

5.0 Economic Development Element

The Economic Development Element of the Santan Area Plan is presented in the following sections:

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5.1 Introduction

The City of Chandler has experienced a population boom over that last 20 years that has made it on the larger cities in the Phoenix Metropolitan Area and one of the fastest growing cities in the nation. Population estimates for 1998 estimated the population at approximately 175,000 persons, with the highest densities in the north and west portions of the City. The Santan Study Area is located at the fringe of the current development growth pattern and is likely to see pressure for increases in both residential and commercial services in the near-term. The establishment of employment-based development such as commercial and industrial business will likely occur at a more moderate pace as the City approaches buildout.

Chandler's high-tech industrial clusters are a reciprocating function of a well-educated workforce, low development costs and high standard of living. The unemployment rate in 1998 was below three percent and its labor force has grown to over 60,000. Large firms such as Intel and Motorola dominate the City's employment base and constitute large, important revenue generators for the local economy. Also, various aerospace and aviation industries involved in manufacturing have located and expanded in Chandler

In 1990, Chandler's housing stock consisted of 34,967 units, a 13 percent annual growth rate since 1980. Currently there are nearly 60,000 units in the City. Between 1990 to 1998, Chandler has issued approximately 20,000 building permits citywide. Between 1994 and 1998 the average price for a new single family home jumped from \$113,671 to over \$142,000.

The current population of the Santan Study Area is estimated at 15,574 residents, representing less than 10 percent of the total Chandler population. With construction of the freeway and peripheral expansion of the urban growth boundary, the Study Area is expected to experience heightened levels of development in the future.

Economic Overview

Office, Retail and Industrial Development

Approximately 1,715 acres of Chandler's 15,000 acres of developed area are devoted to industrial development, the majority situated in the City's 12 industrial parks. Many of the areas have an abundance of available parcels ready for development, with infrastructure and zoning in place. There are approximately 12.3 million square feet of built industrial space in the City, with a vacancy rate of less than five percent. Additionally, 1.5 million square feet, representing the new Intel "FAB-12" semiconductor fabrication in South Chandler, is complete, along with an additional 200,000 square feet under construction in other locations. In 1994, approximately 310,889 square feet of industrial space was absorbed, representing about 900 new manufacturing jobs. Office space consists of nearly 350,000 square feet.

Chandler is currently encouraging the attraction of large retail establishments. While the city has its fair share of neighborhood and community shopping centers, attracting a regional mall would enhance the tax base. Westcor, a regional retail developer, will break ground in late 1999 on a 1.3 million square foot regional mall site to the west of the Study Area.

5.2 Existing Setting

Existing economic land uses are limited to the commercial strip adjacent to Arizona Avenue in the northern portion of the Study Area and the presence of small to moderate scale livestock and dairy operations. In addition, several industrial properties continue to operate in the southern portions and in the northwest corner of the Study Area

Agricultural, public and quasi-public land uses generate a majority of the existing employment in the Study Area. These public/quasi-public properties include the Chandler Regional Hospital, Hartford Elementary School and the Chandler Wastewater Treatment Facility. MAG Year 2000 employment projections have identified the total employment of the Study Area to exceed 8,211.

Agriculture and dairy farms represent the largest land use category within the Study Area. While full-time employment is limited, part-time or migrant farm workers may be employed in fairly large numbers during seasonal harvests or plantings. While these farming operations provide a stable income to the owners of the land, the real value lies in the property and its potential for development within the Phoenix Metropolitan Market Area. Total full-time employment in the Study Area's existing agriculture industry is currently estimated to be less than 50 to 100 persons.

5.3 Economic Development Plan Vision, Goals, Objectives, and Policies

Vision Statement

Create an area of diversified moderate-intensity economic activity within the Santan Study Area that utilizes public facilities and infrastructure, employment corridors and freeway interchanges for the promotion of local and regional economic growth.

Goal

Initiate economic development and reinvestment strategies to attract desirable employers and retain existing businesses.

Objective 5.2

Promote a highly diversified economic environment that will influence regional economic conditions while reinforcing development initiatives set forth to provide sustainable and well managed growth.

Policy 5.2.1 The City shall promote the integration of the Santan Freeway transportation opportunities with the Union Pacific Railroad and the Chandler Municipal Airport from an economic development perspective.

Policy 5.2.2 Develop a program that will study successful components of other interchanges in the region and initiate dialogue with appropriate parties.

Policy 5.2.3 The City should encourage the development of mixed-use projects (i.e. commercial/residential/ recreational)

Policy 5.2.4 The City shall promote the use of mixed-use retail/residential adjacent to the planned Paseo System and in retail commercial/high-density residential transition areas.

Policy 5.2.5 The City shall work to aggressively attract employment use that will generate a *specified market for recommended uses*.

Policy 5.2.6 The City should discourage over-development of similar commercial land use types and encourage unique commercial opportunities for development

Policy 5.2.7 The City should work with developers to attract family-oriented retail and entertainment services to specified areas of the Study Area

5.4 Economic Development Plan

The Santan Freeway will be the driving force behind economic development within the freeway corridor. With the heightened potential for regional economic commerce, there should be ample opportunities for the City to attract new business into the area. By dictating an aggressive economic development plan in adherence to the Area Plan, the City will establish a prosperous development zone that will continue to enhance the existing revenue base.

In an effort to encourage the development of commerce generating land uses compatible with the Chandler Municipal Airport, the City has established an enterprise zone for the nine square miles surrounding the Airport. Three square miles of the enterprise zone overlap the Santan Study Area, safeguarding the area for much needed commercial and industrial development. The Chandler Economic Enterprise Zone allows qualified businesses the ability to take advantage of state corporate income tax and property tax benefits. Businesses that create new quality jobs within the enterprise zone can receive up to \$3,000 in state income tax credits for each quality job created. A quality job is defined as one that pays the county minimum wage, is full time and permanent and the employer provides a minimum of 50 percent of the health insurance. A minimum of 35 percent of positions for which credits are taken must be filled by residents of the enterprise zone. Small (100 employees or less), minority-owned or woman-owned manufacturing businesses that generate at least a \$2 million investment in fixed assets within the enterprise zone may receive a 40 to 60 percent property tax reduction on both real and personal property. This reduction is good for a five-year period.

The Area Plan identifies multiple economic nodes, in which commercial and industrial developments will be focused. The Price Road Corridor, located on the western edge of the Study Area represents an area of high industrial and commercial/office/business park use. The City will encourage technology-based operations to locate in this area as part of its plan to continue the promotion of high-tech companies to locate within the corridor. These business types will join existing high-tech operations within the corridor to the north and south of the Study Area. Industrial clustering within the corridor will aid in the establishment of a local employment base for the City of Chandler, with adjacent land uses dictating an appropriate location for an employment node.

The continued expansion of the Chandler Regional Hospital on Frye Road has initiated the development of professional and medical offices in addition to assisted care facilities. Land uses identified in the Santan Area Plan coordinate with land uses in the Gateway Area Plan, a specific plan for the area north of the Santan Study Area. The Plan evaluated the land use objectives of the area based on a community vision for future growth and economic development. The product of this effort has been the completion of a strategic guide, outlining unique criteria for residential, commercial and industrial growth within the area.

The Chandler Airpark Area, located southeast of the Study Area presents an aggressive approach to employment growth for the City of Chandler. The total area, at buildout, is projected to provide nearly 70,000 jobs, with a focus on fixed base operators on the Airport property and industrial/manufacturing adjacent to the Airport property. The northern portions of the Study Area overlap with the Santan Area transitions into primarily residential land uses, but does specify a large proportion of employment based activity.

Potential Industrial Cluster Development

The Chandler Airpark has tremendous potential for the development of industrial clusters that would compliment the already developing high technology sector located in the area. Industrial clustering is a concept of business development where companies with similar or complimentary products locate in close proximity to one another to take advantage of reduced transportation costs and shared infrastructure improvements.

While Chandler in particular, and the Southeast Valley in general, pursue high-technology clusters, a significant potential for additional cluster development exists. A cluster of warehouse/distribution and transportation industries could take advantage of the intermodal air, road and rail connections available in the Airpark Area. Also, with the Chandler Airport located in the center of the nine square mile Airpark Area, there exists the potential for Aerospace Industry cluster development. The Aerospace cluster could interface with the high tech and transportation clusters.

5.5 Economic Development Implementation Program

A series of implementation measures have been established for economic development in the Study Area, as outlined in Table 5.1, *Economic Development Implementation Program*. These measures will serve as a tool in the development of economic strategies and initiatives and provide the City with guidance in prioritizing marketing opportunities.

The implementation program lists the specific implementation measure, timeframe, key participants, project location and the resources necessary to accomplish each implementation measure.

Definitions:

Implementation Measure - Lists the action necessary to carry out the Economic Development Element of the Santan Freeway Corridor Area Plan.

Purpose - Identifies the intent of accomplishing that particular action.

Timeframe - Establishes the target 5-year priority within the 20-year planning horizon for implementation of the action.

Key Participants - Assigns the elected or appointed public body, agency, group, individuals or volunteers principally responsible to initiate the implementation action.

Resources - Lists the potential funding, City staff, volunteer or other community resources necessary to carry out the implementation action.

**Table 5.1
Economic Development Implementation Program**

Implementation Measure	Timeframe (Years)				Key Participants	Resources
	1-2	3-5	5-10	10-20		
Encourage development of employment-based land use within the Study Area	*	*	*		Chamber of Commerce; City Council; E.D. Dept.	Enterprise Zone; General/Area Plans; E.D. Incentives
Ensure commercial access to regional transportation facilities	*	*			Plan Commission; Public Works Dept.	Access Management Plan; Truck Route Ordinance
Target high-tech, office, and medical employers	*	*			AZ Dept. of Commerce; E.D. Department Chamber of Commerce; City Council	Enterprise Zone; State Funding; E.D. Incentives
Promote mixed-use developments	*	*			Plan Commission; City Council	Planning Staff Resources
Study best use of freeway interchanges	*				Plan Commission	Staff Resources, City Funds

Source: BRW, Inc., 1999.