



MEMORANDUM

City of Johnston, Iowa

DATE: July 7, 2015

TO: Comprehensive Plan Task Force
Mayor Dierenfeld
City Council Members Brown, Cope and Temple
Commissioners Petersma, Severino and Anderson

FROM: David R. Wilwerding, AICP
Community Development Director

RE: High Density Residential Development

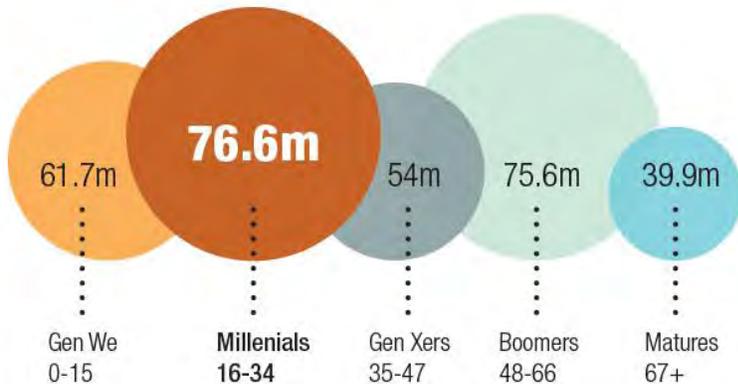
At the June 22, 2015 Task Force Meeting a number of additional pieces of data and information were requested by Task Force Members. This additional information has been incorporated into the original memo, thus the following includes information previously presented as well as additional information requested.

The City Council recently established this Comprehensive Plan Task Force consisting of members of the City Council and Planning and Zoning Commission and charged the Task Force to review the Johnston 2030 Comprehensive Plan Land Use Map to determine if any changes are necessary specific to the location and quantity of areas designated for High Density Residential use and make a formal recommendation to the Planning and Zoning Commission and City Council. The goal is to complete this work by August 3, 2015. Additionally, the Council has requested the Task Force review and make a recommendation regarding proposed changes to the Johnston 2030 Land Use Plan for the area west of NW 100th Street generally between NW 62nd Avenue and NW 70th Avenue. The need for this review was created by the citing of the new Johnston High School in this area.

Staff has compiled the following information as a basis for discussion of the high density residential development issue.

Trends and Statistics

Today's trends show that the need for apartments and condominiums are in high demand. Nationally, the largest percentage of our population is currently the Millennials, those aged 16-34, who have the desire to rent and live in walkable, urban areas, followed closely by the baby boomers (those born between 1946 and 1964) who are aging, and in the future will continue to downsize to apartment/condominium living style. Combined, these two groups currently make up 48% of the US population.



Source: www.torusmarketing.com

Baby Boomer Generation

Baby boomers are defined as the age group between 48 and 66. This is now the second largest cohort in America. The desires of individual people may differ, but we can observe common trends among the cohort. This is a group that is coming to retirement age rapidly. Despite many common perceptions that all baby boomers wish to move and downsize their housing that is in fact not true many in the cohort. Many of the baby boomers in fact have a desire to age in place. A smaller group within this cohort does have a desire to downsize their home, but keep in mind that even a small number in this large of cohort is a big subsection.

A large portion of the baby boomer generation has a desire to age in place. Aging in place is a term used to describe the preference to remain in one's current home for as long as possible. This can lead to naturally occurring retirement communities. These can occur because the most of the area's population has retired and will then attract other retirees into the area so they can be around similar people. Though this is the preferred method for retirement not every person is capable of aging in place. Constraints to this possibility include not being able to keep up with home maintenance, no longer able to afford living in their house, accessibility constraints as health becomes an issue. Those that are able to make modifications to their homes or can continue to afford to do so are more likely to continue living in their home. Those that cannot will move and possibly downsize their home. Developing homes with the intention that a person of can age in place or any age ability could move into them will make aging in place a more viable option and allow for homes marketable to a larger demographic.

Some baby boomers are choosing to downsize their homes. This is because they may no longer have the need or desire for a large home. Some have to move because of constraints in their lives. This can include a change in their income, maintenance has become burdensome, or health constraints no longer make the house livable. Whether moving is a choice or a necessity there are a variety of housing options available. Some examples include accessible apartments, single story homes, accessory housing structures, cohousing, house sharing, and niche/affinity retirement communities.

Millennial Generation

Millennials have surpassed the baby boomers as the largest cohort in America and this cohort will continue to be the largest and continue to grow for the next 15 to 20 years. They range in age from 16 to 34 and like the baby boomers we can discern certain trends in housing and community preferences. This cohort is the most diverse generation in the U.S. as a result of parents that immigrated to America after World War II and immigration that continues to today. They have been and continue to be shaped by technology, invest in education more than previous generations, are burdened by student loan debt, get married and start families later in life in deference of their careers, are buying their first homes later than previous generations, and have a stronger preference for urban living.

Despite the financial crisis Millennials came of age during, they are optimistic about their long term outlook, but are realistic in their short term goals. Around 90% of this cohort expects to own their own home some day, but currently only around 50% own their own home. Financial constraints and a desire to live closer to the cultural centers have resulted in a large percentage of the cohort to be renters. We are beginning to see a trend of more Millennials stopping renting and begin the process of purchasing their first homes.

Now that many Millennials are reaching the age where marriage and starting a family is in the picture they are also buying their first homes. However, unlike previous generations the view of the home as a strong investment is not as prevalent. Since this cohort came of age during the great recession they saw how quickly an investment in a home can be lost. This along with the difficulty of beginning their careers has made them more conscious of their money spending habits. When purchasing a home they want a place that is more about meeting their needs than being a strong investment.

Generational Similarities

Both Baby Boomers and Millennials share the desire to live in communities that support education, civic involvement, and have a variety of housing and commercial options. In regards to education Millennials will continue to invest in education for themselves and it seems to follow that they will invest in their children's education as well. Baby Boomers prefer to live in highly educated areas because these areas have a tendency to provide more opportunities for them as well. Both groups also like to get involved with their communities through volunteer work or other means. Residential communities that provide options to be involved will be popular. Finally both groups want to live in areas with a variety of housing and commercial options. They want these uses to be close together so they can use them regularly.

Arthur "Chris" Nelson, director of the Metropolitan Research Center at the University of Utah states, "Between 2010 and 2030, half of all new housing will be built for renters, the net new demand will be for rental housing. We are not going to build apartments fast enough to meet demand." As well, Sara Wiskerchen from the National Association of Realtors said that, "With millennials searching for new homes, baby boomers downsizing, and groups with historically lower incomes all entering the market, an

increased demand for smaller, less expensive homes will begin to emerge." *Attachment A* is a June 9, 2015 article from the National Real Estate Investor which cites improved forecasts nationally for both rents and vacancies, despite a rash of new units coming online.

Affordable Housing

Locally, the Polk County Housing Trust Fund, as an offshoot of the *Tomorrow Plan*, created a report called *Housing Tomorrow* which describes future demographic projections, and how that will affect the Greater Des Moines Area and housing, noting that greater Des Moines will be older and more racially and ethnically diverse than ever before. The report gives specific statistics such as:

- The metro population increasing 56% by 2050, adding 266,115 residents;
- 1 in 5 residents will be 65 or older;
- Greater Des Moines's fastest-growing job creating industries are customer service representatives, food service workers and retail salespersons with average annual salary ranges between \$19,740 and \$35,160; and
- In a statistically valid survey 64% of Greater Des Moines residents believe housing is unaffordable to the area workforce, and we will need more affordable housing.

Despite the perception that "affordable housing" is rent assisted or government subsidized, the U.S Department of Housing and Urban Development, defines affordable housing as follows:

"The monthly rent or mortgage payment and utilities of an "affordable" home should cost a household no more than 30% of their gross monthly income."

Based on this definition, *Housing Tomorrow* indicates that 60,000 households in the area are living in "unaffordable housing." Along with housing being unaffordable, the average Greater Des Moines household size is getting smaller. By 2050 the number of 1-person households will more than double from 52,094 to around 130,434. Thus, there will continue to be a shift in housing types and needs to support the areas workforce.

A copy of the Housing Tomorrow Executive Summary is included as *Attachment B* and a full version of the report is available at www.housingtomorrow.org. The Polk County Housing Trust Fund has also prepared a Fact Sheets concerning Myths about affordable housing in Johnston. That fact sheet is included as *Attachment C*.

Des Moines Metro Apartment Survey

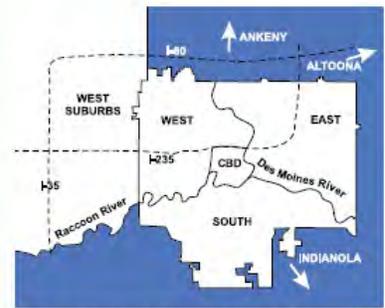
CBRE Hubbell Commercial annually conducts a survey of Des Moines Area Apartments. This survey breaks down the Des Moines Metro into subsections of East, South, West, West Suburbs, Central Business District or CBD. The study depicts the current and historic vacancy percentages, average rent prices and pending apartment project. For the purposes of this survey, Johnston is located in the West Suburbs.

According to the survey, the West Suburbs vacancy rate in 2015 is only 4%, compared to 8.6% in 2010. Additionally, rents in the Western Suburbs are the highest in the metro with the exception of the central business district of Des Moines. Across the metro, vacancy rates are at their lowest points since the late 1990's. Following the traditional supply and demand model, it is to be expected that the market is currently adjusting the supply of apartments to meet the demand.

A copy of the CBRE Hubbell Commercial Apartment Study is included as *Attachment D*.

Renter Occupied Versus Owner Occupied Units

The US Census Bureau does not provide statistics on the number of apartment or multi-family residential units, but does provide statistics on owner occupied versus renter occupied housing units. While multi-family residential units can be owner occupied (condos) and single family detached homes can be renter occupied, this is the best data available to track historic trends and compare data across communities. The table below shows a breakdown of the Des Moines Metro Area's housing characteristics collected during the 2010 US Census.



For purposes of this study, the Greater Des Moines Metropolitan Area is geographically divided into the following areas:

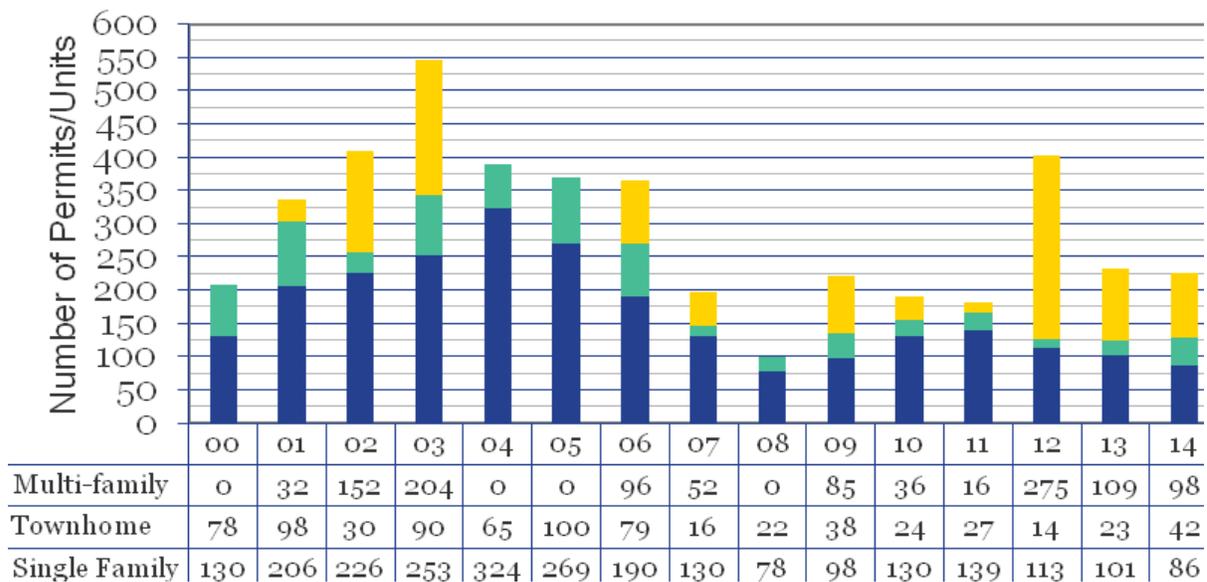
- 1. EAST**
All east and north of the Des Moines River, except CBD.
- 2. SOUTH**
All south of the Raccoon and Des Moines Rivers including Norwalk.
- 3. CBD**
Central Business District south of I-235, east of Martin Luther King Parkway, north of Raccoon River including East Village to the State Capitol.
- 4. WEST**
All west of the Des Moines River, north of the Raccoon River, except CBD.
- 5. WEST SUBURBS**
Clive, Urbandale, Windsor Heights, West Des Moines, Grimes, Waukee and Johnston.

Name	Johnston	Ankeny	Altoona	Grimes	Pleasant Hill	West Des Moines	Clive	Urbandale	Waukee	Norwalk	Average
Population	17,278	45,582	14,541	8,246	8,785	56,609	15,447	39,463	13,790	8,945	24,416
Total Housing Units	6,369	17,433	5,459	3,115	3,395	24,311	5,754	15,596	5,154	3,261	9,621
Renter- Occupied Units	1,416	3,863	1,360	480	952	9,187	1,254	3,374	862	665	2,528
Owner- Occupied Units	4,953	13,570	4,099	2,635	2,443	15,124	4,500	12,222	4,292	2,596	7,093
Average Household Size	2.67	2.58	2.64	2.65	2.57	2.32	2.68	2.52	2.67	2.7	2.59
Owner- Occupied	77.8	77.8	75.1	84.6	72	62.2	78.2	78.4	83.3	79.6	76.9
Renter-Occupied	22.2	22.2	24.9	15.4	28	37.8	21.8	21.6	16.7	20.4	23.1

In 2010, the percentage of owner occupied in Johnston was 77.8 with 22.2 percent renter occupied, with the metro average of 76.9 and 23.1 percent respectively. West Des Moines had the highest percentage of renter occupied units at 37.8 percent and Grimes had the lowest at 15.4%. By comparison, in 2000, Johnston had 2,410 or 74% owner occupied and 847 or 26% renter occupied units.

The table below depicts the single family, townhome and apartment units constructed since 2010. In total, 534 multi-family units, 130 townhomes and 569 single family detached homes have been constructed between 2010 and 2014. Assuming all multi-family units are renter occupied and all townhomes and single family detached homes are owner occupied, as of 2014 Johnston would have 1,950 renter occupied units and 5,652 owner occupied units. Based upon those assumptions, the renter occupied units would equate to 25.7% with 74.3% owner occupied.

New Dwelling Units Permitted 2000-2014



Existing High Density Residential Development in Johnston

To provide an overview of the location and density of apartments across Johnston, the map included as *Attachment E* was prepared which depicts the P&Z case number, name of the development, the development status (completed or not), the number of units, and the density.

In summary, there are 1,504 high density residential units identified within Johnston, an additional 604 units are approved through the site plan review process or under construction and anticipated to be completed within the next 12-18 months. It should also be noted that Cadence Phase II is in the planning stages with an additional 103 units.

Planned or Zoned Areas for High Density Residential Development in Johnston

The Johnston Zoning Ordinance allows High Density Residential Development in two primary zoning districts; R-4 which allows densities up to 16 units per acre and the Mixed Use Center (ROC, ROC-1, ROC-2) which allows densities up to 25 units per acre, a Zoning Map is included as *Attachment F*. The Mixed Use Center district was created after the adoption of the 1998 Comp Plan and the MUC district was amended to increase the allowed densities from 16 units to 25 units per acre after the 2007 Merle Hay Road Redevelopment Study. The areas currently zoned in each of these districts are identified on the attached map, and include:

- NW Beaver Drive Business Park – approximately 8 acres was rezoned in 2013 to allow for apartment development, to date the property owners have not pursued site plan approval. At 16 units per acre, this area could include up to 128 units.
- Merle Hay Road Redevelopment Area – a number of properties remain available for redevelopment in areas where high density residential development are permitted by the existing MUC zoning district. It is assumed this area will redevelop as a mix of uses, thus the total area isn't know but a review of properties in the district allows for an assumption of approximately 25 additional acres within this area could be redeveloped as high density residential development totaling up to an additional 600 units. A copy of the Merle Hay Road Redevelopment Plan is included as *Attachment G*.

The Johnston 2030 Comprehensive Plan outline the following Policies and Action Steps related to High Density Residential Areas (See Chapter 5, Page 43, <http://www.cityofjohnston.com/Index.aspx?NID=109>):

“Residential units in the High Density Residential (HDR) category will generally include apartment buildings, condominium buildings and some higher density townhouses. HDR will also accommodate senior housing. Land designated as high density occurs throughout the community with a concentrations along Merle Hay Road, at Johnston Commons, along the city's western border with Grimes and in the northwest future growth area.

High Density Residential Policies:

HDP.1. Encourage a balance of attached forms of housing as an alternative to single family detached homes.

HDP.2. Provide sites for higher density housing in locations that are convenient to commercial services, major roadways and park and recreation areas.

High Density Residential Action Steps:

HDA.1. Provide appropriate land use transitions at the edges of high density residential areas to buffer noise and screen undesirable views from abutting roadways.

HDA.2. Require sidewalks and trails that provide pedestrian links to the community-wide trail system.

HAD.3. Require quality building materials for multi-family housing that minimizes required ongoing maintenance.”

The Johnston 2030 Comprehensive Plan (*Attachment H*), as well as the Merle Hay Road Redevelopment Plan (*Attachment G*) and Merle Hay Road Gateway Redevelopment Plan (*Attachment I*) identified areas for future development of high density residential; the Johnston 2030 Comprehensive Plan Land Use Map is attached for reference. These areas are highlighted on the map included as *Attachment J* and include:

- Merle Hay Road Redevelopment Area (see above).
- Merle Hay Road Gateway Redevelopment Area – the concept plan (*Attachment I*) depicts approximately 600 high density residential units as part of a walkable, urban neighborhood.
- East of Merle Hay Road – these areas have long been identified in the Comp Plan as future high density residential development generally along NW 55th and NW 57th Avenues and west of the Inter Urban Bike Trail. Combined these areas total approximately 28 acres which could have the potential for approximately 450 units.
- Bright Foundation – West of NW 100th Street and north of the new High School on property owned by the Bright Foundation, the Comprehensive Plan identifies approximately 25 acres which could have the potential for approximately 400 units. Recently, the Bright Foundation requested the City consider amendments to the Comprehensive Plan land uses in the area as a result of the new high school which is under construction. Their suggested land use plan is included as *Attachment K* and depicts approximately 42.9 acres of high density residential which would support approximately 680 units.
- North of NW 78th Avenue – North of NW 78th Avenue and west of NW 106th Street, the Comprehensive Plan identifies an approximately 13 acres, which could have the potential for approximately 208 units.
- Windsor Apartments – recently the property owners have requested a Comp Plan amendment for approximately 8 acres at a requested density of 24 units per acre to allow development of 170 apartments north of Windsor Parkway and west of NW 90th Street. The Concept Plan is included as *Attachment L*.

In total, if all of the approved, planned or zoned areas within Johnston developed at their maximum densities, an additional 3,260 units could be accommodated.

Future Development/Redevelopment Areas

Included as *Attachment M* is a map depicted the potential future development/redevelopment areas in the City. This map depicts all developed lots and all lots with development restrictions as white parcels. The parcels that are undeveloped or are anticipated to redevelop are depicted with the existing Johnston 2030 Comprehensive Plan land use designation shown. In addition, the areas of planned or zoned high density residential development have a black cross hatch. Please note that it's impossible to know which lots may/may not redevelop, so this is a conceptual map, but should give some indication where future development would generally occur and what their planned uses area. Additionally, to be noted, this map excludes the NW Saylorville Drive Expansion Focus Area which contains a mix of uses covering approximately 1,600 acres.

In total the maps depicts approximately 685 acres of future low density residential, which at an average density of 2.5 units per acre could accommodate approximately 1,700 additional single family lots. Additionally, the map depicts approximately 90 acres of future medium density residential (townhomes) which at an average density of 8 units per acre could accommodate approximately an additional 720 units. Combined with the approximately 2,800 high density units noted above, there appears to be area to accommodate a total of an additional 5,220 housing units.

As noted above, in 2010, Johnston had 6,369 housing units, with the addition of approximately 1,233 units since the Census, staff estimates there are 7,602 housing units as of 2015. Thus the potential exists for a total of approximately 12,800 housing units, of which 5,360 or 41.2% could be high density multifamily and presumably renter occupied and 7,440 or 58.8% would be low density (single family or attached) and presumably owner occupied. **Please note – these figures are provided for discussion purposes only and are based upon many assumptions, as a further reminder these figures do not include the NW Saylorville Drive Expansion Focus Area.”

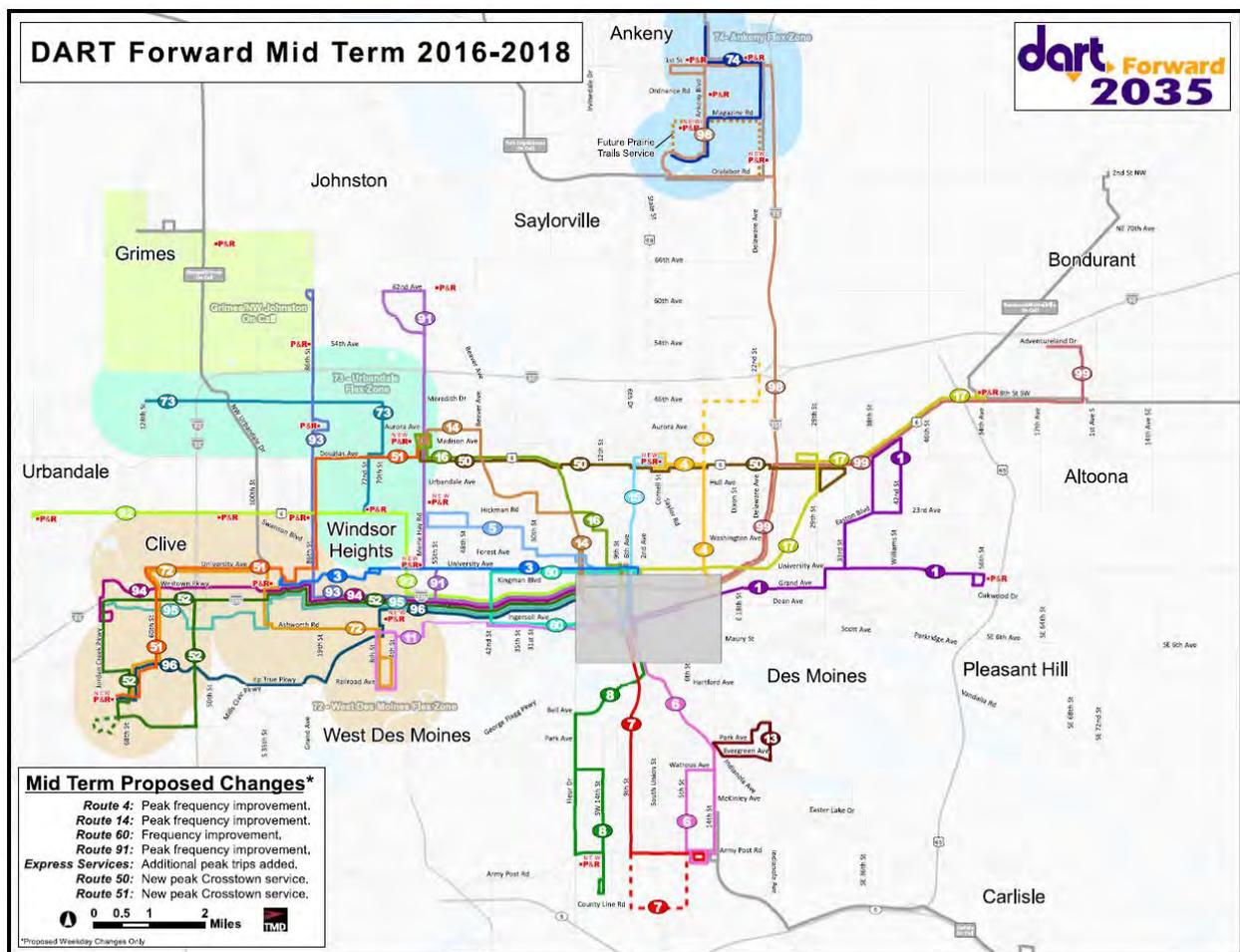
High Density Best Practices

High density residential districts can help meet many of the desires of the Baby Boomer and Millennials generations and can also fit with lower densities to create a diversity of housing options. Public transportation and high density development works very well together and as such, a common strategy has emerged. Transportation Oriented Development is used to encourage both transit ridership and higher density development. As density increases ridership usually increases and the other way around works also. As transportation is made available, those using the service choose to live and work close to the service.

As part of the *Tomorrow Plan*, authored by the Des Moines Area MPO, one of the strategies recommended was the creation of Node and Corridor development. In this type of development, high density residential is mixed with office and retail uses and

constructed around a node with each of the nodes then connected by various transportation options, transit, trails, etc. A copy of the Nodes and Corridor portion of the Tomorrow Plan is included at Attachment N. This plan has two nodes identified in Johnston, both on Merle Hay Road and encompassing the areas of the two redevelopment planning areas.

Currently Johnston is served by two DART express routes. DART completed a small study of their Johnston routes in late summer of 2014 and at the time determined that expanding service in the short term was not warranted. However, they were noticing an increase in higher density development along Merle Hay Road and have identified expanding service along Merle Hay Road to Johnston Commons in their midterm plans, 2016 to 2018. DART is of the opinion that Merle Hay Road has the best potential to increase density to the level that would support better transportation service, but also have noted NW 86th Street to the park and ride at Wal-Mart on NW 70th Street in Grimes as possible areas for future expansion. Currently DART does not have a preferred route between the current express stop on NW 86th Street and the park and ride at Wal-Mart on NW 70th Street in Grimes, but with the new high school and increasing density along NW 100th Street there is potential that NW 100th Street could become a preferred route.



Fiscal Impact of High Density Development

Recently, Smart Growth America completed a study in West Des Moines; the purpose of the study was to attempt to quantify the correlation between land use decisions and infrastructure costs. The study looked at the revenues and expenses for four housing types, Low Density Development (5.5 units/acre), Base Density (6.6 units/acre) Higher Density (10.8 units/acre) and Walkable Urban (22.4 units/acre). The entire report is included as *Attachment O*; however, their analysis is most easily quantified in the revenue, expense and net fiscal impact tables below. The tables show that while the net fiscal impact for all four housing types studied was positive, the impact increased as the density increased.

TABLE 3
Total revenues and costs, by scenario
Residents and employees are both included in per capita costs.

Revenues									
Scenario	City of West Des Moines			West Des Moines School District			Continental		
	Total	Per capita	Per Acre	Total	Per Capita	Per Acre	Total	Per capita	Per Acre
Low density	\$29,085,000	\$982	\$10,400	\$46,145,000	\$1,510	\$16,490	\$75,230,000	\$2,462	\$26,680
Base density	\$28,739,000	\$941	\$15,200	\$45,764,000	\$1,498	\$24,200	\$74,503,000	\$2,440	\$39,400
Higher density	\$28,477,000	\$933	\$21,600	\$45,477,000	\$1,459	\$34,550	\$73,954,000	\$2,422	\$66,150
Walkable urban	\$23,784,000	\$854	\$37,900	\$29,669,000	\$1,104	\$47,380	\$53,473,000	\$1,988	\$85,280

Expenditures									
Scenario	City of West Des Moines			West Des Moines School District			Continental		
	Total	Per capita	Per Acre	Total	Per Capita	Per Acre	Total	Per capita	Per Acre
Low density	\$22,169,000	\$726	\$7,900	\$45,590,000	\$1,493	\$16,290	\$67,759,000	\$2,219	\$24,190
Base density	\$21,603,000	\$707	\$11,400	\$45,399,000	\$1,487	\$24,000	\$67,002,000	\$2,194	\$35,400
Higher density	\$21,186,000	\$694	\$16,100	\$45,142,000	\$1,478	\$34,290	\$66,328,000	\$2,172	\$50,390
Walkable urban	\$17,979,000	\$668	\$28,700	\$24,284,000	\$903	\$38,740	\$42,262,000	\$1,571	\$67,440

Net fiscal impact									
Scenario	City of West Des Moines			West Des Moines School District			Continental		
	Total	Per capita	Per Acre	Total	Per Capita	Per Acre	Total	Per capita	Per Acre
Low density	\$6,916,000	\$227	\$2,500	\$555,000	\$17	\$200	\$7,471,000	\$243	\$2,700
Base density	\$7,136,000	\$234	\$3,800	\$365,000	\$12	\$200	\$7,500,000	\$246	\$4,000
Higher density	\$7,291,000	\$239	\$5,500	\$335,000	\$11	\$260	\$7,626,000	\$260	\$5,760
Walkable urban	\$5,806,000	\$216	\$9,200	\$6,405,000	\$201	\$8,620	\$11,211,000	\$417	\$17,820

Direction:

Staff would request discussion amongst the Task Force on the information presented in this memo and would like direction on further information or materials that would be helpful to the Task Force. Ultimately, a recommendation to the Planning and Zoning Commission and City Council is desired, possible recommendations could include specific changes to the Comprehensive Plan Land Use Map or a recommendation to make no changes to the Plan.

Attachments:

- A - National Real Estate Investor Article
- B - Housing Tomorrow Executive Summary
- C – Myths of Affordable Housing in Johnston
- D - CBRE Hubbell Commercial Apartment Study
- E - Existing High Density Residential Development Map
- F - Zoning Map
- G - Merle Hay Road Redevelopment Concept
- H - Johnston 2030 Comprehensive Land Use Map
- I - Merle Hay Road Gateway Redevelopment Concept
- J - Planned or Zoned Areas for High Density Residential Development Map
- K - Bright Foundation Potential Land Use Map
- L – Windsor Apartment Concept Plan
- M – Future Development/Redevelopment Areas Map
- N – Tomorrow Plan Nodes and Corridors Initiative
- O – West Des Moines Smart Growth Study