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Eloy News

Silver Reef gets approved deal

By TEMPLE A. STARK, Editor November 22, 2006

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A Development Agreement was approved earlier this month for a 1,478-acre work project known as Silver Reef.

The large new-home area sits south of Interstate 10, closer to Arizona City than downtown Eloy.

With its approval came a new way for the city to develop what are called Community Facility Districts, a special taxing district that taxes only the land being benefited. Through general obligation bonds such an agency helps developers self-fund much of their own infrastructure costs, while also protecting the city and its citizens from new financial liability and burdens. The 1988 Community Facilities District Act allowed the formation of CFDs.

The Silver Reef developer, Allyn Carl Development LLC, is planning to be a major part of a regional on-site wastewater treatment plant, on about 60 acres. Being able to raise more money helps progress said an Allyn Carl spokesman to the council Nov. 13. It is what has helped Mission Royale and Villagio housing developments in Casa Grande get underway more quickly than some others.

"A CFD is a repayment tool, not a payment tool," said City Attorney Stephen Cooper.

The change flipped the amount that a developer needed to match and contribute for every dollar of debt. Now a developer need only match 25 cents for every dollar, as opposed to what it had been, 75 cents for every dollar of debt. Put a different way, a developer can raise an additional \$7.5 million for a \$10 million need, rather than \$2.5 million.

Planning Director Joe Blanton said the city of Eloy discovered it was "out of whack" with most other surrounding towns and cities in this respect. He said this change would make Eloy "more competitive."

Money is traditionally raised at a 3-to-1 ratio of the assessed valuation, though it could be different. So a \$60 million assessed valuation would allow \$20 million to be raised through CFD bonds.

"When people talk about growth paying for growth," the Allyn Carl spokesman said, "the CFD is that mechanism."

The lack of another treatment plant in that area of the city has held back development, Blanton said. The council was also told that with developers having to put up more cash for infrastructure, that too was slowing actual movement of

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developments after deals had been signed and intentions put forward and accepted.

One of the conditions of the development agreement was that the site of the wastewater treatment plant be decided on by the end of the year, so other developments and the city can go forward with concrete knowledge.

The plant will likely be built so it can be expanded in phases, Blanton said. As it will serve several different developments, this flexibility is needed, Blanton said, for the different construction speeds and timelines.

While Allyn Carl will use the CFD at first for the wastewater treatment plant, state law allows other uses. The following types of infrastructure improvements can be acquired and/or constructed with CFD bond proceeds:

Water and sewer projects, Police and fire facilities, Public buildings, Flood control and drainage projects, Roadways, Public parking structures, Landscaping and lakes, Lighting and traffic control, Parks and recreational facilities, Schools and school sites, Pedestrian malls.

This new CFD method was just part of the much longer development agreement. Such agreements, set the stage and facilitate proper zoning by establishing the permitted uses for the property, the density and intensity of such uses, the phasing over time of construction and development of the property, conditions and requirements for the design, construction and installation of the infrastructure, and the city's assurances to the property owner.

Part of the agreement is the formation of a Planned Area Development, which adds further specifics to the use, building location and the area where construction will take place.

One of the requirements before construction can take place is the developer's assurance to the Federal Emergency Management Agency (FEMA) that the land and the future buildings on it can be raised out of the flood plain where part of the property now sits. That first step of assurance is known as a Conditional Letter of Map Revision.

The city also added on the need for Flood Control District supervision to monitor this aspect of the project.

Silver Reef is 67-percent zoned, single-family residential housing, and includes several school sites and a recreational trail system. The schools in particular said Planning Director Joe Blanton would ease overcrowding in Arizona City elementary schools as well.

The approval for the development and rezoning came with very few questions. Jackson said Blanton's presentation and background work left the council with few questions. "We feel pretty confident that you folks in the planning department have done your homework."

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