



TEAM FLAGSTAFF



# Retail Development Tax Incentives

Incentives are tools used to bring, create or accelerate economic growth in a community.

Can help bring jobs, prevent retail leakage, and enhance services and infrastructure.





# Public Supported Economic Development

Some local examples:

- Downtown Redevelopment Plan
- Aspen Sawmill
- Nestle-Purina and other manufacturers
- Southside





# TEAM FLAGSTAFF



## Some examples of this tool in Arizona

- Marana
- Goodyear





## General Purpose

- Can help developers overcome infrastructure issues preventing development
- Can lead to or accelerate enhanced sales tax and property tax, provide jobs, prevent retail leakage, and provide services





## Considerations

- Can be seen as assisting new retail business to compete with already existing retail businesses
- Can create a perception of favoring one business over another
- Can make unused land more productive earlier





## Required Findings

- Development, or similar development, would not happen without the incentive
- Development creates more tax revenue than amount of incentive (3<sup>rd</sup> party analysis)





# Other Legal Requirements

- Not a violation of the Gift Clause





TEAM FLAGSTAFF



# Vintage Partners

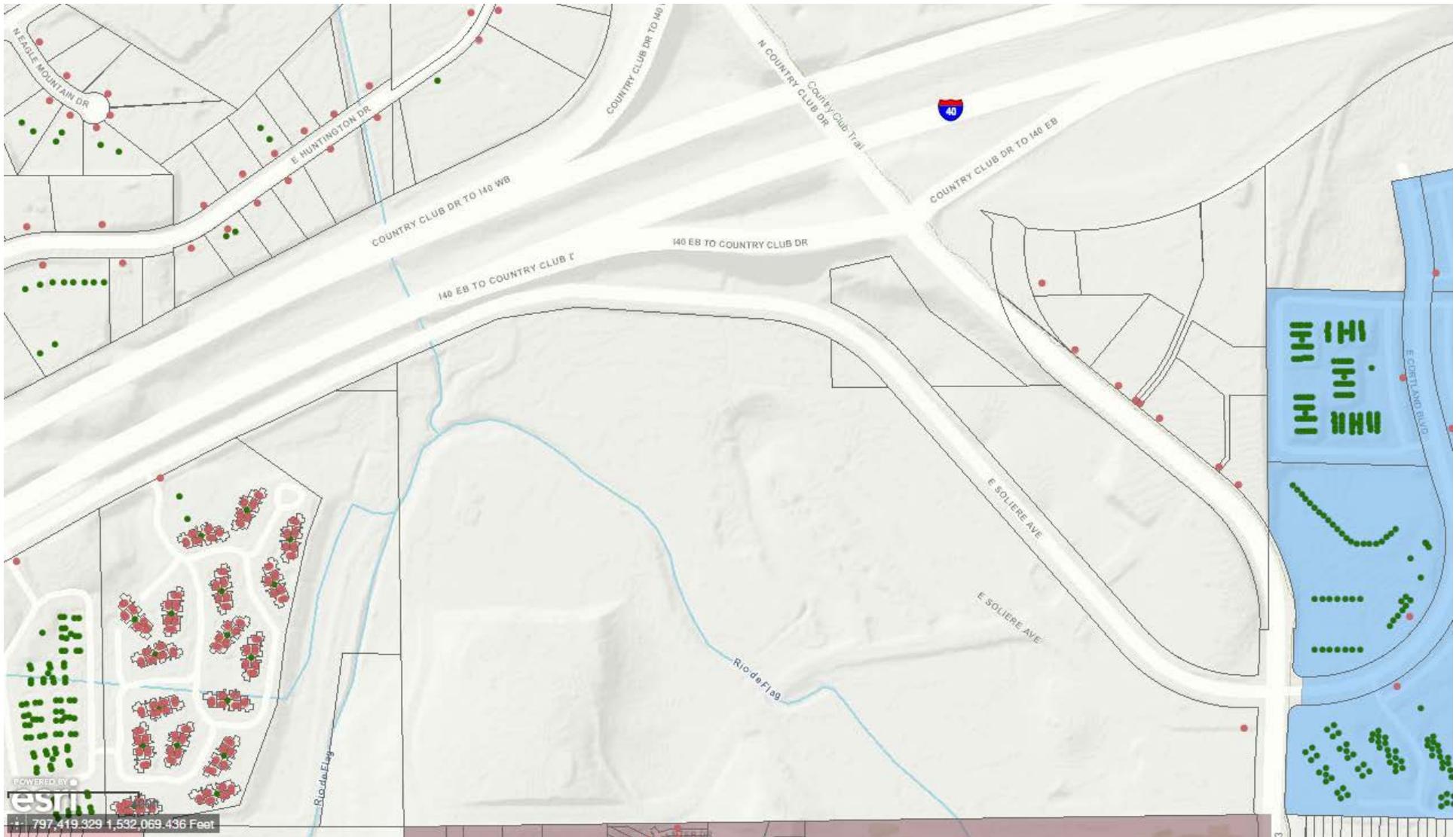
Vintage is currently requesting the use of this incentive tool

Specific project located at Country Club and Soliere Avenue

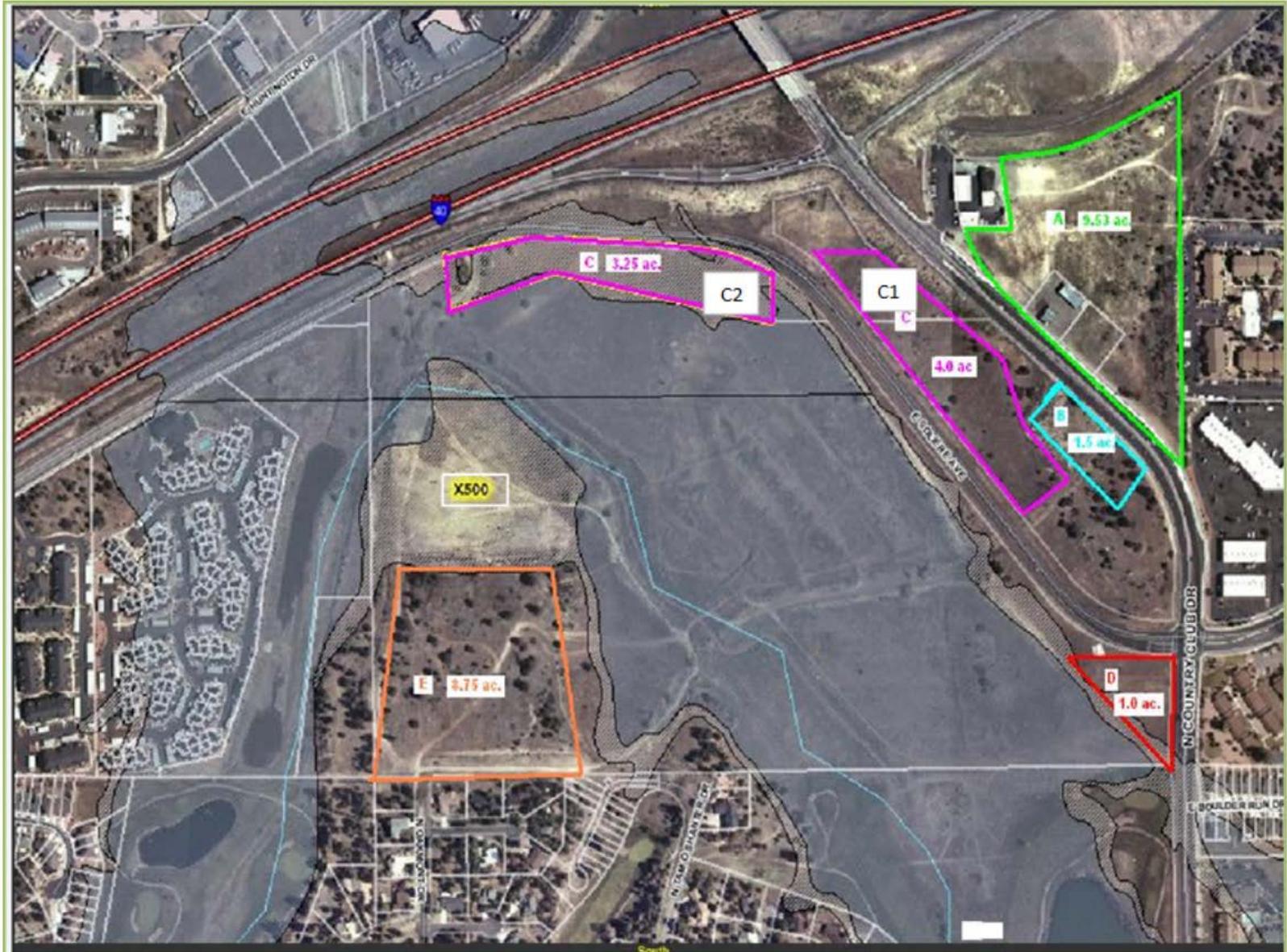




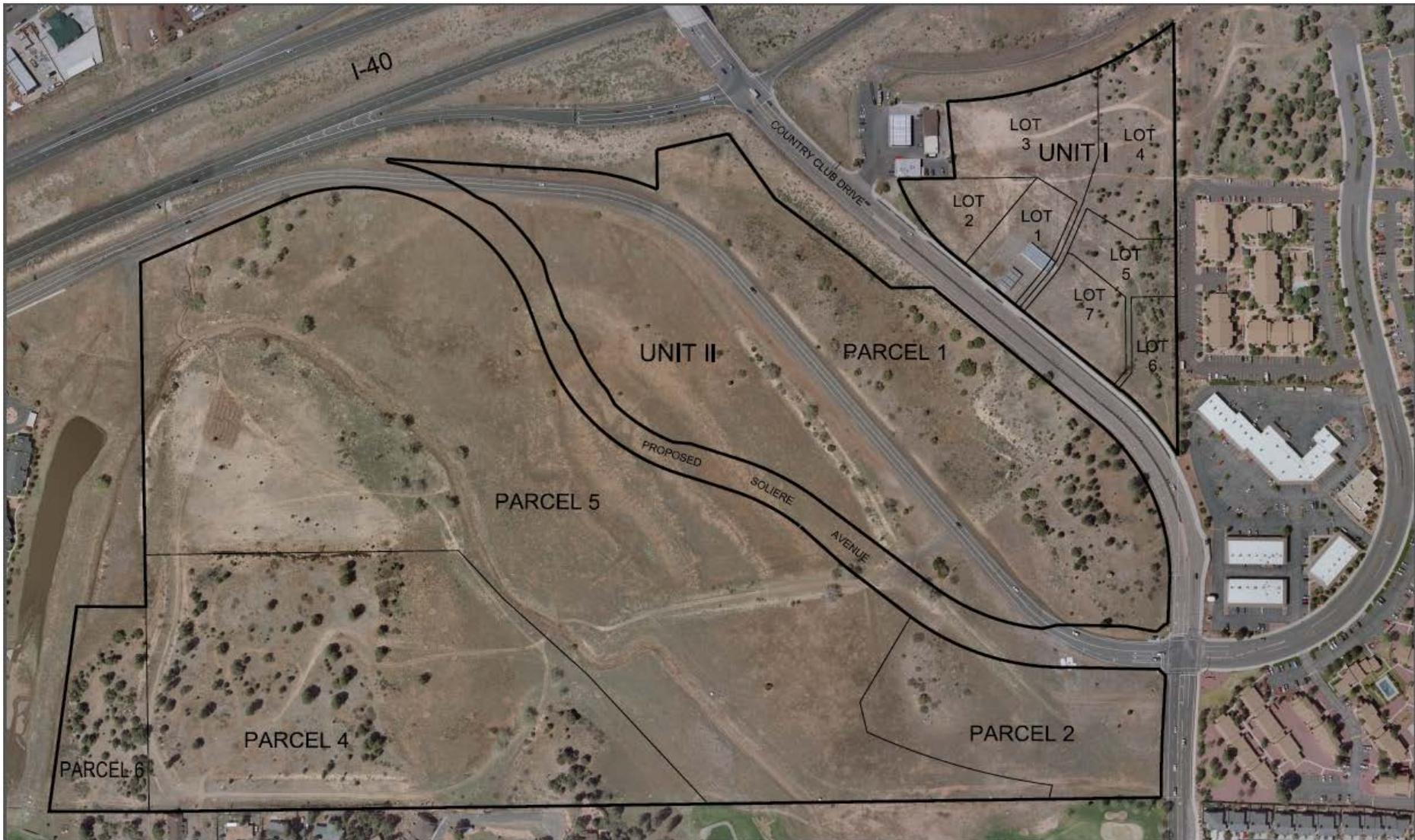
# TEAM FLAGSTAFF



# Vintage Partners

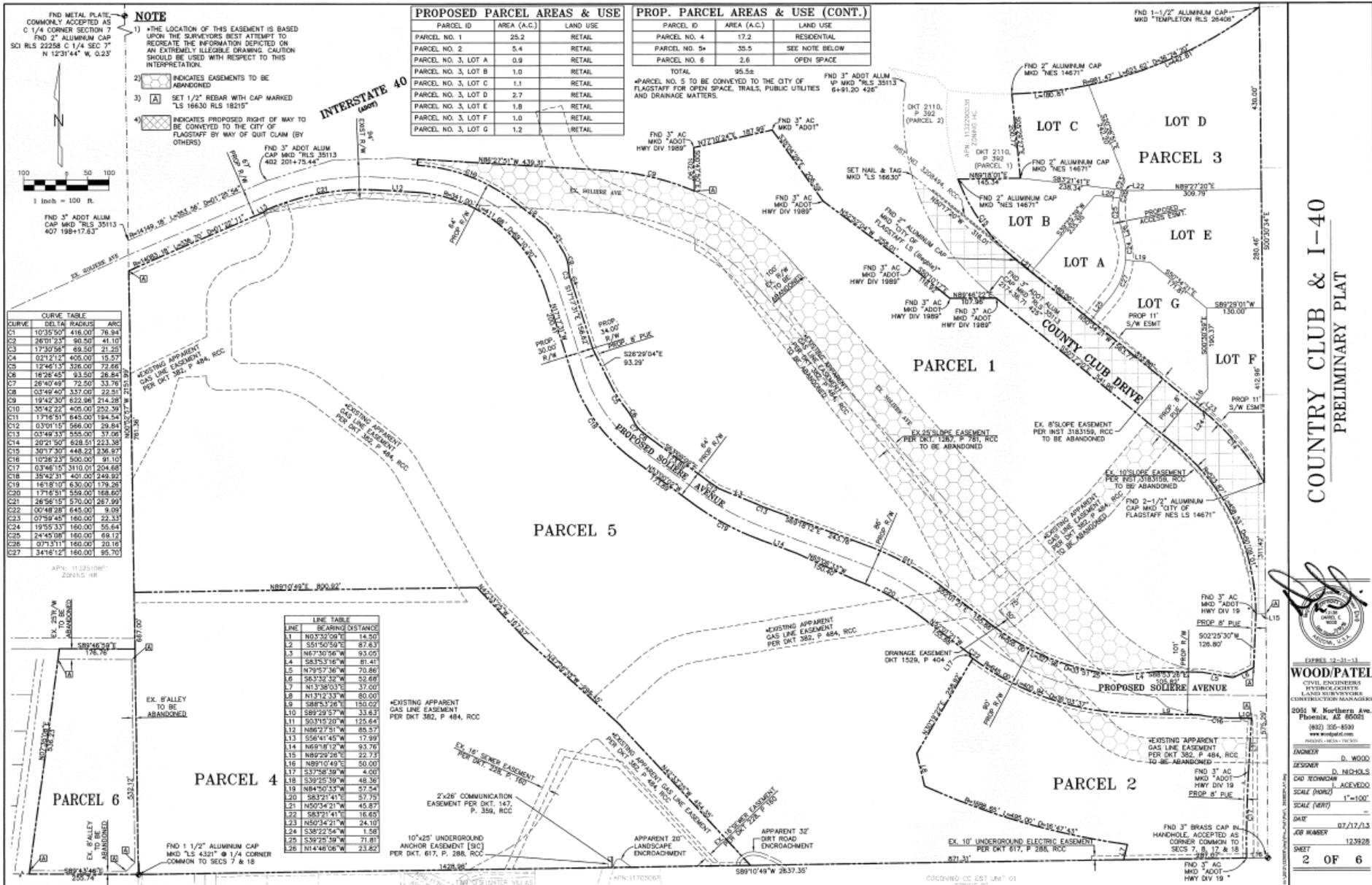


# Vintage Partners





# Vintage Partners



**COUNTRY CLUB & I-40**  
**PRELIMINARY PLAT**



**WOOD/PATEL**  
 CIVIL ENGINEERS  
 HYDRAULIC ENGINEERS  
 LAND SURVEYORS  
 CONSTRUCTION MANAGERS  
 8055 W. Northrup Ave.  
 Phoenix, AZ 85021  
 (602) 355-8590  
 www.woodpatel.com

PROJECT: 12-31-13  
 DESIGNER: D. WOOD  
 CAD TECHNICIAN: A. GARDNER  
 SCALE (HORIZ): 1"=100'  
 SCALE (VERT): 1"=100'  
 DATE: 07/17/13  
 JOB NUMBER: 123228  
 SHEET: 2 OF 6



## Specific Project Benefit

Improved road value on Soliere Avenue

- Savings from not doing the pavement overlay
- Financial value of street improvements
- No actual value from a circulation or safety perspective (50 year modeling)





# Specific Project Benefit

Improved drainage

- Dedication of Fanning Wash drainage improvements
- Dedication of floodway





## Consideration

- The City has no true proportionate share for the road realignment
  - Traffic Impact Analysis
- Drainage improvements are planned and funded in the Capital Improvements Plan
- Truly a policy decision to incentivize economic growth of Flagstaff





# Specific Project Indirect Benefit

Increased:

- Services to the area
- Sales tax revenue (incremental increase)
- Property tax
- Utilized infill
- Jobs available





## Wrap Up

- Incentives may help address infrastructure blockages which exist in the community
- This generates or accelerates creation of jobs, services, property tax, and sales tax





## Wrap Up

- Can benefit new retailers over others
- Creates a precedent
- Involves government where we have been cautious to take a role previously – development has paid it's way and accepts the risk





## Conclusion

- This is strictly a policy decision about whether to incentivize retail development
- Infrastructure costs are increasingly a major impediment to development right now
- Incentives can be provided by developing a policy or on a case-by-case basis

