



MEMORANDUM

To: Matt Dalbey, EPA
From: Amy Doll, ICF WAM, and Elizabeth Johnston, ICF
Date: December 11, 2009
Re: WA 4-47 Task 5 Final Market Overview Memo for Iowa City
Deliverable 5c

Introduction

This memo summarizes the market conditions in the Riverfront Crossings District, exploring, in particular, opportunities for residential and mixed-use commercial development. This summary can be used to provide market context and background information needed to facilitate informed discussions with key stakeholders as Iowa City's planning effort progresses. As a summary document, this memo relies mainly on secondary sources for demographic, land use and market analysis data. While some of the data reviewed was assembled two years ago¹, Iowa City has experienced some of the most stable market conditions across the country, in part because it is a recession-resistant college-town, with a captive market². Current market conditions and land use patterns were confirmed by discussions with the Iowa City Planning Department and the community workshops that occurred November 11 – 13, 2009.

The context for this market assessment is two-part. Riverfront properties in the Riverfront Crossings District were devastated by the floods of 2008, making redevelopment mandatory. These floods and subsequent destruction led planners to reassess the risks of development within the floodplain. It is likely that properties at high flood risk will be rezoned as open space and left undeveloped to minimize future potential damage. This redevelopment presents a unique opportunity to develop new neighborhood park-land and design an amenity-rich community that will appeal to existing residents, employers and employees as well as attract new residential and commercial opportunities.

In addition to necessary redevelopment due to flooding, the district has become a focal point in discussions regarding transit-oriented development (TOD) in Iowa City. If additional funding is secured from the State, an Amtrak station could be located in the district in the historic Rock Island Railroad Depot. This station would provide rail access to Chicago and other major cities throughout the Midwest. In addition to the Amtrak station, there is an opportunity to provide access to local passenger rail in the Iowa City/Cedar Rapids region, through the creation of two transit stops in the district. The CRANDIC rail line is ideally located to provide service from the heart of the district to the University campus, the University and Veterans hospitals, and

¹ Much of the market analysis data is from reports/analysis conducted in 2007 and the latest census data available is from 2007 as well

² Evens, Kelly. Why College Towns Are Looking Smart, Wall Street Journal, March 24, 2009

downtown Iowa City as well as a connection to Coralville's River Landing development, North Liberty and eventually Cedar Rapids³.

While the reality of transit access in the district is not immediate, it is important that any post-flooding redevelopment anticipate these opportunities and prepare a neighborhood fabric that could support TOD around the proposed stations. Transit access often has the ability catalyze neighborhood development; with proper planning and infrastructure in place the district can position itself to be Iowa City's first TOD community. With convenient and cost-effective transportation links to downtown, the University and other local employment centers as well as larger cities in the Midwest, the Riverfront Crossings District would be a prime site for smart growth development; complete with higher density housing, which would in turn support mixed-use retail and services, entertainment venues, and restaurants.

In preparing this summary, ICF reviewed recent Iowa City market studies, interviewed members of the City's Planning Office and participated in a team debrief session to get feedback from the November workshop. The reports reviewed as secondary sources include:

- Community Profile, City of Iowa Economic Development Division, 2007
- Downtown Iowa City Market Niche Analysis, Iowa City, Iowa, November 2007
- 2007 Iowa City Apartment Rent Survey
- Iowa City Metro Area Affordable Housing Market Analysis, December 2007
- Market and Financial Analysis for a Mixed-Use Development at 434 S. Linn Street, 2009
- City of Iowa Central District Plan, Department of Planning and Community Development, October 21, 2008.

Community Profile

The first step to any market analysis is an examination of the current community context, both in terms of existing land use as well as demographics. This community profile will detail the current land use and zoning patterns in the Riverfront Crossings District, specifically exploring existing commercial, public and residential uses so that we may understand how the current neighborhood fabric can accommodate the proposed TOD. Secondly, the community profile will explore the demographics of the existing and anticipated target markets (community residents, business owners, employees, university students and visitors) and identify trends that will have an impact on the demand for the proposed development.

Zoning and Land Use

Before delving into the immediate project area, it is important to understand the broader neighborhood character and dominant land uses that are at play. Iowa City, well known as the home to the University of Iowa, is consistently ranked one of the best places in America to live⁴. The University, with enrollment of roughly 30,000 as well as 18,000 employees is the single, largest entity in the region, and its influence on the city and surrounding region is significant. For the purpose of this study, that influence translates into a stable recession-buffer and increasing housing and consumer market demand. As enrollment and University real estate development continues, the market for local housing and goods continues to expand. The University is one of the main engines of the local economy.

The Riverfront Crossings District is currently defined as the area bounded by Burlington Street/State Highway 1, the Iowa River, Highway 6, and Boyrum/ Van Buren Street, however, the district boundaries may be extended westward across the river as a result of the November workshop discussions. Current zoning patterns site industrial and public/institutional/University

³ While rail was not the focus of this analysis, more information can be found Cedar-Iowa River Rail Transit Project Feasibility Study, November 2006

⁴ Iowa City Metro Area Affordable Housing Market Analysis, Mullin & Longergan Associates, December 2007

land uses in the north/west portion of the district and general commercial, office and mixed-use as well as small pockets of residential zoning in the eastern portion. Residentially-zoned land exists to the east of the site. Based on these zoning patterns, the common land uses in the project area include a large public waste water treatment plant (which is set to relocate), a recycling plant, University of Iowa auxiliary buildings (adjacent to the main campus directly to the north) and various public buildings such as the county administrative offices, and a number of smaller retail, office and business service establishments as well as some scatter-site residential. The majority of the residential uses, located in the northern portion of the district, include multi-family residential dwellings populated predominantly by University students. The northern portion of the district has somewhat of a downtown feel, however, due to fast-moving traffic along Highway 1/Burlington Street it is disconnected from downtown Iowa City⁵. Slower moving traffic and the availability of on-street parking have attracted a small-scale retail and personal service district along Kirkwood Avenue, east of Gilbert Street. This area includes some of the elements of a more traditional main-street commercial zone in terms of scale and pedestrian orientation. Many of these smaller establishments are locally owned and have been in business for a long time, providing needed goods and services to local residents. Additionally, the properties along Gilbert Street have been transitioning away from intensive commercial uses toward retail commercial uses, although quite a number are the type that require outdoor storage and display. A small pocket of residential uses exist in the northeastern corner of the project area. Residential neighborhoods directly to the north and east of the district contain housing from several different periods, creating a unique patchwork of housing styles ranging from small contemporary ranch houses to 1900's era vernacular houses and grand Victorian-era houses. The Oak Grove Neighborhood Association is active in the neighborhood in the northeast corner of the district.

The Floods of 2008, which affected properties north of Highway 6 and west of South Dubuque Street, provided an impetus to redevelop the district. One aspect of this proposed redevelopment is to limit development on the floodplain and introduce community open space; another is the siting of local as well as regional transit stops in the neighborhood. The flooding of 2008 has caused planners to reassess the risks of development within the floodplain and in the interest of minimizing the impacts of future floods, any future development or redevelopment, particularly residential development, in these areas must take the floodplain and its inherent risks into account. It is likely that properties at high flood risk will be designated as open space and left undeveloped. The city is already in discussions about relocating the waste water treatment operations that are currently located along the river to the City's other treatment plant⁶. Only two small parks exist just east of the district: Oak Grove Park and the tiny Highland Park. This new open space could provide much needed recreation land for the neighborhood. Furthermore, development of trails and attractive park space along the river may encourage redevelopment and reinvestment in the area. The concept of designating flood-prone land along the river for parkland received a lot of support from stakeholders who attended the November workshop. There was definite buy-in for restricting development on the 100-year flood plain, although consensus was not reached about limiting development in the 500-year flood plain. Furthermore, there was great enthusiasm for open space, including a series of parks and working landscape, such as community gardens. Eighty-two percent of workshop participants polled indicated that they thought a new riverfront park was a great idea and 44% (the most common response) indicated that they would use the park weekly. Moreover, 74% supported the use of tax payer dollars to create such park land.

There is also a proposal to locate an Amtrak station in the center of the district at Lafayette and Clinton Streets. Furthermore, the CRANDIC rail line runs along Maiden Lane, however, there are currently no rail stops in the project area. Early discussions have identified a possible light rail stop in the heart of the project area, north of Lafayette Street, between Clinton and Dubuque

⁵ Market and Financial Analysis for a Mixed-Use Development at 434 S. Linn Street, 2009

⁶ Ibid

as well as an additional stop in the northwest corner of the project area, adjacent to the University buildings. The siting of the proposed transit stops could be a catalyst for dramatic land use shifts in the neighborhood. If the proposed passenger rail service and Amtrak station are constructed, the district would become an ideal neighborhood for TOD and could support high density mixed-use development around the train depot and transit stops. Proposed zoning changes would create a district of intense commercial uses along South Gilbert Court and a district of commercial and urban mixed-use along Gilbert Street. Adoption of an overlay zoning district tailored to this important commercial district could help to create a more uniform and attractive streetscape as redevelopment occurs, and will ensure that it redevelops with a pedestrian orientation to serve nearby residents, shoppers and employees who are accessing the neighborhood by transit, high-density residential development and a different mix of retail businesses and services.

In addition to the proposed transit stops creating a new and expanded market, the district has already begun to transition. Land north of the rail line is being developed to support spillover demand for downtown housing. As downtown housing bleeds southward, demand for services and retail will not be far behind.

Demographics

In addition to the zoning and land use implications of redevelopment, it is critical to take into account the demand of the target market. In Iowa City this market consists of a diversity of stakeholders, including community residents, business owners, employees, university students and visitors. The demographic characteristics of the local and regional population can have a significant impact on what type of development is feasible and what land uses can be economically supported. In addition to a basic understanding of the general population, it is also important to explore the characteristics of any niche markets that might be attracted to the unique offerings of development in the district. Other than the downtown area, which offers upscale, urban residential housing, the Iowa City region is largely comprised of low-density, suburban housing stock. The proposed Riverfront Crossings District development will offer a mixed-income, mixed-use, transit-oriented, urban neighborhood that will likely appeal to various segments of the young professional market, often dubbed the 'creative class.' The term 'creative class,' coined by Professor Richard Florida, has been used by economic development professionals across the country to describe and attract this desired demographic. Understanding the demographic trends of the creative class is therefore a key piece of understanding and capitalizing on the unique market demand of the district.

The most captive market is comprised of those who currently live or work in Iowa City. The demographics of this market will almost certainly drive commercial as well as housing demand in the district. The 2008 population of Iowa City is estimated at 67,841. The regional Iowa City MSA, which consists of Johnson and Washington counties, has an estimated 2008 population of 149,437 while the broader Cedar Rapids/Iowa City Technology Corridor has an estimated population of 404,889⁷. Not only does this region boast a significant population in terms of its size, it has been growing annually and projections indicate that it will continue to outpace the state's growth rate by double at the city-level and by triple at the MSA-level. Many people are relocating to Johnson County from surrounding counties; in 2000 the county had a net-gain of 3,000⁸. This strong growth is critical to supporting the demand for housing and commercial uses in the district.

⁷ United States Census Bureau. Cumulative Estimates of Population Change for Metropolitan Statistical Areas and Rankings: April 1, 2000 to July 1, 2008.

⁸ Iowa City Metro Area Affordable Housing Market Analysis, Mullin & Longergan Associates, December 2007

Secondly, the region performs well in terms of socioeconomics. The Iowa City MSA has a lower than statewide unemployment rate⁹ and a robust city-wide median household income of \$40,378 and a median family income of \$67,229¹⁰. Roughly 70% of the city-wide and 67% of the regional population is employed in white collar jobs. The Iowa City MSA is tied with Stamford, Connecticut, for the US metropolitan area with the highest percentage of the adult population holding a bachelor's degree or higher; with 44 percent of adults holding a degree. The University and its accompanying health care services employ a significant portion of the local population, supporting nearly 30,000 jobs combined. The socioeconomic profile of the local and regional residents indicates that Iowa City has a strong and growing market.

In addition to general population demographics, it is important to take into account niche markets that might be uniquely drawn to TOD-style development in the district. Iowa City is commonly known as a "college town" as it is home to the University of Iowa, with a student enrollment of 30,000 and a small campus for Kirkwood Community College. As often is the case in college towns, many young people choose to stay in the region after graduation; therefore it is not surprising that the median age is relatively low, 27.6 in Iowa City and 30.3 in the greater region, compared to the Iowa average of 39. Nearly 20% of the local residential market area is comprised of young professionals age 25-34, well above the state average of 12%. These young professionals comprise the broader 'creative class' market niche. The creative class, generally attracted to high-density, affordable, urban living, will be drawn to amenities such as transit accessibility, proximity to entrepreneurial opportunities and cultural centers downtown as well as proposed riverside open space, making them an ideal market for the Riverfront Crossings District redevelopment.

ESRI Business Information Solutions developed a market classification tool that identifies 65 neighborhood market segments, or community tapestries, based on a variety of demographic and socioeconomic characteristics and other determinants of consumer behavior. These community tapestry segments can be used to identify key cultural aspects of demographic cohorts. The top five market segments present in regional Iowa City MSA are: Aspiring Young Families (13.8% of households), Enterprising Professionals (10.9%), Crossroads (7.6%), Dorms to Diplomas (7.3%), and College Towns (6.9%) while the top five in the local city market are: Enterprising Professionals (17.2% of households), Dorms to Diplomas (13.5%), College Towns (12.8%), Metropolitans (10.9%), and Young and Restless (10.6%)¹¹. The descriptions of these market segments can be useful in identifying the residential and commercial preferences for the population cohorts that reside in Iowa City and the surrounding region.

The below paragraphs provide descriptions of the demographic characteristics of the niche cohorts¹² that are particularly relevant to the district redevelopment. Later in this summary we will use to these descriptions to understand the residential decisions and consumer preferences of the Iowa City market.

Most *Aspiring Young Families* residents are young, startup families, a mix of married-couple families with and without children and single parents with children. The average family size is 3.13, near the U.S. average. Approximately two-thirds of the households are families, 27% are single-person households, and 9% are shared. Annual population growth is 1.7%, higher than the U.S. growth. The median age is 30.4 years; nearly one-fifth of residents are in their 20s. This market is ethnically diverse. Although most residents are white, other race groups are also represented. Seventeen percent of residents are black, and 16% are of Hispanic origin. The median household income is \$47,200, and income is derived mainly from wages. The median net worth for this market is \$94,300. Approximately 60% of employed residents have professional, management, sales, or office/administrative support positions. Overall, 85% of residents aged 25 years and older have graduated from high school, 35% have attended college, and 22% hold a bachelor's or graduate degree.

9 For every year from 1995 through 2006

10 2007 inflation adjusted dollars

11 Downtown Iowa City Market Niche Analysis, Iowa City, Iowa, Marketek, November 2007

12 Ibid

With a median age of 24.5 years, *College Towns* is the fourth youngest of all the Tapestry segments. Most residents are aged between 18 and 34 years and live in single-person or shared households. One-fourth of households are occupied by married couple families. The racial profile of this market is similar to the U.S. profile. Three-fourths of the residents are white. Education is the key focus of College Towns residents. Approximately 41% of residents are enrolled in college or graduate school, often at the local college or university. Other residents are on the teaching and research staffs, because many continued to work at the college they attended. Naturally, College Towns residents are educated; 40% of residents aged 25 years and older have a bachelor's or graduate degree. Because many students only work part-time, the median household income of \$28,900 ranks near the low end. Fifty-two percent of the employed residents in this market are part-time workers. This segment ranks second to the Dorms to Diplomas segment for the highest proportion of part-time employment. Most of the employed residents work in the service industry, holding on- and off-campus jobs in educational services, health care, and food preparation. The median net worth for this market is \$30,700.

Crossroads neighborhoods are primarily home to married-couple families with and without children and single-parent families. These residents are young, with a median age of 31.9 years. Householders tend to be younger than the U.S. average; half of them are younger than 45 years. The population in this segment is growing more than 1.6% annually, a faster rate than the U.S. population. Eighteen percent of residents are Hispanic. Although 73% of residents are white, other racial groups are represented in this market. The median household income for this market is \$39,500, somewhat below the U.S. median; the median net worth is \$46,000, less than half the U.S. value. Educational attainment levels are lower than U.S. levels; only 36% of residents aged 25 years and older hold a bachelor's or graduate degree or have attended college. Most of the employed residents work in the manufacturing, construction, retail trade, and service industry sectors. Labor force participation is comparable to the U.S. level, but unemployment is slightly higher.

Dorms to Diplomas residents are college students who represent the youngest of all the Community Tapestry segments, with a median age of 21.8 years. Approximately 81% of residents are enrolled in a college or university. The rest of the population are not students and reside off campus. Approximately 42% of the households share housing with one or more roommates; 38% are single-person dwellings. Ethnic diversity is relatively low for this segment. Approximately 73% of the residents are white and 11% are Asian. To support themselves while they attend school, nearly three-fourths of the employed residents work part-time in low-paying service jobs. The median household income for this segment is \$17,600; the median net worth is \$13,100. Approximately 52% of the residents aged 25 and older hold a bachelor's or graduate degree. The educational institutions at the center of these communities employ many residents, especially in the educational services, accommodation/food services, and retail trade industry sectors.

This market is home to young, educated, working professionals. Single or married *Enterprising Professionals* residents are singularly young, with a median age of 32.4 years. Forty-three percent of households consist of singles who live alone or with roommates. Similarly, 43% of households consist of married-couple families. The number of households in this market is approximately 2% of U.S. households but is one of the fastest-growing markets with household growth of 2.6% annually. The diversity of the population is similar to that of the United States. The majority of residents are white; however, 11% are Asian (more than two and one-half times the U.S. level). Household income exceeds expectations, with a median of \$66,000. The median net worth of \$150,900 is growing. Ninety percent of Enterprising Professionals households derive income from wages and salaries; 39% have some form of investment income. This is an educated group: 46% of the population aged 25 years and older hold a bachelor's or graduate degree and 30% have attended college. Nine percent are enrolled in college or graduate school. Ranked second of all the Community Tapestry markets for labor force participation at 75%, these working professionals are employed in various jobs, especially management, finance, computer, sales, and office/administrative support occupations.

Metropolitans residents favor city living in older neighborhoods. Approximately half of the households are composed of singles who live alone or with others. However, married-couple families comprise 40% of households. Compared to the United States, there is a higher proportion of residents aged 20–34 in this market. The median age is 37.1 years. Diversity is low; a white population dominates. At 71%, labor force participation is well above average; the unemployment rate of 5% is below average. Metropolitans residents are educated: 75% of the population aged 25 years and older have attended college or completed a degree program; 28% hold a bachelor's degree, and 21% have a graduate degree. Half of employed persons hold professional or management positions. The median household income is \$57,600. Nearly half of the households earn income from interest, dividends, and rental properties. The median net worth is \$134,500.

Change is the constant for *Young and Restless* households. This young, on-the-go population has a median age of 28.9 years. Slightly more than one-half of them are younger than 35. Fifty-nine percent of these households are either single person or shared. Neighborhoods are diverse. Sixty percent of the residents are white; however, there is an

above-average representation of other cultures including 19% who are black, 8% who are Asian, and 18% who are Hispanic. Socioeconomic: The median household income is \$40,900, and the median net worth is \$87,000. Although the median household income is below the U.S. median, because only 23% of these households include children, discretionary income is higher than for segments with similar income levels. Young and Restless is an educated market; one-third of residents aged 25 years and older hold a bachelor's or graduate degree and another one-third have attended college. Thirteen percent are enrolled in college or graduate school. Career is a common element shared by these ethnically diverse residents. Both men and women participate in the labor force at much higher rates than the U.S. rates. The 75% labor force participation rate is the highest among all the Community Tapestry segments; the female labor force participation of 73% is also the highest. Most employed residents work in professional, sales, service, and office/administrative support positions.

Lastly, in addition to understanding the demographics of permanent residents, the visitor market must be considered as it can have a significant influence on commercial demand. According to a recent market analysis report, roughly 50,000 tourists are attracted annually by Iowa City's River and Jazz festivals. The downtown Sheraton Hotel books 2,570 night rooms per year. Additionally, the University, with major events and attractions ranging from sports and arts to its top-of-the-line health care facilities, attracts over 1.5 million local and nationwide visitors annually. Overall, Johnson County ranked fourth of Iowa's 99 counties for tourism dollars with over \$244 million in domestic travel spent in 2005¹³.

Housing Demand

Housing demand is directly related to household demographics; therefore this section will begin by reviewing the demographic findings identified in the previous section in the context of certain regional housing trends. The strong demographic trends identified in the previous section are indicative of a growing market for housing in the district. Between 1990 and 2007 population in the Iowa City MSA grew an average of 1.63% annually and household growth had an average annual growth of 2.34%.¹⁴ While 2012 projections indicate slightly slower rates for the next five-year period, the region will continue to grow more quickly than the state and will add an average of 1,064 new households to the residential market area annually. Market area population is projected to reach nearly 170,000 with nearly 70,000 households in 2012. Moreover, the number of households is growing faster than overall population growth. This trend can be seen throughout the country, and is indicative of smaller family size, however, in particular for Iowa City, it might mean a subtle shift from dorm-style living with 5-6 unrelated roommates to housing for couples and young families. When the number of households grows faster than total population, it sparks housing demand as an increase in units is required to accommodate the same number of people¹⁵.

A more in-depth look at income by age trends identifies three distinct residential markets in Iowa City, the college and immediate post-college individuals, the 'creative class' professionals and lastly the older, more affluent demographic. Not surprisingly the most affluent age cohort is the householders between 45 and 64 and the lowest income group are those in the college / post college cohort. Nearly 40% of college/post-college market (householders under 25 years old) has incomes below \$15,000. This is in sharp contrast to both the creative class and older professional cohorts. Over 30% of those 25-34 years old and over 40% of those 35-44 years old have household incomes between \$50,000 - \$100,000. In Iowa City the creative class will be particularly important to the newly developing housing market. In addition to their socioeconomic characteristics, there are other cultural elements of this market demographic that will be discussed in further detail below that make this group particularly interested in higher-density, urban living.

¹³ Based upon the Travel Economic Impact report completed by Travel Industry Association

¹⁴ Downtown Iowa City Market Niche Analysis, Iowa City, Iowa, Marketek, November 2007

¹⁵ Iowa City Metro Area Affordable Housing Market Analysis, Mullin & Longergan Associates, December 2007

As identified by the tapestry data, the two largest regional market segments are Aspiring Young Families and Enterprising Professionals with 13.8% and 10.9% of households, respectively. While the residential preferences of the former segment favor single family detached homes or townhouses, the latter enjoy living in newer, higher density housing and prefer to own rather than rent. Other top market segments whose members tend to live in high density, mixed-use environments are College Towns (6.9% of households), Metropolitans (6.3%) and the Young and Restless (5.8%)¹⁶.

Housing Supply

This section will profile the existing housing supply in Iowa City, including housing characteristics and sale and rental market price trends. This current profile will act as a foundation for understanding the future residential demand. The table below summarizes the most salient characteristics of the existing housing supply. As can be seen, while Iowa City is pretty evenly split between renters and owners, the majority of units in the MSA are owner-occupied. The high percentage of renters in Iowa City can be attributed to college students and young professionals, who are typically renters. City and MSA owner and rental unit values are consistent with a slight price premium for rental units in the city. In both the city and MSA, the most common housing type is single family, detached, however, 10+ unit structures comprise over a quarter of units in the city, compared to only 17% in the MSA.

Table 1: Housing Supply¹⁷

	Iowa City	MSA
Occupied Units (2007)	\$ 27,570	\$ 59,863
Owner-Occupied	48%	61%
Renter-Occupied	52%	39%
Owner-Occupied Unit Value		
Median	\$ 170,076	\$ 161,797
Average	\$ 194,229	\$ 194,627
Contract Rent (2007)		
Median	\$ 507	\$ 487
Average	\$ 549	\$ 516
Structure Type		
Single Family Detached	42.3%	54.0%
Single Family Attached	5.6%	5.8%
2-4 Units	10.7%	8.7%
5-9 Units	11.0%	7.8%
10+ Units	26.0%	16.8%
Other	4.4%	6.8%
Median Year Built	1973	1973

The number of issued building permits is strong indicator of the future housing supply. In Iowa City, the number of issued permits for residential buildings has declined across all structure types since 2002/2003, when it was at a ten-year high. At the MSA level, the total number of permits declined, however, single family permits increased at 1% annually¹⁸.

Price is another key indicator. Home prices in the Iowa City region increased roughly 5% annually from 2001 to the first quarter 2007. Iowa City, like other college towns across the

¹⁶ Downtown Iowa City Market Niche Analysis, Iowa City, Iowa, Marketek, November 2007

¹⁷ Downtown Iowa City Market Niche Analysis, Iowa City, Iowa, Marketek, November 2007

¹⁸ Community Profile, City of Iowa Economic Development Division, 2007

country, has fared fairly well compared to other regions, despite the national real estate crisis¹⁹. A healthy job market has supported growing housing demand that has offset some of the negative impacts of the nationwide economic turmoil. Forty-one percent of residential sales in Iowa City in 2006 were in the less than \$150,000 categories, while 67% of sales were under \$200,000. The largest proportion of sales, almost one-third, was in the \$100,000 to \$150,000 range and more than a quarter of sales were in the \$150,000 to \$199,999 range. Sales over \$300,000 comprise only 10% of total sales²⁰. Local sales trends indicate that condominium sales have also been strong. With a few exceptions, condominium units in these areas have historically been characterized as either “apartment style” or “suburban style” units, with prices that generally top out at around \$125,000.

This analysis will focus on the apartment-style condominium market, as it is likely that this is the type of housing stock to be developed in the Riverfront Crossings District. Moreover, discussions at the November workshop confirmed that there is a strong market for this type of development as there is a current lack of for-sale units targeted towards young professionals. The urban rental market in Iowa City is bifurcated between units marketed toward University of Iowa students and apartments targeted at professionals. According to Cook Appraisal, there were an estimated 1,852 rental units in downtown Iowa City in 2007²¹. Downtown is an ideal location for students and professionals who work downtown, thus, rents tend to be higher than in non-downtown Iowa City. The average downtown rent in 2005 was \$747. It is estimated that rents have increased by 3% to 4% over the past few years to roughly \$770. Non-downtown rents are estimated at roughly \$698²². The vacancy rate in downtown is estimated at roughly 2% and roughly 4.5% in the rest of the city. Vacancy rates have been relatively stable over the past few years. The low rates indicate a tight apartment market, particularly downtown, that is likely due to demand from students and young professionals seeking housing near school or work. This demographic would similarly be attracted to housing in the Riverfront Crossings District as it also offers transit-accessible, proximate, urban, mixed-use living. Again, looking at comparable units in the rental market provides us with a sense of what can be expected for the proposed units in the district²³.

Apartments marketed toward students are typically three- to four bedroom units in mid-rise buildings with fewer than 100 units and ground-floor retail. A good example of student-focused housing is the recently completed Telluride Building at 355 S. Linn Street. The development contains roughly 5,400 square feet of ground floor commercial space with four floors of student apartments in the form of 1 to 5 bedroom units. The development also includes approximately 40 parking slots²⁴. The student residential units are almost fully occupied, however, the first floor commercial is vacant²⁵. In addition to student-oriented apartments that dominate the Iowa City rental market, there are a few higher-end rentals in downtown Iowa City that target graduate students, professionals and young couples. Rents for these units run from moderately priced one-bedrooms at \$660 to nearly \$3,000 penthouses. Rents generally cover all utilities, as well as community amenities such as a spa/sauna, fitness center, basketball court, game room and tanning room. In-unit amenities include equipped kitchens, furnished living and bedrooms and walk-in closets. The price per square foot ranges from \$1.44 to \$1.90. These units experience few vacancies and tend to lease in December for the following fall²⁶. A good example is the

19 Evens, Kelly. Why College Towns Are Looking Smart, Wall Street Journal, March 24, 2009. Confirmed by a discussion with representatives from the Iowa City Planning Office

20 Data prepared by Kevin Hanick, Broker/Realtor, Lepic-Kroeger, Inc

21 Cook Appraisal defines downtown Iowa City as the Pentacrest Zone, which is bordered on the North by the Iowa River, the South by Highway 6, the West by Sunset Street and the East by Governor and Summit Streets.

22 Ibid

23 Downtown Iowa City Market Niche Analysis, Iowa City, Iowa, Marketek, November 2007

24 Market and Financial Analysis for a Mixed-Use Development at 434 S. Linn Street, 2009

25 Iowa City Planning Office

26 Ibid

Moen Group's Plaza Towers, a 14-story, mixed-use high-rise that was developed on a pedestrian mall in downtown Iowa City in 2005. The residential component of the building initially consisted of 28 for-sale condo units and 27 rental apartment units. The initial condominium pricing was roughly \$210/SF, with an additional \$13,000 for parking. However, prices rose quickly after the first few units sold and continued to increase as the units sold out. In the end, six of the 27 rental units were sold as condominiums. In 2007, units were valued at roughly \$350/SF (\$450/SF for penthouses) with an additional \$18,000 for parking. The price point of the downtown condo market ranges from \$150,000 to \$230,000²⁷.

Housing Demand

As one aspect of the Downtown Iowa City Market Niche Analysis, Marketek conducted a statistical demand assessment for the residential for-sale and rental market. The report cautions that despite the fact that finite numbers were used for the analysis, the end result should be interpreted as an approximation of market depth, balanced by the ever-changing characteristics of the competitive supply. New household growth and turnover are the two main sources of potential housing demand. New household growth is traditionally used to project market growth and is based on population and household growth projections. The owner and renter analyses use the average annual increase in households beginning with the estimated household base in 2007 and the projected 2007-2017 annual increase in new households. For both the for-sale and rental market, the more significant source of potential demand is turnover, which is estimated by owner and renter turnover rates derived from census data and preference information from the household tapestry data. The results of this analysis conclude that annually from 2007 - 2017, there will be 906 residential households who will potentially buy newly developed higher density market rate housing. Additionally, there will be an estimated 1,298 new renters of market rate, urban units.

New housing development in the district will be particularly well positioned to satisfy the growing demand for housing in Iowa City and regionally. The district can support higher-density infill housing and its proximity to the heart of downtown Iowa City and nearby recreational and cultural activities will mean that it can target the same demographic as the downtown housing market. The city-wide growth of professional jobs and proposed University expansion plans suggest that the traditional downtown area will need to extend southward into the district in the near future. Demand from developers of student housing has already been expressed, and two new apartment buildings are being developed on the north-side of the district.

One of the best methods of evaluating the strength of a new market is by looking at comparable proposed developments. The Linn Street Market Assessment conducted in March of 2009 determined that it was feasible to develop approximately 90 affordable and market rate condominium units at the project site in the northern portion of the district. The sales rates ranged from approximately \$219 to \$325 per square foot, meaning that a typical 800-square-foot one-bedroom affordable unit would be \$175,000, and the market-rate price for a similarly sized unit would be \$300,000²⁸. Another project, the Hieronymus Square Tower was sited for 314-328 South Clinton Street, also along the northern border of the district. The project is currently on-hold due to financing, however, once it is completed it will contain 114 condominiums, including a mix of workforce and high-end units. In addition to residential space, it will contain 9,000 square feet of retail space, 39,400 square feet of commercial space, and from three to four floors of condominium office space. Lastly, another development is proposed for 228 E. Court Street, at the site of the St. Patrick's Church School. The demolition of the existing buildings will likely occur in 2010 pending the decision to proceed with the construction of the proposed mixed-use facility, including 25-75 units of workforce (affordable) housing,

²⁷ Ibid

²⁸ Market and Financial Analysis for a Mixed-Use Development at 434 S. Linn Street, 2009

25,000 – 35,000 square feet of commercial space and a parking facility to accommodate approximately 600 parking spaces²⁹.

These projects are indicative of the type of development that can be expected throughout the district. While ‘comparables’ are a good indicator of demand, it is important to remember they represent single sites and thus need to be considered against a broader area market assessment. Demand is greatly affected by location and amenity characteristics, and thus demand for these units will not apply to all residential development in the district, nor do they attest to the overall district demand.

The Downtown Iowa City Market Niche Analysis conducted in 2007 provides an assessment of the downtown housing market. For many reasons the market assessment of downtown’s potential demand is relevant for the Riverfront Crossings District. Most importantly, mixed-use development in the district will appeal to a similar market demographic in search of urban, transit-accessible living. The Riverfront Crossings District is considered a less expensive alternative to downtown and retaining affordable housing in the district is very important to the community, according to stakeholders who participated in the November workshop. As it is expected that the district development will continue to be more affordable than downtown development, we can assume that district development will actually attract a wider demographic that includes the downtown market as well as those that would be priced out of downtown. Marketek estimates that from 2007 to 2017 downtown Iowa City has the potential to absorb approximately 2,257 units of market rate for-sale and rental housing. It is expected that 39% (or 874 units) will be for-sale units, while 62% (or 1,383 units) will be rental properties. Marketek estimates that downtown Iowa City has the potential to capture 9.7% of residential market area demand for higher density, for-sale product and 10.7% of residential market area demand for higher density, rental product over the next ten years. It can be expected that mixed-use residential development in the district can capture a similar percentage. Using recent regional home sales and the socioeconomic demographics of the residential market, opening price points for urban housing should range from \$150,000 to \$230,000. Smaller, more affordable units will likely appeal to first time homebuyers, while larger, more expensive units will appeal to more established professionals³⁰. Although there is clearly demand for units priced above \$350,000, this market is better served in the downtown area, where existing market demand can support the prices. Housing in the district should include affordable units that would appeal to the area’s workforce and recent graduates who are launching their careers.

Current rental market trends and occupancy rates in other high-density neighborhoods, such as downtown, suggest a strong market that could support rents in the range of \$800 to \$1,200 for one-bedroom units that offer a unique set of amenities such as ample parking, balconies, laundry facilities, dishwashers/disposals, cable-readiness and high-speed internet (i.e. not targeted towards the student market)³¹. New housing in Iowa City’s urban areas should target upwardly mobile households as well as affordably priced workforce housing to providing a variety of options that meet the needs of the city’s workforce and creates diverse vibrant and sustainable communities.

Returning again to the tapestry data analysis, we can identify niche segments of the population that are likely to have the highest demand for urban, mixed-use housing in the district. Entry-level professionals, higher-level professionals, creative professionals and students are likely to be the most important segments for new urban housing. Additionally, with those markets in mind, certain amenities become particularly important. The descriptions below detail the niche

29 Iowa City Planning Office

30 Downtown Iowa City Market Niche Analysis, Iowa City, Iowa, Marketek, November 2007

31 Ibid

demographics, price points, key amenities that should be considered for new residential development in the district³².

Entry-level Professionals: This market segment consists of recent college graduates age 25 to 35 employed in professional careers. Most households consist of a single person or couple, with few having children. Household income ranges from \$30,000 to \$75,000. Higher income households (\$45,000 to \$75,000) are potential buyers of housing priced from \$150,000 to \$250,000, while lower income households (\$30,000 to \$45,000) are potential renters of units priced from \$750 up. Consumer survey results indicate that most members of this age bracket interested in living in downtown Iowa City would prefer to own condominiums or lofts with two to three bedrooms and two baths. Parking garages, windows/natural light and affordability were the top ranked housing features by this group.

Higher-level Professionals: Households within this market segment are composed of 1 or 2 persons, some with children, age 30 to 50 employed in professional occupations. Having advanced in their careers, householders are earning more (\$45,000+) and spending more on housing (\$230,000 for owners and \$1,100-\$1,400 for renters). Survey results indicate that members of this market favor condominiums or high-rise apartments with two to three bedrooms and two baths. They look for affordability, parking garages, windows/natural light and balconies/patios when choosing housing.

Creative Professionals: Young adults employed in creative occupations (i.e., artists, designers, architects, media workers) and knowledge workers (i.e., doctors, lawyers, scientists) form a subset of the entry-/higher-level professional markets. Drawn to lively, vital urban environments offering a variety of entertainment options, members of this market are potential buyers/renters of both traditional housing and larger adaptable live/work space in downtown Iowa City.

Students: University of Iowa students currently occupy the majority of rental housing in downtown Iowa City and will remain an important market as development continues. Young (age 18-25) with incomes typically below \$25,000, these households will rent units priced between \$700 and \$1,200, depending on household size (i.e., presence/number of roommates). Survey respondents age 19-24 showed the greatest interest in living in downtown Iowa City when compared to other age groups. The vast majority (approximately 80%) preferred to rent and 2-bedroom, 2-bath high-rise apartments or condominiums were the most desired housing types. Affordability, parking, security systems and washer and dryers were selected by respondents as key features when looking for housing.

Housing Demand Opportunities

One of the best indicators of increasing housing demand is the presence of other local projects. As is the case with most types of development, neighborhood momentum builds once there is a critical mass of housing, and thus while nearby residential development is a sign of potential competition, it is an even better indicator of potential opportunities. The handful of proposed mixed-used developments indicates growing demand in the northern portion of the study area. These developments include high-quality, amenity-rich housing with appropriate ground-floor commercial space, ideal housing (and commercial activity) suited for development throughout the district. As these developments gain momentum, they will upgrade the physical character of the neighborhood, stimulate demand for surrounding uses, and increase pedestrian activity, which will improve the neighborhood 'feel' in the district³³.

Lastly, when considering housing demand, it is important to take into account the implications that increased demand can have on housing affordability. According to the Iowa City Metro Area Affordable Housing Market Analysis conducted in 2007, housing price increases have outpaced income gain making Iowa City housing increasing unaffordable to the city's residents. This is particularly an issue as Iowa City tries to attract and retain a diverse population of the region's workforce. Affordable housing availability is compromised by escalating demand for market rate housing. However, density is one way to increase the housing stock and support mixed income housing development³⁴. The Riverfront Crossings District is an ideal location to develop this type of higher-density, mixed-income housing, in part because it is an area in transition, but

32 Ibid

33 Market and Financial Analysis for a Mixed-Use Development at 434 S. Linn Street, 2009

34 Iowa City Metro Area Affordable Housing Market Analysis, Mullin & Longergan Associates, December 2007

more importantly, because high-density TOD offers characteristics that are particularly relevant to lower income households, such as transit accessibility and a broader mix of housing size/styles. Many regions across the country have successfully instituted inclusionary housing stipulations in new high-density housing development. Inclusionary housing policy would be a win-win for the district, as it would ensure the development of affordable, workforce housing and, because density bonuses and streamlined permitting are often used as incentives for inclusionary set-asides, it could lead to fast-tracked, high-density development.

Mixed-use/Commercial Demand

Socioeconomic trends discussed in the first section of this summary indicate that Iowa City and its surrounding metro region continue to grow, attracting highly-educated professionals. Population and median income have continued to rise, indicating an expanding consumer market. As noted in the last section, Iowa City continues to draw permanent residents, particularly in the downtown area, with increased spending potential and desire to work, shop and live in close proximity. The growth of this local and regional market provides great opportunities for commercial activity in the district.

Commercial Supply

Existing regional commercial development falls into two main categories, mall and strip-mall development and downtown mixed-use retail, services and entertainment. The latter is the type of commercial activity proposed for the district. However, it is important to acknowledge that the former exists, and to be successful, district development must be unique, authentic and distinguishable from the existing shopping plazas and free-standing retail stores and restaurants that line Highway 6 and 1. Downtown commercial development is comprised mainly of ground-floor, mixed-use-style construction. Retail and restaurants make up the majority of downtown commercial space (435,490 square feet), in addition to roughly 175,000 square feet of office, municipal, civic and religious uses as well as vacant space. Restaurants and bars are the most common commercial use, comprising roughly 45% of the space, followed by retail (28%) and personal services (17%). The vacancy rate in downtown is 3.8%³⁵.

There is currently one main commercial node in the district known as South Gilbert Street, located south of the rail tracks, along South Gilbert Street. South Gilbert currently contains a mix of intensive commercial uses, industrial uses, and a number of retail, office, and business service establishments, but, according to the Central District Plan, it lacks aesthetic appeal with typical strip-mall development of parking lots located at the front of the lots and buildings set back from the street. This type of development is not conducive to pedestrian clientele or higher density, mixed-use. It was cited in the Central District Plan that property owners and businesses were interested in a more attractive and pedestrian-friendly streetscape as well as a welcoming commercial identity to attract nearby residents and shoppers³⁶. Stakeholders who attended the community workshops identified Gilbert Street, second to Burlington, as good choice for streetscape improvements³⁷.

Commercial Demand

There are three main demand sources of mixed-use commercial development that will be discussed in this section, regional demand, very-local demand and visitor demand.

The Riverfront Crossings district can expect to capture demand from the broader Iowa City and regional market. The district is particularly well placed geographically, as it serves as an

³⁵ Downtown Iowa City Market Niche Analysis, Iowa City, Iowa, Marketek, November 2007

³⁶ City of Iowa Central District Plan, Department of Planning and Community Development, October 21, 2008

³⁷ Riverfront Crossings Workshop Audience Poll, November 13, 2009

important entryway to Iowa City's Downtown. Three arterial streets — Kirkwood Avenue, Benton Street and South Gilbert Street — converge in the area and serve as major travel corridors between downtown Iowa City and Highway 6. Business and property owners have cited high visibility along Gilbert Street and Kirkwood Avenue as an impetus to the creation of local retail. According to the Central District Plan, some commercial property owners along Kirkwood Avenue have expressed interest in developing residential units above storefronts to help support the commercial area and to provide a better transition between the commercial zone and the residential neighborhood to the east³⁸.

Estimating the dollar amount of commercial demand is not an exact science as the consumer marketplace is in constant flux, even when local demand exists and goods are available, consumers often purchase non-local goods, particularly with the increase in internet shopping. That said, it is possible to estimate the magnitude of current demand based on residential demographic trends. This analysis, prepared by Marketek using ESRI Business Information Solutions, applies expenditure potential by type of merchandise to market area population figures in order to obtain potential sales demand. Potential sales are categorized into five merchandise and service categories: shopper's goods, convenience goods, food and beverages, personal services and other retail expenditures. The table below estimates current and potential demand generated by the local Iowa City market. The analysis indicates that currently local area residents have the potential to support 2.44 million square feet of retail space, with a projected net gain of 324,000 by 2017³⁹.

Table 2: Local Commercial Demand

Category	Spending per Hhold	Target Sales (\$/SF)	2007 Retail Potential		2017 Retail Potential	
			Sales	Space (SF)	Sales	Space (SF)
Apparel	\$ 2,128	\$ 209	\$73.4 m	351,000	\$83.0 m	398,000
Home Furnishing	\$ 1,371	\$ 199	\$47.3 m	238,000	\$53.5 m	270,000
Home Improvement	\$ 820	\$ 140	\$28.3 m	202,000	\$32.0 m	229,000
Misc. Specialty Retail	\$ 1,946	\$ 216	\$67.1 m	311,000	\$76.0 m	352,000
<i>Shopper Goods</i>			<i>\$216.0 m</i>	<i>1,101,000</i>	<i>\$ 244.7 m</i>	<i>1,247,000</i>
Grocery	\$ 5,509	\$ 390	\$190.0 m	487,000	\$215.1 m	552,000
Health & Personal Care	\$ 1,357	\$ 365	\$46.9 m	128,000	\$53.0 m	145,000
<i>Convenience Goods</i>			<i>\$236.7 m</i>	<i>615,000</i>	<i>\$268.1 m</i>	<i>697,000</i>
Restaurants	\$ 3,438	\$ 263	\$118.6 m	451,000	\$134.2 m	511,000
Entertainment	\$ 383	\$ 90	\$13.2 m	147,000	\$16.0 m	166,000
Personal Services	\$ 558	\$ 151	\$19.2 m	127,000	\$21.7 m	144,000
Total⁴⁰			\$603.8 m	2,442,000	\$683.8 m	2,765,000

Further analysis estimated the potential retail sales for the greater *regional* market area through 2017. The regional market had the potential to support approximately 4.56 million square feet of retail space in 2007. By 2017, an additional 794,000 square feet of retail space could be supported by population increases in the greater market area⁴¹.

38 City of Iowa Central District Plan, Department of Planning and Community Development, October 21, 2008

39 Downtown Iowa City Market Niche Analysis, Iowa City, Iowa, Marketek, November 2007

40 Totals may not compute, due to rounding

41 Downtown Iowa City Market Niche Analysis, Iowa City, Iowa, Marketek, November 2007

Table 3: Regional Commercial Demand

Category	Spending per Hhold	Target Sales (\$/SF)	2007 Retail Potential		2017 Retail Potential	
			Sales	Space (SF)	Sales	Space (SF)
Apparel	\$ 2,271	\$ 209	\$133.4 m	638,000	\$156.7 m	750,000
Home Furnishing	\$ 1,511	\$ 199	\$88.8 m	446,000	\$104.3 m	524,000
Home Improvement	\$ 1,025	\$ 140	\$60.2 m	430,000	\$70.7 m	505,000
Misc. Specialty Retail	\$ 2,118	\$ 216	\$124.5 m	576,000	\$146.2 m	677,000
<i>Shopper Goods</i>			<i>\$407 m</i>	<i>2,091,000</i>	<i>\$477.8 m</i>	<i>2,456,000</i>
Grocery	\$ 5,998	\$ 390	\$352.5 m	904,000	\$414.9 m	1,061,000
Health & Personal Care	\$ 1,503	\$ 365	\$88.3 m	242,000	\$103.7 m	284,000
<i>Convenience Goods</i>			<i>\$440.7 m</i>	<i>1,146,000</i>	<i>\$517.6 m</i>	<i>1,345,000</i>
Restaurants	\$ 3,651	\$ 263	\$214.5 m	816,000	\$252.0 m	958,000
Entertainment	\$ 414	\$ 90	\$24.3 m	270,000	\$28.6 m	317,000
Personal Services	\$ 596	\$ 151	\$35.1 m	232,000	\$41.1 m	273,000
Total			\$1.12 b	4,555,000	\$1.317 b	5,349,000

While it is clear that new development in the district could not capture even the majority of the potential demand, it should plan accordingly and hope to capture some of it. According to Marketek estimates, downtown Iowa City has the potential to capture roughly 25% of projected local market expenditure increases and nearly 20% of projected regional market expenditure increases through 2017. This translates into roughly 83,000 additional square feet of retail space supported by local demand and roughly 150,000 additional square feet of retail space supported by regional demand. While the district does not have all of the same competitive advantages of downtown, it should be able to leverage its assets to capture a percentage of the new demand⁴². Current demand for commercial space has not kept up with residential demand, thus not all development in the Riverfront Crossings District should be required to be mixed-use. As mentioned, the majority of the residential units are occupied in the recently completed Telluride Building, however, the first floor commercial is vacant⁴³. Workshop participants agreed that while ground-floor retail should be prioritized, it should not be required, so as not to oversaturate the nascent retail market in the district.

The focus of the proposed commercial development in the district is mixed-use retail and service, however, many of the mixed-use developments proposed for the northern section of the district, such as Hieronymus Square Tower and the proposed development at the St. Patrick's Church School site include flexible office space. It also should be noted that there is steady demand growth for office space in downtown Iowa City. Marketek estimates that downtown has the potential to attract approximately 353,000 square feet of additional office uses from 2007-2017. Furthermore, their research indicates that there is a lack of large space leases (5,000 square feet or more) downtown, and a waiting market for small, for-sale spaces. Due to its proximity to downtown, the Riverfront Crossings District might be able to capture some of the downtown market, particularly if it is able to build more flexible space profiles⁴⁴.

In addition to the regional and Iowa City demand that the district should compete for, there is the very-local neighborhood demand that already exists, but is yet, untapped. Because of a number of large municipal and institutional employers, the daily workforce population in the district is significant. The University of Iowa's auxiliary uses and county municipal buildings, to name only two, provide a daytime population of employees as well as students who comprise a captive market for neighborhood commercial activity. This population is expected to remain strong, and

42 Downtown Iowa City Market Niche Analysis, Iowa City, Iowa, Marketek, November 2007

43 Iowa City Planning Office

44 Downtown Iowa City Market Niche Analysis, Iowa City, Iowa, Marketek, November 2007

even expand as the University continues to develop its properties. This very local market should be one of the main targets for district commercial activity.

Lastly, Iowa City has a strong regional visitor market. According to research conducted by the Travel Industry Association of America (TIA) for the State of Iowa, shopping consistently tops the list of activities for the state's visitors, noted by 23% of visitors surveyed in 2005, followed by dining (21.3%), entertainment (15.2%), touring (10%), and sports events (8.4%). Within Johnson County, visitor spending has grown steadily from \$193 million in 2000 to over \$244 million in 2005, with an average annual increase of 5.3%. With its proximity to downtown and the University of Iowa, the district is well positioned to attract Iowa City visitor spending. Furthermore, a new performing arts center may be located adjacent to the Main University Campus directly north of the project area. This arts center would almost certainly become a visitor draw and allow the Riverfront Crossings District to capture some of the visitor spending⁴⁵.

Commercial Demand Opportunities

In the long term, the many geographic and potential transit advantages of the district can be leveraged to enable it to become a robust mixed-use neighborhood. If the proposed transit stops are developed, TOD offering mixed-use commercial and housing will create a neighborhood where residents can live and work, with easy and efficient access to downtown Iowa City. One of the key advantages of mixed-use development is that, in combining housing and commercial activity, it provides a ready market of residents who can support very local demand. Once a critical mass of housing is accumulated, retail and services to serve this community generally follow. This type of transit-friendly, mixed-use development will not only appeal to the existent employment base and create a self-sustaining commercial district, but it will become a key amenity to a residential market niche comprised of young professionals who want to live in close proximity to their place of work. Increased residential demand from this new population will further support commercial activity. Lastly, as the entire south side of Iowa City experiences redevelopment and growth, the district, the land between the south district and downtown will receive increased traffic and greater retail and commercial demand. This too will lead to an increase in the importance of this corridor as an entryway into Iowa City.

According to stakeholders who participated in the November workshop, there is currently a perceived lack of scarcity for commercial space. Similar to housing development, commercial activity often begets further activity, so the proposals for various mixed-use buildings in the northern portion of the study area are a strong indicator of future district growth and opportunity. Despite current vacancies, every opportunity will look more attractive once momentum builds. As commercial sites begin to run out, interest will skyrocket⁴⁶.

In many ways the proposed developments along the northern border of the district are ideal 'igniters' to stimulate similar development continuing southward. Sites in the northern portion of the district have the particular advantage of being in close proximity to downtown and the existing college-residential market, which provides an existing customer base⁴⁷. These sites will appeal to retail, office, and residential tenants that wish to be located near downtown employment centers, entertainment venues and cultural amenities, however, for price or space reasons might prefer to locate in the district.

45 Ibid, Iowa City Planning Office

46 Riverfront Crossings Workshop, November 11-13, 2009

47 Market and Financial Analysis for a Mixed-Use Development at 434 S. Linn Street, 2009

Conclusion

The Riverfront Crossings District has the potential to market itself as the up-and-coming TOD neighborhood in Iowa City. With this goal in mind, there are a few key land use and development principles that Iowa City should consider as it redevelops the Riverfront Crossings District.

- Limit development in the 100-year flood plain: This limitation not only reduces the risk of future infrastructure flooding, but also supports the creation of a riverfront district with open space amenities.
- Support the creation of diverse open spaces: Iowa City should leverage the opportunity to create a series of open space venues, including park land, athletic fields, green trails and community gardens to add neighborhood amenities to the Riverfront Crossings District.
- Connect with neighboring districts: As the Riverfront Crossings District develops into a destination in its own right, it is important that it integrate with adjacent neighborhoods to allow for pedestrian activity to flow freely. Workshop participants agreed that adding streetscape improvements to Burlington Street would reduce the barrier between the district and downtown Iowa City.
- Create residential development that attracts the creative class of young professionals: To attract the key residential market demographic, young professionals, the district needs to develop mixed-use, mixed-income housing options, which include a range of amenities.
- Use residential demand to drive commercial demand: While it appears that residential units are being absorbed faster than commercial space, the district can leverage its high residential occupancy rates to create a captive market for local commercial activity by creating and leasing commercial space that caters to its residential population.
- Leverage transit opportunities to create TOD: Just because transit access is available in the district does not mean that true TOD will be created. Iowa City needs to ensure that the land uses and density patterns in the district foster TOD. Strong support for TOD was voiced by stakeholders at the November workshop, indicating that the community favors a denser, mixed-use environment where they can live, work and play.

As mentioned previously, Iowa City has fared better than other U.S. cities throughout the recent real estate turmoil. Iowa City's real estate market has remained strong and the city has been successful at attracting and keeping the creative class, in part due to the University of Iowa and the regional Technology District. The Riverfront Crossings District should leverage this existing regional advantage and its own local advantages, such as transit accessibility, proximity to large employers (downtown and the University) and a unique opportunity to redevelop the neighborhood fabric, to create a high-density, transit-oriented, mixed-use, mixed-income district that offers housing and retail opportunities to the current and future residents of Iowa City.