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City's incentive turnaround is correct course

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Tempe used to hand out incentives like party favors.

During the 1990s, the City Council gave away more than \$105 million in incentives, including at least \$70 million in property and sales tax rebates, free land and boating rights to build a 1,000-room hotel on the shores of Tempe Town Lake.

Some of those incentives brought jobs and taxes to the city. But many of them - including that ill-fated lakeside hotel - never paid off as originally promised.

The hotel, for example, not only was never built, but the city also had to fight a lengthy and costly legal battle to get the land back.

No more.

The City Council has revised its economic development strategy in recent years. Council members have said repeatedly that they won't just hand out taxpayer money to bring new buildings to town.

That's starting to pay off.

Centerpoint Condominiums recently agreed not to pocket a \$2.7 million incentive package that was granted years ago if it was allowed more building height. The developer agreed to use that money on public projects, such as relocating the unsightly communications antennas from atop Hayden Butte.

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Tempe did not extend incentives to the Cosmopolitan high-rise, asking the owners instead to contribute to a fund for traffic calming or historical preservation. Nor will it offer incentives to build a project on city-owned land at Fifth Street and Farmer Avenue.

But the biggest policy turnaround came last week when the city sold its 27-acre lakeside parcel - the one that was once slated to cost the city at least \$70 million in incentives - for \$42.5 million.

Tempe is finally getting its lakeside hotel, albeit a smaller one than originally envisioned, plus at least 1,000 condo units, 60,000 square feet of retail space and 200,000 square feet of office space on the site.

And it isn't paying one red cent for the project. In fact, the developers are paying the city to build.

That's the way it should be.

Of course, that doesn't mean Tempe has completely stopped giving money to spur development. The council has said it will consider offering abatements to developers who provide needed infrastructure, historical preservation or environmental cleanup.

That's why the city was involved in the controversial Tempe Marketplace shopping center, which is being built on a former landfill, and why it will be involved in the redevelopment of a historical landmark, the Hayden Flour Mill.

But at least the city has shown it will be more discerning in the way it doles out funds. Given how badly the city flubbed up incentive deals in the past, that should be commended.