities, and identifies appropriate zoning classification.

Upon adoption of the MHR Redevelopment Study as an amendment of the Johnston Comprehensive Plan, the city should then rezone the development areas consistent with Table 5.2. Note that the adoption of the plan requires a new Mixed Use Center zoning district perhaps called, MUC-R, which restricts permitted land uses to those allowed in the R-4, High Density Residential district. While this restriction may seem counter to the “mixed use center” concept, such restriction is necessary to implement the land uses proposed in the MHR Redevelopment study. The Plan area should be viewed in its entirety as the “mixed use center” area, not necessarily every component subarea.

With the adoption of this plan, the city may want to consider merging the two currently separate ROC districts into one district. Also, Development Area 5, Condos, requires a density (20 units per acre) that exceeds the maximum density allowed in R-4. While the R-4 current maximum density of 16 units per acre is appropriate for 3-story walk-up apartments, it is insufficient for many types of condo or senior housing projects. It is recommended that the R-4 district density remain at 16 units/acre and that a new district, perhaps named R-4A, be established with a higher maximum density. While the proposed condo project requires a density of approximately 20 units per acre, it is recommended that the new R-4A density be established at 1,500 sq. ft. per unit, or 29 units per acre. This will provide an appropriate range of density to be applicable to any type of higher density condo or senior project that may be proposed. The city, under its site plan review provision, will of course have the opportunity to review all proposed projects prior to rezoning and permit approval.

C. Design Standards

The Mixed Use Center is subject to the Design Standards specified in the Mixed Use Center district regulations. The properties in this area are also subject to the design standards of the Merle Hay Road Corridor Overlay District, Section 169.06. Buildings are subject to the architectural standards in Section 166.34. This multiple code section applicability creates confusion, and likely inadvertent contradiction in the application of design standards. Where these conflicts are evident, they will be pointed out. Note that the code specifically states that Merle Hay Road Overlay standards supersede those of all other zoning districts (169.06.2.).

It is recommended that the MHR Overlay District be removed from the Mixed Use Center area and all design guideline provisions be incorporated into the Mixed Use Center district regulations so that the potential for conflict is removed and all district provisions

are in one place.

The following are suggestions for additions to or revisions of existing MUC design standards, organized by subsection beginning with 168.12 6. Certain recommended revisions may be deemed applicable to the general Merle Hay Road Overlay District as well.

168.12 MUC MIXED USE CENTER PLANNED DEVELOPMENT

Subsection 6. Bulk Regulations

- Bulk regulations should be revised to be consistent with the Development Concept. Specifically, minimum front yard setback requirement should be reduced from 20 feet to 15 feet to accommodate the proposed pedestrian-scale and character in the Town Center, Office and Condo projects.

- “Rear yard depth” requirements cannot be met on either the Townhouse or Office developments and the requirement should be dropped. The rationale for this rear yard depth is typically buffering from adjacent residential use and this concern can be reviewed directly from any proposed development plan. The area between the MHR Townhomes and Single-family uses to the east is the only significant transition area needing buffering. Because this area borders single family rear yards, a 10 ft. yard setback with a 6 ft. opaque fence should provide adequate buffering.

- CONFLICT: The Bulk Regulations of the Merle Hay Road Corridor Overlay Zoning District (169.06.3) establish standards greater than those in the MUC district. The increased bulk standards are inconsistent with the goal of the Mixed Used District to accommodate New Urbanist/Neo-Traditional development patterns, as reflected in the MHR MUD Plan.

Subsection 8. Off-Street Parking and Loading

- Consider adding a provision stating that to the maximum extent possible, parking lots shall not be located between the building and the street frontage. Instead, the buildings shall be placed along the street frontage to frame the street and add to pedestrian ambiance, with parking lots placed to the rear or side of buildings.

- Consider adding a provision requiring parking lots consisting of over 200 spaces to group the parking into parking blocks defined by pedestrian paths, landscaping and buildings. Large scale, uninterrupted parking fields are to be avoided

Subsection 10. Architectural Standards

- Under Section 166.35.2.D., nonresidential buildings in the project area abutting Merle Hay Road are required to have brick constitute at least 50 percent of the wall area that faces Merle Hay Road or NW 62nd Ave. Commercial buildings not abutting Merle Hay Road and residential buildings are required to meet the less restrictive standards in 166.35.2.C.

- Consider adding the following additional architectural standards to the MUC district regulations:

C. (Replace current regulation) At least 20% of the surface area of front commercial facades up to a height of 16 feet shall be transparent.

D. Entrance Definition: Commercial building front facades facing Merle Hay Road or NW 62nd Ave. shall have visible, clearly defined customer entrances that include at least three of the following elements: canopies or porticos, overhangs, recesses or projections, arcades, raised cornice parapets over the entrance door, distinctive roof forms, arches, outdoor patios or plazas, display windows, or integral planters.

E. Facade Articulation: Front facades shall utilize variations in color, horizontal planes, materials, patterns, height, and other techniques to provide visual interest and scale to buildings.

F. All rear and side commercial building facades oriented to other streets shall be subject to all requirements for front façade design with the exception of providing customer entrances.

G. Other rear and side facades may use a simplified expression of the materials and design used on other building elevations.

H. All facades in the Town Center project should consist of 100% brick.

Subsection 11. Sign Regulations

- Consider adding to Subsection A.: A landscaped base area shall be provided for monument or ground signs appropriate to the mass and height of the sign.

- Consider adding to Subsection B.: Attached signs shall be designed as an integral part of the building elevation and integrated into the overall design of the building. Attached signs shall be located above the building entrance, storefront opening, or at other locations that are consistent with and emphasize the architectural features of a building.

Consider adding the following design guidelines to the MUC District regulations:



• Subsection 12. Building Location and Orientation

(1) Facades with principal entrances shall be oriented to the project's primary street or to an active pedestrian or public zone within the site. For multi-tenant buildings, at least 50% of the entrances shall be oriented to the primary street or pedestrian or public zone. Facades with principal customer entrances may be turned perpendicular to the primary street if they provide a direct pedestrian connection from a public sidewalk to the major customer entrance without interruption by vehicular traffic. The primary street for a development is any arterial or collector street that fronts the development. When the development has two primary streets, the site plan shall determine orientation.

(2) Developments should maximize the amount of parking located on the side or rear of buildings and should locate buildings near their primary fronting streets.

(3) Developments at intersections shall identify or emphasize their corners with significant landscaping or similar public feature, and shall orient buildings to the street corner.

(4) A clearly delineated pathway or route should connect all principal building or business entrances to adjacent sidewalks or trails.

• Subsection 13. Pedestrian Access

(1) Developments shall provide a continuous walkway connection at least 5 feet in width from the public sidewalk or right-of-way to the customer entrances of all principal buildings on the site. Developments adjacent to multi-use trails shall provide a direct connection from the trail to the development's internal pedestrian circulation system. For trails that are proposed in the city's comprehensive plan but are not yet constructed, the development plan shall make provisions for a connection to the trail, and shall be responsible for constructing the connection when the trail becomes available.

(2) Multi-building developments shall provide clear and safe walkways at least 5 feet in width that connect all buildings on the site. Buildings not intended for routine customer access or intended solely for drive-up services are excluded from this requirement.

(3) Where the required walkways specified in this section cross drives, parking aisles, or other vehicular ways, the crosswalks shall be distinguished from driving surfaces by the use of durable, low-maintenance surface materials such as concrete or brick pavers; or scored, colored concrete. Painted concrete is not acceptable in this application.

(4) In parking lots with over 200 stalls, the required walkways specified in this section shall be located in landscaped medians or corridors that include trees and groundcovers



for at least 50% of the walkways.

(5) Sidewalks no less than 8 feet in width and separated by curbs from adjacent vehicular circulation ways shall be provided along the full length of the building along any façade that either includes a customer entrance or adjoins a customer parking area.

(6) Pedestrian connections to adjacent developments shall be provided. If adjacent properties are undeveloped, the development plan shall indicate how future connections will be provided.

• ***Subsection 14. Vehicular Access***

(1) Development plans shall minimize the number of access points to adjacent arterial streets. Developments shall make maximum use of internal cross-easements and shared access points when possible. Cross accesses between adjacent properties shall use traffic calming techniques to reduce speeds.

(2) Main driveways and drive aisles shall provide a continuous system that connects to the main site entrance.

(3) Commercial developments are encouraged to provide means of access to residential areas that avoid requiring residents to use arterial streets for short-distance trips. Such connections must be designed to avoid channeling commercial traffic onto residential streets outside of comprehensively planned, mixed use projects.

(4) When possible, shared service and delivery access should be provided between adjacent parcels and buildings.

III. DEVELOPMENT INCENTIVES

The implementation of the Merle Hay Mixed Use Area Plan will accomplish many of the goals established through the public input process, including those relating to aesthetics and community character. However, ultimately the rationale for City investment in the area should be based upon rational considerations of project costs and benefits. Particularly in the use of public tax dollars for private development incentives, the community must be assured that there is an ultimate payback benefit that will occur from such expenditures. This section's purpose is to document these benefits in terms of dollars and cents payback for public investments.

Tax Benefit Analysis

Map 4.4, Redevelopment Areas, identifies each of the separate Mixed Use Center proposed projects. As described in Section II above, there is an identified range of acceptable land uses in each of the eight project areas. Nonetheless, assuming the specific development plan shown is accomplished, each project area was analyzed to determine the tax base increase that would result from that development scenario. The MHR Mixed Use Center: Tax Base Comparison, included as Appendix II, details this analysis for each Mixed Use Center project area and the Center as a whole.

The Tax Base Comparison Table first lists all the existing properties in a redevelopment project area, along with their current assessed value. The applicable rollback is applied to these values to determine their taxable value. The total of these values represents the existing tax base in that redevelopment project area. Based on the development concept, an estimated redeveloped value is determined, applying the noted assumptions regarding either construction costs or sale price of units. In this manner, the projected tax base after redevelopment can be compared to the current tax base.

This comparison is summarized in Table 5.3 below. Each of the eight redevelopment project area before and after tax bases can be compared. As indicated, the Mixed Use Center Area as a whole has a current tax base of approximately \$5 Million. After redevelopment as envisioned in the Development Concept, the tax base in the Mixed Use Center would increase to approximately \$64 Million.

Table 5.3: Merle Hay Road Mixed Use Center - Tax Base Comparison

S.N.	Project Area	Total Assessed value	Total Estimated Value
1	Town Center	\$1,287,800.00	\$13,612,500.00
2	Town Houses I	\$734,800.00	\$12,250,000.00
3	Townhouses II	\$428,300.00	\$5,600,000.00
4	Offices I	\$606,233.50	\$2,100,000.00
5	Condos	\$568,200.00	\$11,660,000.00
6	Medium Density Residential I	\$800,449.00	\$7,200,000.00
7	Medium Density Residential II	\$150,951.00	\$7,000,000.00
8	Offices II	\$387,096.00	\$4,648,000.00
Total		\$4,963,829.50	\$64,070,500.00

We then take these current and estimated future taxable values and determine estimated tax generation for each redevelopment project area. This analysis is indicated on Table 5.4, Tax Increment Analysis. The calculation of estimated future tax generation allows estimation of the after redevelopment tax increment that would be available to the community. Table 5.4 also indicates available tax increment per the City's 50% and

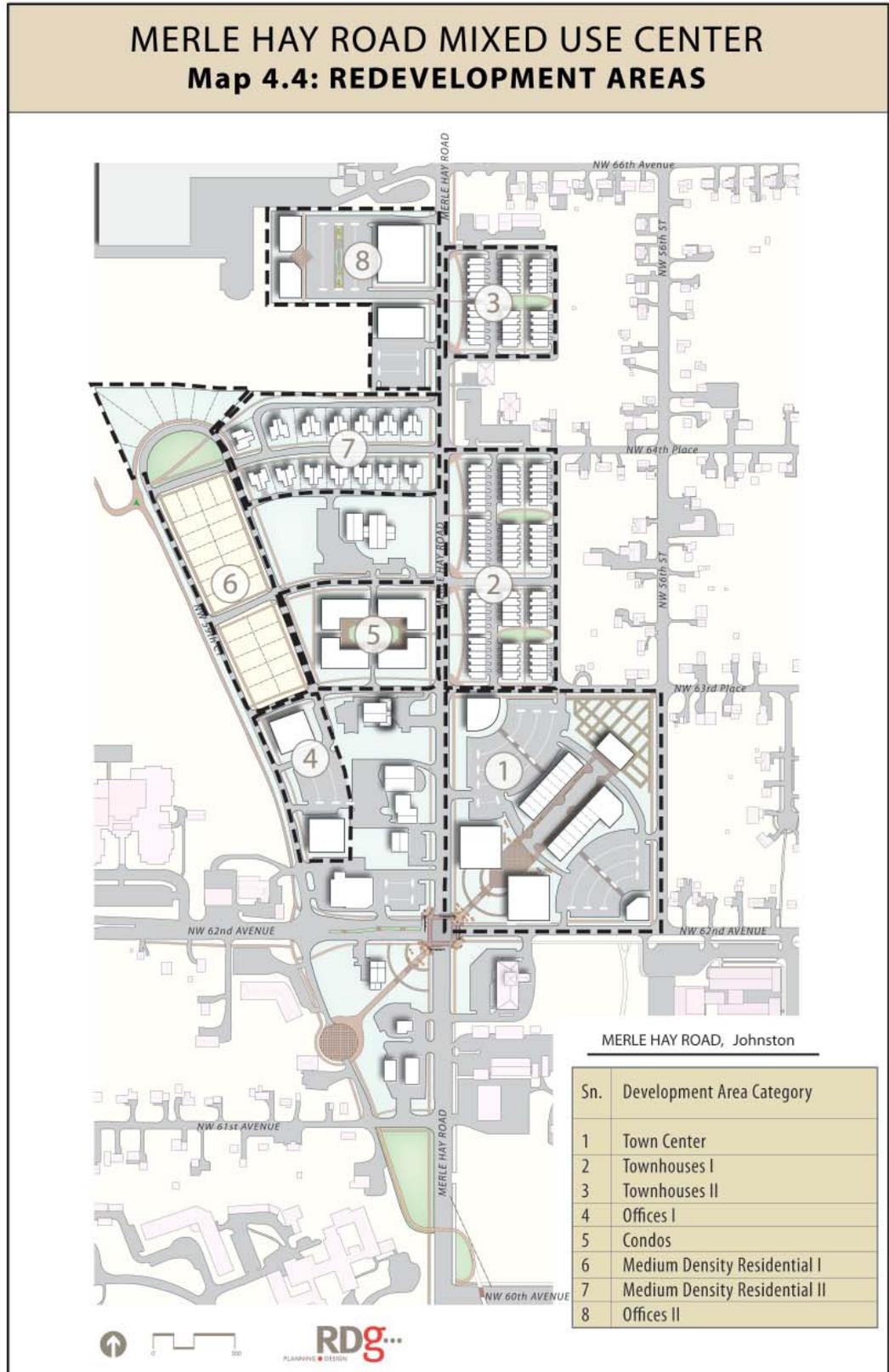


Table 5.4: Merle Hay Road Mixed Use Center - Tax Increment Analysis

S.N.	Project Area	Current Assessed Value	Current Taxable Value	Current Total Annual Tax	Future Assessed Value	Future Taxable Value (Rollback)	Future Total Annual Tax	Total Tax Increase	TIF Increment Available	Local Policy 50%	Local Policy 70%	Estimated Infrastructure Cost
1	Town Center	\$1,287,800.00	\$862,806.00	\$34,067.15	\$13,612,500.00		\$537,477.86	\$503,410.70	\$394,495.53	\$197,247.76	\$276,146.87	\$696,000.00
2	Town Houses I	\$734,800.00	\$634,934.00	\$25,069.82	\$12,250,000.00	\$6,615,000.00	\$261,187.59	\$236,117.76	\$199,035.70	\$99,517.85	\$139,324.99	
3	Townhouses II	\$428,300.00	\$300,466.00	\$11,863.64	\$5,600,000.00	\$3,024,000.00	\$119,400.04	\$107,536.40	\$89,390.80	\$44,695.40	\$62,573.56	
4	Offices I	\$606,233.50	\$555,265.50	\$21,924.18	\$2,100,000.00		\$82,916.69	\$60,992.51	\$47,813.27	\$23,906.63	\$33,469.29	\$252,400.00
5	Condos	\$568,200.00	\$443,678.00	\$17,518.24	\$11,660,000.00	\$6,296,400.00	\$248,607.94	\$231,089.69	\$191,717.40	\$95,838.70	\$134,202.18	\$481,400.00
6	Medium Density Residential I	\$800,449.00	\$450,872.46	\$17,802.31	\$7,200,000.00	\$3,888,000.00	\$153,514.34	\$135,712.02	\$110,613.72	\$55,306.86	\$77,429.60	\$965,000.00
7	Medium Density Residential II	\$150,951.00	\$81,513.54	\$3,218.49	\$7,000,000.00	\$3,780,000.00	\$149,250.05	\$146,031.56	\$118,383.11	\$59,191.56	\$82,868.18	\$331,800.00
8	Offices II	\$387,096.00	\$277,248.00	\$10,946.90	\$4,648,000.00		\$183,522.28	\$172,575.38	\$136,385.27	\$68,192.64	\$95,469.69	
	Total	\$4,963,829.50	\$3,606,783.50	\$142,410.74	\$64,070,500.00		\$1,735,876.78	\$1,593,466.04	\$1,287,834.80	\$643,917.40	\$901,484.36	\$2,726,600.00

79% local policy limitations. Finally, Table 5.4 includes the estimated infrastructure costs per redevelopment project area, as estimated in Subsection V below. Thus, based upon assumed Development Concept implementation, there would be an estimated annual tax increment of approximately \$1.3 million available and the Mixed Use Center would require a total infrastructure investment of approximately \$2 million.

TIF Policy

While Mixed Use Center implementation would result in substantial potential tax increment and while state law would allow the use of this tax increment to provide incentives for implementation of the projects, Johnston local policy would not allow use of tax increment funds on all MUC proposed projects. The City of Johnston TIF Program, adopted by the City Council on August 21, 2000, is oriented toward economic development goals and restricts use of TIF funds to new or existing businesses that create or maintain quality employment for the community. Residential developments and “chain” type stores, retail stores, and restaurants are specifically ineligible for TIF funds.

This policy represents a conservative application of TIF funds. However, this is not inappropriate for a suburban community experiencing typical “greenfield” development. Residential and retail development demand exists within the community and therefore the conclusion that no added incentive is needed to spur development represents a valid concern about use of public tax dollars. Other suburban communities are less restrictive in the use of TIF dollars. For example, extensive use of TIF was incorporated into the Jordan Creek retail development.

Where this rationale supporting limited use of TIF incentives begins to deteriorate is when redevelopment, rather than greenfield development, is proposed. The added costs of acquisition and assembly of multiple parcels, demolition and removal of existing buildings and underground infrastructure, and site preparation all create disincentives for such redevelopment to take place through the private market system. Indeed, these issues account in part for the current lack of development in the Mixed Use Center Area.

There is already precedent in Johnston for use of TIF funds to offset the added redevelopment costs of demolition and site preparation. The Mixed Use Center Development Concept incorporates these types of added redevelopment costs in virtually every project area. Therefore, it is recommended that the use of TIF for all of the project areas within the MHR Mixed Use Center be considered as an amendment to the City’s TIF Program policies. The current priority for the use of TIF funds for public infrastructure improvements should be retained.

Estimate of Development Incentive Needed for the Town Center Project

If the City of Johnston decides to undertake the MHR Mixed Use Center redevelopment project, the level of incentives needed to offset added redevelopment costs is an immediate concern. The following is an excerpt from the ERA Market Analysis Report, wherein ERA estimated the gap that will exist in making the Town Center redevelopment project financially feasible.

Town Center Analysis

Use a discounted cash flow to estimate the level of investment that a developer would make in the town center project, given the assumption of a hurdle investment rate of 10% (un-leveraged) and a ten-year holding period for the asset. The approach builds in the following elements:

- Developer investment to assemble the site, demolish existing improvements, prepare the site, and develop new retail space.
- Operating cash flow after owner expenses over a 10-year period, with a sale of the asset at the end of the 10-year period, using a terminal capitalization rate.
- Estimation of a public incentive to insure that the developer achieves a minimum 10% rate of return (un-leveraged) over the holding period of the investment

Town Center Assumptions:

- 108,900 SF of retail space
- Vacancy / credit loss factor of 5%
- Year 1 NNN lease rate of \$15 per sf
- Owner operating expenses of \$3 per sf
- A terminal capitalization rate applied to year 11 NOI (Net Operating Income) of 9%, less 3% for costs of sale
- Developer land acquisition costs of \$1,931,700 (assessed value of \$1,287,800 + 50% premium).
- Residential property demo – 8 homes at \$35,000 per home



- Civic property demo – (40,000 sf at \$5 per sf)
- Hard construction costs of \$125 per sf
- Soft costs at 12% of hard costs
- Total developer investment of \$17.6 million

Based on the above approach, the project would generate an NOI before debt service of about \$1.3 million. Using the 10% hurdle rate, the project would appear to require an incentive of about \$2.5 million, which should be viewed in perspective with the estimated total construction budget of about \$17 million. ERA is assuming that the incentive is paid when the project has been occupied by tenants.

This analysis by ERA concludes that an incentive that results in an approximate seven to one leveraging of public funds is necessary to make the Town Center project financially feasible. This leveraging ratio is within the range that cities have experienced when undertaking significant redevelopment efforts.

IV. STREETScape AND TRAIL IMPROVEMENTS

Merle Hay Road streetscape improvement concepts presented as a part of the MHR Redevelopment Study fall into three categories:

1. Intersection Improvements at NW 62nd Ave. and Merle Hay Road
2. Enhanced Gateway Entrance features at Merle Hay Road and I-35/80.
3. Corridor streetscape improvements through the entire project area.

Trail improvements included proposed linkages to existing regional and local trail systems and a pedestrian bridge crossing Merle Hay Road along the alignment of the old inter-urban railroad.

First, it is important to recognize that the scope of the MHR Redevelopment Study only permitted preparation of preliminary streetscape and trail concepts. Each of these concepts needs development and design to reflect the desires of Johnston residents and officials. Second, each of these streetscape and trail concepts represents potentially independent projects that can be undertaken under different timeframes based on factors such as developer activity and/or availability of grant and other funding. For example, the intersection improvements at NW 62nd Ave. might be undertaken in conjunction with developer interest in the Town Center project. Alternatively, should funds be avail-

able, these improvements, like the 86th Street and 62nd Ave. intersection and corridor enhancements, might be undertaken in advance of area development as an incentive for that development.

In any case, the intent of these preliminary streetscape and trail concepts in the MHR Redevelopment Study was to identify potential projects for further development as desired by the City of Johnston.

V. INFRASTRUCTURE IMPROVEMENTS

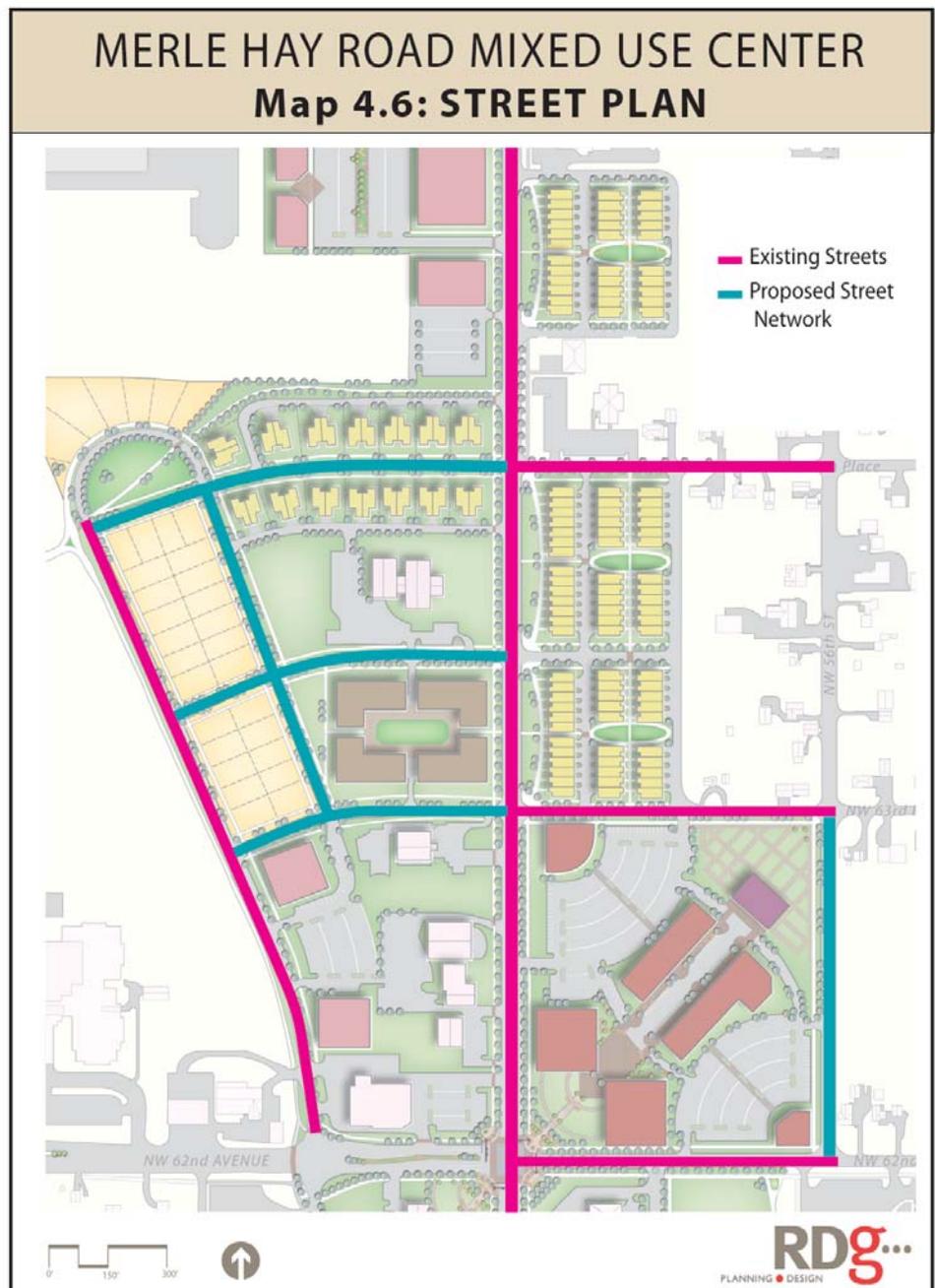
While Merle Hay Road is improved to urban standards, with full underground infrastructure, the Mixed Use Areas on either side of the corridor lack significant public infrastructure. The area west of Merle Hay Road to 59th Ct. lacks sanitary and storm sewer. 59th Ct. is paved to a rural standard only and would need to be completely repaved with development. East of Merle Hay Road, both NW 62nd and NW 63rd Pl. would need substantial improvements with development of the Town Center project.

The focus of Mixed Use Area infrastructure needs is on public streets and underground utilities: water lines and sanitary and storm sewers. In order to approximate the cost of necessary infrastructure improvements and to “assign” costs to specific redevelopment projects, an estimate of \$400 per linear foot of new street was used. Map 4.6, Street Plan identifies the separate new street sections that will need to be constructed with implementation of the Mixed Use Area plan. Map 5.2, Infrastructure Cost Estimates identifies each segment of new street and estimates a total infrastructure cost for the street and underground utilities.

In Subsection III above, these estimated infrastructure costs were assigned to redevelopment project areas based on location and the costs were then incorporated into Table 5.4, Tax Increment Analysis to enable evaluation of project costs and benefits. As indicated on Map 5.2 below and the Total Project Area summary in Table 5.4 (from pg. 75), these infrastructure costs total approximately \$2.7 million in the Mixed Use Area. Individual redevelopment project area public infrastructure costs vary from \$696,000 in the Town Center area to zero for those redevelopment projects fronting Merle Hay Road only.

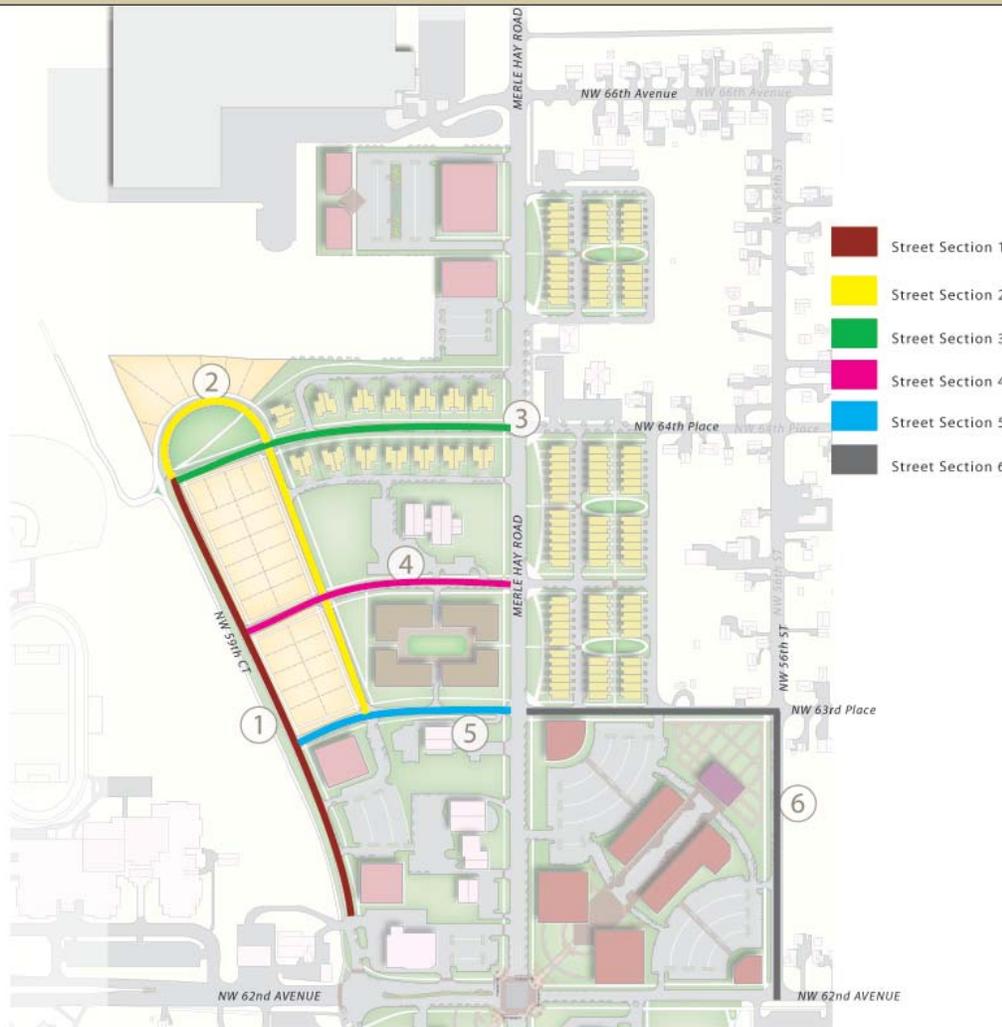
It is important to note that some projects, notably the Town Center Project, require substantial infrastructure, including the potential extension of public sewers, on private land within the development. This additional infrastructure cost might be the subject of requests for financial assistance in the form of development incentives. In addition, this analysis has not included the costs on on- and off-site storm water management. Such facilities might include storm water detention and/or retention ponds as well as

on-site storm sewers and erosion prevention improvements. The costs of storm water management, to the extent that they are required for each project area, could represent significant additional development costs. A desirable alternative to individually designed storm water management plans for project areas west of Merle Hay Road, would be an analysis of a “Best Management Practices” approach to managing storm water for this entire area. Such an approach would be most feasible under a single master developer scenario.



MERLE HAY ROAD MIXED USE CENTER

Map 5.2: INFRASTRUCTURE COST ESTIMATES



Streets Estimated Cost			
Streets	Length (Linear Ft)	Unit Cost (\$ per linear ft)	Estimated Cost
1	1335	400\$	\$534,000.00
2	1,236 ft.	400\$	\$494,400.00
3	1,040 ft.	400\$	\$416,000.00
4	807 ft.	400\$	\$322,800.00
5	655 ft	400\$	\$262,000.00
6	1740 ft.	400\$	\$696,000.00
Total	4713		\$2,725,200.00