

**OFFICE OF THE DIRECTOR OF FACILITIES & TRANSPORTATION**

**13801 E Benson Highway • P.O. Box 800 • Vail, AZ 85641 • 520-879-2050 • FAX 520-879-2001**

October 9, 2013

Mr. Steve Christy, Chairman  
Pima Association of Governments  
Regional Transportation Authority  
177 N. Church Ave., Suite 405  
Tucson, Arizona 85701

Re: Valencia Road Extension

Dear Mr. Christy:

The Vail School District is very supportive of the proposed RTA expansion project for Valencia Road, especially the completion of Valencia Road from Houghton Road to Old Spanish Trail. The expansion of Valencia Road would unite our District and accelerate economic development on the southeast side of Tucson.

If Valencia Road was completed to the Rincon Valley, the Vail School District could more effectively manage attendance boundaries for our schools. Currently, the Rincon Valley area students are separated from the rest of the District. Students encounter long bus rides, as they have to travel excessive miles over indirect routes to access schools.

The new roadway would eliminate 14,000 miles per year of school bus traffic (280,000 miles over 20 years) and 3,500 gallons of diesel fuel per year (70,000 gallons over 20 years). Additionally, the District would benefit from less wear and tear on buses; thereby, saving the District money on maintenance.

The District would not only benefit from the completion of the roadway, the community would also benefit – greenhouse gases would decrease and fuel would be saved. The expansion of Valencia Road from Houghton Road to Old Spanish Trail would benefit a vast number of people.

Sincerely,

Albert D. Flores  
Director, Vail Facilities and Transportation

cc: Ramon Valadez, Chairman, Pima County Board of Supervisors  
Jonathan Rothschild, Mayor, City of Tucson  
Farhad Moghimi, PAG/RTA Executive Director  
Jim Degrood, PAG/RTA Transportation Service Director



## RINCON VALLEY FIRE DISTRICT

Bus. (520) 647-3760  
Fax. (520) 647-7102

14550 E. Sands Ranch Road  
VAIL, AZ 85641  
Emergency Telephone  
911

October 9, 2013

Steve Christy  
Chairperson  
Regional Transportation Authority  
177 N. Church Ave, Suite 405  
Tucson, AZ 85701

Dear Mr. Christy:

I am writing in support of the Valencia Road extension from Houghton to Old Spanish Trail since it would improve public safety for the residents of Rincon Valley Fire District.

Rincon Valley Fire District is a special taxation district that provides fire and ambulance services to approximately 12,000 residents in the unincorporated area of Vail.

The Valencia Road extension would improve public safety in two ways. First, it would shorten the total transportation time for our critical patients to area hospitals that are located within the Tucson Metro area. All hospitals are currently west of our district and our primary westward corridors are Old Spanish Trail and Interstate 10.

Second, it would improve the travel route itself. Old Spanish Trail is subject to frequent flooding and is often impassable during heavy rain events. Unfortunately, when Old Spanish Trail is impassable, our emergency units must take a 12 mile detour which adds approximately 20 minutes to our emergency response time.

Please consider assisting us in our efforts in providing life saving public safety services to the residents of the unincorporated Vail community.

Sincerely,

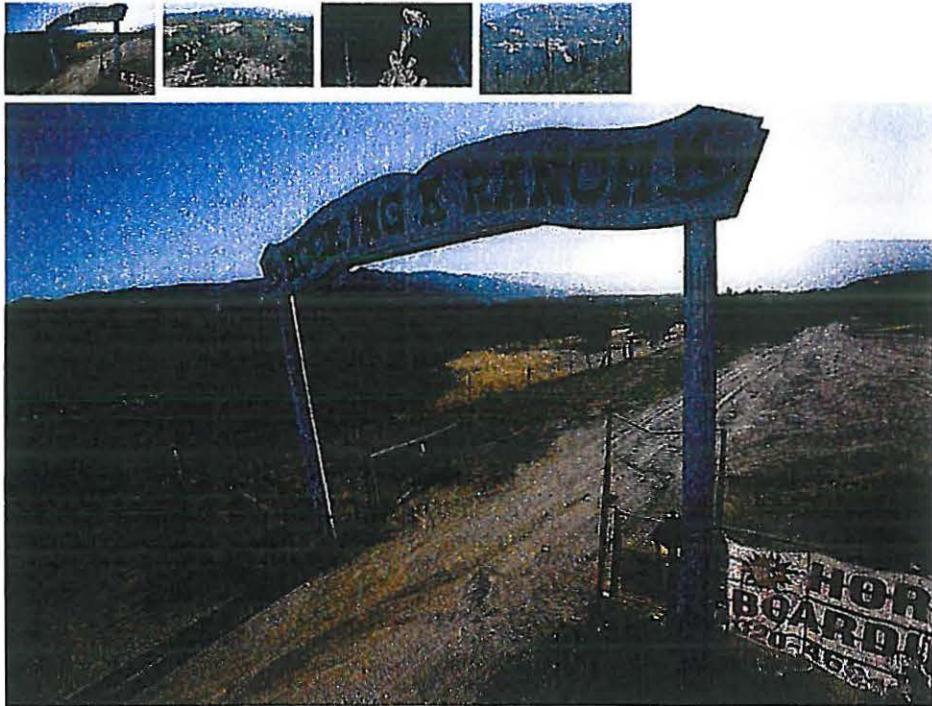
A handwritten signature in black ink, appearing to read "JK".

Jayne Kahle  
Fire Chief

cc: Ramon Valadez, Pima County Board of Supervisors; Jonathon Rothschild, City of Tucson; Farhad Moghimi, PAG/RTA; Jim Degrado, PAG/RTA

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# Road deal jumpstarts long-stalled Rocking K housing development

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The sun rises in the Rincon Valley where the Rocking K Ranch sign hangs over the entrance at 13401 E. Old Spanish Trail.

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August 04, 2015 7:25 pm • By Patrick McNamara

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Groundbreaking is a little closer for a master-planned development on the far southeast side that has been decades in the making.

The Tucson City Council in June agreed to de-annex a portion of East Valencia Road east of South Houghton Road to allow developers of the Rocking K project, Diamond Ventures, to construct a more than 2 1/4-mile

Rocking K closer to development; smaller-scale project will start construction within two years



After nearly a quarter-century of planning and controversy, the huge Rocking K development

section of the road to Old Spanish Trail in agreement for credits on impact fees

next to Saguaro National Park East should be ready... [Read more](#)

The road now lies within the city and county. By placing it under county jurisdiction, Diamond Ventures could receive reimbursement for constructing the road from the impact fees the development would generate. Construction of the roadway is estimated at \$13.6 million.

"The county cannot use its impact fees on streets and highways that are not the responsibility of the county," Pima County Administrator **Chuck Huckelberry** said.

The Rocking K plan has undergone changes since first conceived in the 1980s. The most recent amendments to the plan in 2011 scaled back the development to 3,000 houses and a golf course on 5,600 acres. Earlier plans called for 10,000 houses and four golf courses in the community that borders Saguaro National Park.

Commercial development is also planned for part of the property.

The amended plan also included the impact fee reimbursement agreement.

"They are the ones at risk here," Huckelberry said, adding the company would not be reimbursed if they don't build enough houses that generate the impact fees.

Impact fees for single-family residential properties cost about \$6,000 per unit, Huckelberry said.

The de-annexation was necessary because the city has already allocated its collected impact fees for the southeast region to Houghton Road improvements, he said.

Impact fees must be used within a jurisdiction in the region they are collected.

By placing the entire roadway project in the county's jurisdiction, the developer can offset the costs through future impact fee credits.

It should take the county about two months for its process to accept the de-annexed areas.

Huckelberry said he did not know when construction is to begin. Diamond Ventures did not return calls for comment.

The possible start of construction comes at a time when county officials anticipate the far southeast side is primed for intense growth and development.

Rocking K stands just a few miles from the University of Arizona Tech Park and a proposed new connection between the interstates.

National and regional government officials have pushed for federal funding for a connection between interstates 10 and 19 south of Tucson International Airport.

In June, members of Arizona's congressional delegation sponsored a bill that would include the proposed highway, the Sonoran Corridor, on federal planning documents. The move would make the corridor eligible for federal funding.

The county also has committed to use \$30 million toward construction of the Sonoran Corridor from a future bond package. Voters will decide the fate of that and six other bond questions in November.

The proposed Sonoran Corridor sits near a convergence of surface, rail and air transportation systems. It also would connect employment centers like Raytheon and other airport area businesses with the University of Arizona Tech Park near I-10 and Rita Road.

Regional leaders see the proposed highway as a way to facilitate the growth of defense, aerospace and logistics businesses such as HomeGoods, which recently announced plans to build a regional distribution center near the airport.

"The Sonoran Corridor is really a jobs corridor but you really have to have housing in proximity," Huckelberry said.

The proposed highway also runs past another planned Diamond Ventures' development, Swan Southlands, that sits on 3,100 acres southeast of the airport.

The Sonoran Corridor would run near the northern and western edges of the development.

The move to jump-start the Rocking K development could signify a rebound in the housing economy.

"I definitely think that the south and southeast are going to be the future growth areas," said David Godlewski, president of the Southern Arizona Home Builders Association.

As of the end of June, the county has seen about 370 permits for new single-family residential homes, a pace that would reach about 740 by year's end.

That's considerably less than the recent boom years. In 2005, the county issued nearly 5,000 new housing permits.

By 2011, new home construction had nearly ceased, with fewer than 500 permits issued.

Godlewski said the economy has begun to recover for the home construction industry, albeit slowly.

The recent sale of 195 lots in the master planned community La Estancia in the city near I-10 and Wilmot was another indication the local economy has started to rebound, Godlewski said.

La Estancia is a 565-acre, 2,500-home master planned proposal.

"When you look at quality homes adjacent to the job corridor," Huckelberry said, "it's pretty attractive."

Contact reporter Patrick McNamara at 573-4241 or pmcnamara@tucson.com On Twitter @pm929

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**Tags** Planned Community, Tucson Arizona, Chuck Huckelberry, Diamond Ventures, Tucson City Council, Saguaro National Monument, David Godlewski, University Of Arizona Tech Park, Tucson International Airport, Raytheon

## Will builders face a possible 15,000-lot shortage?

By Roger Yohem | Posted: Friday, September 28, 2012 12:00 pm

Start the countdown. When will all of the finished lots be gone?

In December 2009, D.R. Horton Homes bought 203 lots in Marana's Continental Reserve. By mid-2010, Richmond American Homes and Maracay Homes picked up 160 lots off Interstate 10 around Arizona Pavilions.

As 2011 closed, Meritage Homes and Miramonte Homes had grabbed more than 210 lots in the hot area called the Tangerine Corridor. In northwest Marana, developers secured 800 acres of dirt.

This year, the acquisitions have accelerated. By the end of the year lot sales could triple the volume of 2011. Is now the time to re-stock?

It's a developing situation with no certain answers. What is certain however, are concerns the supply-demand balance is nearing an imbalance.

"By 2014, we may not be able to deliver enough finished lots to meet consumer demand for housing," said Will White, Tucson manager of Land Advisors Organization, 3561 E. Sunrise Drive. "There is a substantial amount of platted lots, but who is going to build those? The owners don't want to shell out that kind of money."

### Signs of improvement

In the past 18 months, there have been clear signs of improvement in the region's real estate market. Small price gains in used homes are holding. Builders have inched up prices for new homes.

Foreclosure notices are higher but expected to fall sharply in 2013. Generally, active listings are settling despite the overhang of shadow inventory. Lots cost more. And the large national builders have sophisticated new business plans based on lessons learned from the Great Recession.

"Developers and builders now are smarter than they get credit for. They don't want to own raw land. Holding land ties up financial assets that aren't producing any revenue," said Jim Marian, a principal with Chapman Lindsey Commercial Real Estate.



Over the past 18 months, builders have paid a "decent premium" for lots. Prices are higher, especially in Marana.

A “just-in-time” strategy of inventory management, based loosely on what transformed the manufacturing industry decades ago, has entered the business. “Like manufacturing, home building is all about production,” Marian said.

When builders buy land, that’s “a real obvious good sign” they are going to build again, he added. That means builders who consolidated their Tucson operations to Phoenix will have to re-staff locally with new construction-related jobs.

Over the last two years, White estimates builders have bought \$30 million to \$40 million in dirt in and around the Tangerine Corridor in Marana. From Rancho Vistoso Boulevard west to Dove Mountain Boulevard, this area contains most of the prime “A” lots in good locations.

“Not one other area of Pima County can make that claim,” White said.

Meritage Homes has been the most aggressive buyer along the corridor, having picked up several hundred lots in the communities of SkyRanch, Tangerine Crossing, Dove Mountain, and Rancho Vistoso (see chart).

Typically, those lots were abandoned by other builders/investors and/or foreclosed during the recession.

### **Higher land prices**

Rising from the housing collapse, national builders are emerging as the major players. They are now cash rich with aggressive business plans. That has enabled them to control about 90 percent of recent land transactions, said White.

Before the crash, KB Home and Lennar “often traded places as the biggest builder in town. But now, DR Horton is setting themselves way apart,” White said. Horton has been an early and steady land buyer and “could be a 30 or 40 percent market share builder here.”

As Horton, Meritage, Richmond American and others put their plans into action, they paid a “decent premium” for land, added White. “Prices are up. Land is the foundation of their business plan.”

In August, 150 new home sales closed region wide, the highest since June 2010, said Ginger Kneup of Bright Future Real Estate Research.

“There are good signs this pace will continue in the final months of the year. The best indication is that the number of permits pulled in May through August exceeded the same 2011 period by 53 percent,” she said. “Builders are reporting good sales and advertising few specs, so the market is well-positioned to exceed 2011, likely by 200 to 250 units.”

### **Back to the core**

Near the peak of the 2005-2006 housing frenzy, developers searched the outskirts of the metropolitan area for dirt.

Along the I-10 corridor, Pulte leap-frogged Marana to Red Rock. Speculators eyed tracts to the west along Ajo Highway almost to Three Points. Others saw Sahuarita growing south along I-19 to the Santa Cruz County line. Even Benson and Whetstone to the southeast made it onto the radar screen.

“The drive ‘til you qualify option was hot but now there is no incentive to go out that far. The economy killed that. All it took was falling home prices in Tucson to move development activity back into the core metro area,” White explained.

That swung the spotlight back to northwest Marana, an area abundant in “laser-leveled farm land.” In addition to the Tangerine Corridor, builders will return to communities with existing entitlements for over 6,500 lots along I-10 like Gladden Farms, Sanders Grove and Saguaro Bloom.

Gladden Farms has 1,900 finished, platted and zoned lots. Sanders Grove has 2,500 planned lots and Saguaro Bloom holds 2,200 partial, platted and zoned lots.

“Once the economy turns, this will be the fastest growing area,” White said. “Home prices are back to reasonable back in the core.”

As the Tangerine Corridor and the northwest area build out, builders will be drawn to other currently calm submarkets. Those areas are Sahuarita, the Houghton Road Corridor and Vail, said Pete Herder, CEO of the Herder Companies.

### **Shortage of lots**

Since 2005, White estimates some 34,000 finished lots have been absorbed “during the worst economic times.” Currently, there are about 4,000 finished lots available to the market.

Based on new home permits projections of about 2,000 this year and 2,200 next year, "we're at 4,200 and out of lots by the end of 2013. Permits could be 2,500 to 3,000 in 2014, a worst-case scenario caused by a horrific market crash that nobody prepared for is coming back."

The shortage of finished lots could approach 15,000 by 2017-2018. That is “a daunting task because only paper lots will be left,” said White. “So the big issue becomes who builds them?”

Several thousand planned “paper lots” exist in the region. But due to ongoing economic and tax uncertainty, “many owners will not put out the money or time to develop their lots,” Herder emphasized. “From scratch, raw land can take 12 to 18 months to do finished lots. I see the builders taking on that role more.”

In two subdivisions, Herder has held about 120 finished lots for three years. His son John will develop some of those and the balance likely will be sold in bulk to builders.

Whether the shortage reaches a crisis is unclear. There are too many variables in play.

"It all comes down to consumer confidence and that will be determined by jobs and land location. Until jobs come back to Tucson, strong housing demand will not come back," Herder said.

Although the shortage of lots is a serious issue, neither Herder nor Marian sees it escalating into a major crisis. As absorption shifts to paper lots, development will still be driven by economics.

"It's a risk-reward situation. If the risks are way off the chart, land owners are not going to put money into improving their lots. Most would rather have the builders do it. But if the opportunity, the reward is there to make a profit, they'll do it themselves," Marian said.

"Builders will go where the economics of a deal work, including infill," he added. "There will be very tight pocket shortages of lots in certain areas, but not a severe shortage market-wide."

Over the next five years, annual volumes of about 4,000 new home permits would be a welcome, healthy and manageable "sweet spot," said White. To meet demand, "builders will have to build their own lots again."

Looking ahead 10 to 15 years, a projected population growth of 500,000 people will pressure Arizona to release state trust land. The state owns about 1 million acres in the Tucson region.

"That will be the next big challenge," said White. "The search for new land is a very tough task."

*Contact reporter Roger Yohem at [ryohem@azbiz.com](mailto:ryohem@azbiz.com) or (520) 295-4254.*