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# Developer buys 1,010 acres of trust land

**Carl Holcombe and Lars Jacoby**

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The auction Thursday of 1,010 acres in Pinal County destroyed the notion that developers' appetite for state trust land had waned in a cooling real estate market and kicked off the future of the southeast Valley.

The auctioned land is in the Lost Dutchman Heights area, part of a 275-square-mile swath of state land between Apache Junction and Florence called Superstition Vistas.

At build-out, Superstition Vistas is expected to be home to a million people and will nearly double the size of the southeast Valley.

Desert Communities Inc., an affiliate of Las Vegas-based Rhodes Homes, beat out Denver-based Actus Lend Lease LLC with a final bid of \$58.6 million.

"That's a great price for that view of the Supes (Superstition Mountains)," said Apache Junction Councilman Kris Sippel.

Roc Arnett, president and CEO of the East Valley Partnership, said Lost Dutchman's proximity to mountains for recreation, freeways and the future jobs center of Williams Gateway Airport made the site attractive to developers.

"What this says is that there is phenomenal value in the East Valley," Arnett said.

The seesaw 30-minute bidding battle also defused worries that another state land auction would flop. At the August auction of 325 acres at Desert Ridge in Phoenix, no one met the minimum price of \$150 million.

As a result, the Arizona State Land Department delayed the Pinal County auction for months to redo land appraisals to better reflect the Valley's cooling real estate market.

Thursday's minimum price was \$45.25 million.

The State Land Department predicted rooftops could start popping up about three years from now.

"It's the gateway to the future out here in this area," said Jim Rhodes, president and CEO of Rhodes Homes. The win also locks Desert Communities into master planning the entire 7,000-acre Lost Dutchman area, all of which is within Apache Junction city limits.

"(This) certainly was one of the highlights of the year and a good way too close out the year," said Land Commissioner Mark Winkleman.

City and state officials see the master-planning requirement as a way to encourage smarter planning and reduce the impact of rapid growth and sprawl.

However, the failure of both state land-reform propositions in the November election makes it tougher to coordinate planning cooperation among the state, affected municipalities and the developer, Winkleman said.

The development of this land offers new potential for Apache Junction, which is otherwise landlocked by Mesa, a national forest and wilderness, and mountains. Sippel said he relishes the city's chance to undergo some "quality growth" similar to Desert Ridge or Buckeye's Verrado.

This is not Rhodes Homes' first foray into Arizona. The company is developing Pravada, a 5,750-acre community near Kingman.

"We're excited. We're thrilled," said Apache Junction City Manager George Hoffman. "There has been a lot of work with the State Land Department to get to this point."

The city has hired a new planner with large-scale development experience to work with the state and Desert Communities, Hoffman said.

Master planning will include plotting locations for roads, infrastructure, job centers and utilities in an attempt to avoid problems that have plagued other fast-growing Valley areas.

"Like not building a house where we anticipate locating major transportation corridors," Hoffman said.

Desert Communities will pay 10 percent down and finance the rest of the deal with the state over seven years, State Land Department officials said.

Future auctions will determine who develops the rest of Lost Dutchman and Superstition Vistas.

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