

EAST VALLEY Tribune

Chandler, developer seek new deal on incentives

Retail, homes in downtown plans

By GARY GRADO
TRIBUNE

Chandler is negotiating new incentives for the next phase of a private developer's plans to build a residential, retail and office project in the city's historic downtown.

The city and the devel-

oper, Desert Viking, are working on the new deal as construction reaches the midway point on the first phase of the project in which the city gave more than \$5 million in land and infrastructure.

Officials wouldn't provide details of the deal in the works for the second phase except to say it could involve various incentives or land swaps under GPLET, or government property lease excise tax. The program offers an incentive for developers to pay a lower tax than the regular property tax.

"Anytime you do redevelopment, there is some cost to the city," said Teri Killgore, downtown redevelopment manager. "But we're trying our very best to make sure it's a fair deal so that what we're putting in we're getting something equivalent back out."

Killgore said cities offer incentives either to jump start a project while the market is developing around it or to gain some public benefit.

The project is under construction near Arizona Avenue and Chandler Boulevard. So far, Desert Viking has built 37 of 79 planned luxury town homes, which

make up Phase I.

On Tuesday, city leaders and company management will be on hand to break ground on the next 42 town homes.

Assistant City Manager Rich Dlugas said Friday that negotiations are a long way from complete for Phase II, which will include the retail and offices.

The project, known as San Marcos Commons, has been in the works for years.

The City Council in August 2004 approved the original deal for Phase I, which called for the city contributing \$2.2 million in land acquisition and \$1.6 million for street and utility improvements for 60 town homes, according to city records.

Desert Viking added 19 town homes in August 2006 and the city increased its infrastructure contribution to \$2.1 million.

In June, the city provided another \$393,765 for cost overruns.

Niels Kreipke, a Desert Viking executive, did not immediately return a call seeking comment.

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