



Date May 19, 2008

**RESOLUTION SETTING DATE OF PUBLIC HEARING  
ON THE PROPOSED URBAN RENEWAL PLAN FOR THE  
MERLE HAY COMMERCIAL AREA URBAN RENEWAL AREA  
AND SUBMISSION TO PLAN AND ZONING COMMISSION AND  
URBAN DESIGN REVIEW BOARD FOR REVIEW AND RECOMMENDATIONS**

WHEREAS, pursuant to Code of Iowa Chapter 403, the City Council desires to consider the use of its urban renewal powers to assist in the development of the approximately one hundred-ten acre area that is currently used or zoned largely for commercial purposes that is generally located along Douglas Avenue from about 54<sup>th</sup> St. westward to the municipal boundary with Urbandale, and along Merle Hay Road from a point slightly north of Ovid Avenue to Aurora Avenue;

WHEREAS, the City Manager has prepared an urban renewal plan which seeks to enhance private development of this commercial urban renewal area by providing economic development financial assistance through the use of tax increment financing revenues to be generated in the proposed urban renewal area;

WHEREAS, the proposed plan is titled "Merle Hay Commercial Area Urban Renewal Plan" and is on file and available for public inspection in the office of the City Clerk;

WHEREAS, the Urban Design Review Board shall review the proposed urban renewal plan at its regular meeting on June 17, 2008, and should be prepared to submit its report and recommendation to the City Council before the date proposed for public hearing by the City Council;

WHEREAS, the City Plan and Zoning Commission shall review the proposed urban renewal plan at its regular meeting on June 19, 2008, and should be prepared to submit its report and recommendation to the City Council before the date proposed for public hearing by the City Council;

NOW THEREFORE, BE IT RESOLVED, by the City Council of the City of Des Moines, Iowa, as follows:

1. A public hearing shall be held before the City Council to consider the proposed Urban Renewal Plan for the Merle Hay Commercial Area Urban Renewal Area at 5:00 p.m. on June 23, 2008, in the City Council Chamber, City Hall, 400 Robert D. Ray Drive, Des Moines, Iowa.
2. The City Clerk is authorized and directed to publish notice of said public hearing in the form attached hereto as Exhibit "B" in the Des Moines Register not less than four nor more than twenty days before the date of hearing in accordance with Iowa Code Sections 362.3 and 403.5(3).



**Roll Call Number**

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3. The proposed urban renewal plan is hereby submitted to the City Plan and Zoning Commission for its review and recommendation as to the plan's conformity with the Des Moines 2020 Community Character Land Use Plan, as revised to date, with said written recommendation requested to be received by the City Council prior to the date of public hearing.
4. The proposed urban renewal plan is hereby submitted to the Urban Design Review Board for its review and recommendation, with said written recommendation requested to be received by the City Council prior to the date of public hearing.
5. The City Manager or his designee is hereby designated as the City's representative to the consultation proceedings with the Des Moines Independent School District, Polk County and the Des Moines Area Community College. The consultation meeting shall be held prior to the date of public hearing at a time and location to be determined by the City Manager in accordance with Iowa Code Section 403.5(2). The City Manager shall cause notice of the consultation meeting, a copy of the Notice of Public Hearing (Exhibit "B"), and a copy of the proposed urban renewal plan to be mailed to each such affected taxing entity.


**Exhibits:**

- A - Urban Renewal Plan
- B - Notice of Public Hearing

**(Council Communication No. 08-297)**

**APPROVED AS TO FORM:**

Moved by \_\_\_\_\_ to adopt.

  
 \_\_\_\_\_  
 Michael F. Kelley  
 Assistant City Attorney

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
HENSLEY				
KIERNAN				
MAHAFFEY				
MEYER				
VLUSSIS				
<b>TOTAL</b>				
<b>MOTION CARRIED</b>	<b>APPROVED</b>			

**CERTIFICATE**

I, DIANE RAUH, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

\_\_\_\_\_  
Mayor

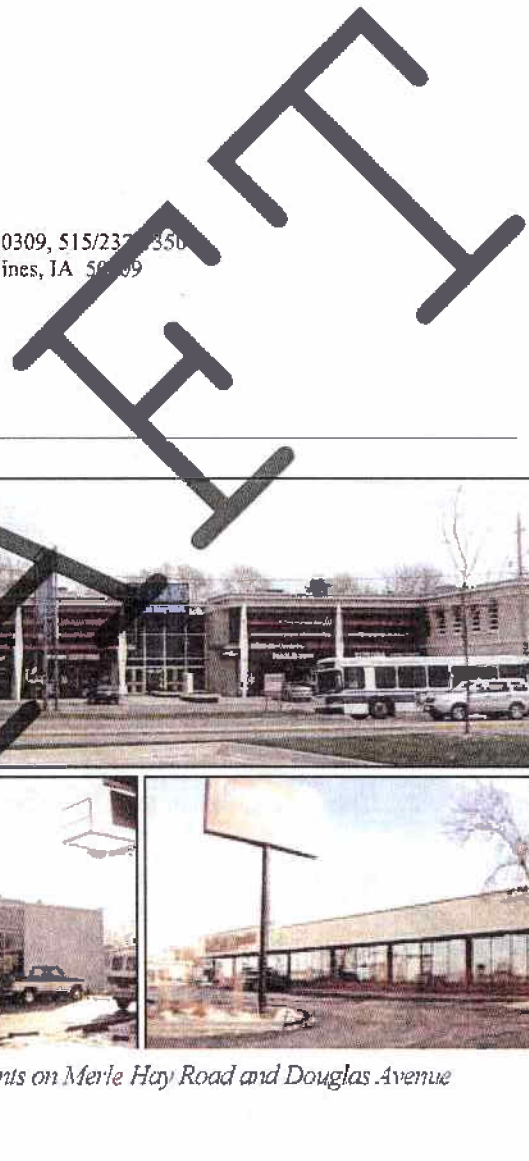
\_\_\_\_\_  
City Clerk

Date \_\_\_\_\_ ✓

Agenda Item \_\_\_\_\_ # 26

Roll Call # \_\_\_\_\_

Prepared by: Andrea Hauer, 400 Robert D. Ray Drive, Des Moines, IA 50309, 515/237-3500  
Return Address: City Clerk, City Hall, 400 Robert D. Ray Drive, Des Moines, IA 50309  
Taxpayer: NA  
Title of Document: Merle Hay Commercial Area  
Urban Renewal Grantor's Name: N/A  
Grantee's Name: N/A  
Legal Description: See Exhibit "A", Page 14



*Merle Hay Mall logo*



*Commercial developments on Merle Hay Road and Douglas Avenue*

## Merle Hay Commercial Area Urban Renewal Plan Des Moines, Iowa

Adopted: , 2008  
Roll Call No. 08-

Urban Design Review:	
Plan & Zoning Commission Review:	
Tax Increment Consultation Meeting:	

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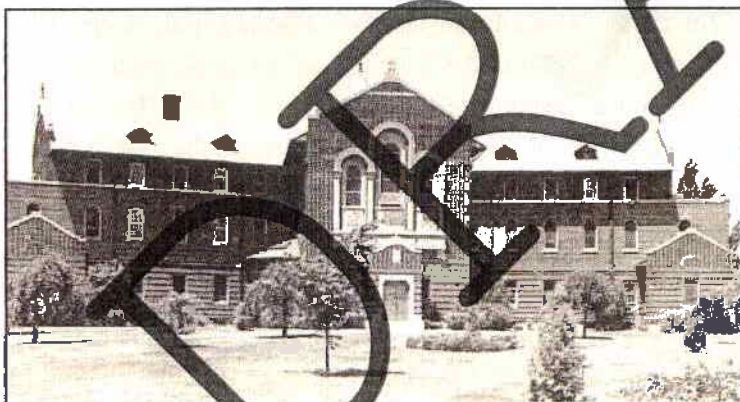
## I. PROJECT DESCRIPTION

The purpose of the Merle Hay Commercial Area Urban Renewal Plan is to enhance private development within this urban renewal area through provision of infrastructure improvements and economic development financial assistance that is provided, in part, with the tax increment revenues generated in the urban renewal area.

### **A. Background**

In 1890, when the area around Merle Hay Road and Douglas Avenue was incorporated into the City of Des Moines, it was located on the far northwest edge of the City of Des Moines. People visited this area as a rural retreat, accessible from the nearby Douglas Ave. or Urbandale streetcar lines, for those escaping to the country for the day. In 2008, this area still represents the far northwest edge of Des Moines. It has been thoroughly developed for commercial uses in the previous decades and now no longer represents the pre-eminent shopping area in the metro area; people now bypass this area to go to other newer shopping centers.

In 1917, an adjacent city – Urbandale (population 300) – was incorporated. Part of its eastern boundary was decided by a court-decree that included land west of 62<sup>nd</sup> St., fronting the north side of Douglas Ave., in Urbandale; this land had previously been part of the City of Des Moines.



*St. Gabriel Monastery at NW corner of Merle Hay Rd. and Douglas Ave.  
(undated photo)*

With the increased use of the automobile to travel between cities and residential growth along the streetcar lines, the two major roadways in the area – Douglas Ave. and Merle Hay Road – were designated highways in the 1920s by the Iowa Highway Commission.

The largest building in the area was St. Gabriel Monastery, built in 1921 on the NW corner of Merle Hay Road and Douglas Avenue

### Residential Growth

After the end of World War II, major changes began in the area with residential subdivisions of “starter” (affordable) homes with mortgages financed by the GI Bill. A typical house in the new subdivision was a single floor home, under 1,000 square feet, with no garage but a paved driveway, placed on a larger lot to allow for expansion of the home at a later date.

The new residents depended on cars to get to work, shopping and other activities which led to widening of trafficways such as Merle Hay Road and Douglas Ave. Some homes were built fronting on Merle Hay Road; today, with these roadways widened and commercial areas expanding, those homes have disappeared, with small commercial developments occurring on these shallow-depth lots for commercial redevelopment. Homes continue to abut commercial development on the “back sides” of the commercial developments today.

Many original residents remain in their homes which has contributed to the neighborhood dynamic of an older, stable neighborhood that is on the verge of "cycling" to new residents. The successful transition of the neighborhood is dependent on the adjacent commercial area being physically and functionally attractive; equally, retaining the Merle Hay commercial area as a successful retail/commercial services location will assist in making the adjoining neighborhood areas a desirable place to live. This urban renewal plan will contribute in providing guidance and financial assistance to revitalize the adjacent Merle Hay commercial area.

Commercial Growth

In 1954, the federal government proposed the location of the new interstate roadway system in Iowa. This new modern four lane interstate road, which combined I-80 and I-29 for its route on the northern edge of the Des Moines metropolitan area, had an interchange about 1 1/2 miles north of the intersection of Douglas Ave. and Merle Hay Road. By 1959, the Merle Hay Road interchange of I-80/I-29 opened with additional segments of I-80 and I-35 rapidly opening in the following years.

In 1956, the monastery and its extensive grounds were sold to Chicago-based developers Joseph Abbell and Bernard Greenbaum; the monastery was demolished in 1958. Abbell, in a 1994 interview, stated the developers chose Des Moines because of the city's "reputation as a model urban area in middle America."



*Memorial on Merle Hay Road in honor of Merle David Hay, the first Iowan killed in World War*

With the site's superb auto access, a new large strip mall to be known as the Northland Shopping Center was planned; the center was almost immediately renamed for Merle Hay, the first Iowan killed in World War I and namesake of the road in front of the center.

Before construction began in early 1958, the strip mall was redesigned as an open-air plaza with two department stores and four buildings around an outdoor commons area.

Merle Hay Plaza opened on August 17, 1959. It was one of six malls opening in the United States that year. It had 31 stores including Younkers Department Store (now closed) as the anchor store and a bowling alley (still in operation today).

Sears, a second anchor store, opened in 1959 with a move from its downtown store. Other early



*Merle Hay Plaza postcard circa 1960*



tenants included a Safeway supermarket, S. S. Kresge department store, Bishop's Buffet and Walgreens drug store. A movie theater and six story office building were added in 1965.

Merle Hay Plaza was the largest shopping center in Iowa and quickly became the major retail destination that attracted state-wide customers. It significantly impacted downtown Des Moines with many stores relocating to this regional shopping center<sup>1</sup>.

With its superb auto access, the area soon had some of the highest traffic counts in the state which further attracted auto-oriented retailers to the area. The connection to Interstate 80/35, about 1½ miles north of the center's entrance, solidified the auto accessibility of this mall and its commercial corridor to the metro and region.

The surrounding area also quickly grew with retailers cashing in Merle Hay Plaza's success with the construction of stand-alone stores in the 1960s and strip malls in the 1970s. These buildings were typically single story, larger linear buildings with parking in front of and on the sides of the structure, often without sidewalks.

In the early 1970s, several major changes occurred on the shopping center's property. In 1972/3, Merle Hay Plaza was enclosed and renamed "Merle Hay Mall." In 1974, Merle Hay Mall made a major westward expansion with the purchase of abutting property that crossed into the City of Urbandale; this expansion with two anchor stores -- Montgomery Ward (which moved from downtown) and Younkers Store for Homes -- that doubled the mall to over 1.1 million square feet.

In 1979, a 300+ car parking ramp was constructed between several anchor stores to provide covered spaces. By this time, there were over 6,000 parking spaces surrounding Merle Hay Mall.

The area's commercial success continued into the 1980s. Several "big box" stores developed north of Merle Hay Mall. However, competition from other local commercial areas, including a new metro-area mall -- Valley West Mall with one anchor and 20 smaller stores opened in West Des Moines with direct access from I-235 -- began to diminish the uniqueness of Merle Hay Mall.

By the 1990s, newer Des Moines metro commercial centers and malls in other parts of the state noticeably eroded the trade area of Merle Hay Mall and its surrounding commercial corridor. Merle Hay Mall underwent a number of changes in this time period ranging from tenants leaving or relocating within the mall and numerous interior improvements. The "big box" stores underwent changes with the original tenants moving to newer, more suburban locations.

In the new century, changes in the metro retail landscape have accelerated. With the growth of suburbs, especially on the north and western edges, a considerable amount of new retail space has been added to the overall inventory which has contributed to the shrinkage of the Merle Hay area customer base.

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<sup>1</sup> Des Moines native Bill Bryson commented that Merle Hay Mall's opening changed Des Moines in his memoir *The Life and Times of the Thunderbolt Kid*: "My father never shopped anywhere else after that [the mall] opened." Neither did many other people; by the late 1960s, it was common to go to the mall to shop and 'hang out' rather than going downtown.

"Big box" retail has jumped to these rapidly growing areas with 2/3 of the 9 million square feet of big box space located in Ankeny and the western suburbs. The Merle Hay area has seen its big box square footage diminish by over 10 % in the past two years to about 420,000 sq. ft. which is less than 5% of the metro total.

Mall square footage stayed stable at about 3 million square feet until 2004 with the opening of Jordan Creek Mall, a 1 million+ sq. ft. mall on the western periphery of the metro area. Jordan Creek is typified as an "upscale" shopping center appealing to a wealthier demographic with numerous national chains making their first showing in the metro. The surrounding area reacted very strongly to the mall with over 600,000 sq. ft. of additional small and medium sized commercial developments being constructed since 2005.

Ankeny, about 5 miles north east of the Merle Hay commercial area, has had significant residential and retail growth in the past 5 years which has further decreased the Merle Hay customer base.

The newness of these developments, "unique" to-the-area tenants, etc., major big box stores and proximity to new residential development have been successful and contributed to the closure of stores in the Merle Hay commercial area. The impact of these new developments can be shown by the change in location and amount of retail space in the metropolitan area.

Based on available data, there was about 14 million sq. ft. of retail space in the metro in 2001; it now totals about 19.5 million square feet. Only 170,000 sq. ft. of new retail space was built in Des Moines in this same time when 5.5 million square feet was built elsewhere in the metro.

Location	Retail Sq. Footage		
	2001	2008	% increase
D. Mo.	7,120,880	7,291,530	2%
Rest of Metro	6,879,120	12,208,461	43%

As shown in the adjacent table, Des Moines' portion of retail square footage has diminished from about 50% of the metro's retail space to 36% within a 7 year period.

More troubling is the decreased amount of sales tax collected per square foot of retail/commercial space in this same time period. In 2001, the Des Moines retail space collected about \$562/square foot in sales to about \$470/square foot in 2008, indicating a significant loss of sales activity and a diminished sales tax revenue stream for the Des Moines Independent School District which collected a 1¢ sales tax levy in this time period.

Today, the Merle Hay Mall property continues to be managed by descendants of the original developers with some recent changes; several outlots facing Merle Hay Road have been developed for stand-alone food operations (Applebee's restaurant and Starbucks Coffee). The original two story Younkers store was demolished for a new single-level Target store that opened in 2005 which now serves as the south anchor store.

Target's opening represented a new era for Merle Hay Mall that in some ways reverts back to the original "strip" mall concept. Target opens directly to the outside connecting to its adjacent parking lot as well as having an internal connection to the mall.



