

With high-rise condo opening comes hope of rejuvenation

by *William Hermann and Dianna M. Náñez* - Aug. 5, 2008 02:41 PM
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Maybe Mill Avenue's time is, at last, just around the corner.

Tempe's downtown district has been on the cusp of success for about 30 years, but some say it's a street of dreams that has never quite realized its promise.

When community activists saved older downtown buildings in the 1970s and early 1980s and some new restaurants and shops opened on Mill, it seemed like the street had a new lease on life.

In 1989, when DMB Associates opened Centerpoint, a 21-acre project including offices, restaurants, retail and entertainment on the northwestern corner of Mill Avenue and University Drive, many believed the development would bring new vitality to a still sleepy downtown. And though restaurants and retail came to Centerpoint and points north on Mill, big, steady crowds never followed.

Ten years later, the opening of Tempe Town Lake caused many to say that at last Mill would come into its own. And though the

downtown is home to big nights after football games, a successful New Year's party and crowded art festivals, consistent crowds of shoppers still are not there.

"We had an 18-hour downtown, we wanted a 24-hour downtown," said Neil Calfee, a Tempe deputy community development manager until last week when he started as [Arizona State University's](#) director of Real Estate Development.

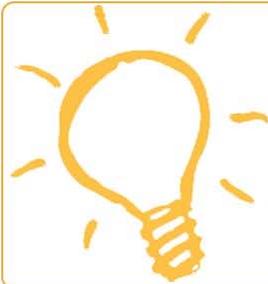
Residential in the urban core was the missing ingredient, he said.

Now, city officials, developers and merchants say the fall opening of a high-rise condominium one block off Mill may, at last, signal the rejuvenation of a street that has sought success for a long time. Developer Ken Losch, said he will open his Centerpoint Condominiums in late October, despite financing complications brought on by the recent bankruptcy of his main financier, Mortgages Ltd.

Losch said several factors are coming into play that will help Mill succeed, including the rising cost of commuting due to gas prices, the December opening of light rail in downtown Tempe and Tempe's proximity to jobs and freeways.

Tempe is in what Losch calls the "A Circle" for Valley development. In contrast with "C

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Circle" areas like east Mesa and Queen Creek where distances to drive to work are great and house prices are plummeting, he said central Tempe has stronger real estate values and is becoming a place where people want to live and work.

Losch said that his research shows that within a 1-mile radius of Mill there are 11,000 jobs; within 2 miles, 20,000 jobs and 3 miles, 60,000 jobs.

"Mill Avenue is the next spot to be in town," Losch said. "By early next year, after we've opened Centerpoint Condominiums, it will be a changed experience on Mill. People will want to be here."

Mayor Hugh Hallman said the number of developers such as Losch that are still building in Tempe is symbolic of the advantages Tempe has being a Valley focal point nestled between metropolitan Phoenix, Sky Harbor International Airport and the Valley's southeast suburbia.

"Yeah, there's lots of opportunity to look for black clouds in the economy. (But) if there's anyplace to look for silver linings it's in Tempe," Hallman said.

What is required now, he said, is "patience."

"I realize my perspective of what's around the corner is an example of a long-term

vision. The time horizon I'm looking at is 10 to 20 years out," he said.

Hallman said the city is looking forward to an economic rebound but is also using the economic slowdown to refine downtown development plans and partnerships.

"We have breathing room," he said, to encourage stable development that attracts more downtown residents and allows new entrepreneurs as well as landmark Mill Avenue businesses to flourish.

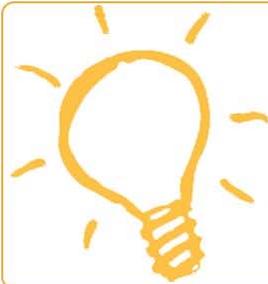
With a new City Council in place, Centerpoint on the horizon, Hallman said he has never been more positive about Mill Avenue or Tempe's future.

"We've made great progress," he said. "All of this learning and conversation and debate keeps us moving in the right direction. Everybody's not happy about every single decision made, but when you look at the big picture we're creating an enduring vision. This is not the flavor of the month."

Part of Losch's vision for Centerpoint includes further creating a sense of place along Mill Avenue.

And want to be there not just to save on gas or because it's convenient, but because it's good for the psyche, Losch says.

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"People are starving for a sense of place," he said. "We spent an extra \$10 million so that we could have a beautiful piazza next to the buildings and that will be a focal point, with places to sit at tables and on the grass, to talk, relax, a place for people to meet."

And adjoining the piazza, a ground floor that includes an "urban/Italian" restaurant, wine lounge, bakery, coffee bar, flower shop, news stand and gelato café

Centerpoint's two towers will add 371 condo units to the downtown market. Two more Centerpoint towers planned could built over the next five years or so eventually bring the total to 800. Two SunCor high-rise projects Bridgeview and Edgewater, on Tempe Town Lake, are adding 144 housing units. The Brownstones three blocks west of Mill is bringing 65 housing units. Smaller condo projects add about another 50 units.

All tolled, about 600 new residences will be finished near Mill in the next year. Tempe Realtor Will Daly, who operates the Web site WeKnow

Urban.com, said that downtown Tempe now has the finite geography that large urban areas like Chicago have. He said Tempe Town Lake and light rail have helped create these artificial boundaries found geographically in major cities that force them to build upward and not outward.

"Tempe is vertical, very walkable, everything is within walking distance," Daly said. "With the light rail, you're adding a 20-mile focal point and providing a boundary, just like the lake. Most urban settings have either a boundary or a focal point. With Mill Avenue, you've got both."

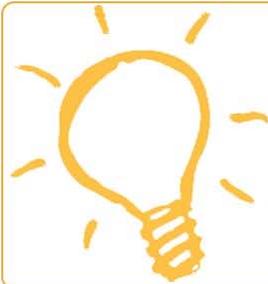
Chris Wilson, vice president of Downtown Tempe Community, a non-profit organization that provides management services for the area, said light rail will bring, "tourists, people who live outside Tempe and residents of Tempe" by the thousands to the downtown area.

"Tourists who stay in downtown Phoenix for conventions, can ride the light rail to Tempe," he said. "And people who have a convention in Phoenix can stay in Tempe and get to their meetings in minutes. It will mean a lot to the downtown."

Wilson says the combination of light rail and more residents in downtown will be potent.

"Residential is the Holy Grail of downtown development," he said. "We need a diversity of income sources downtown; not just tourism, not just students. What (residential) adds is the 'constant factor.' Most people shop, dine and spend time within one or two miles of their home and that gets intensified in an urban setting where they do it within a couple blocks."

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Developer Ross Robb is a veteran of the downtown Tempe development scene, and is a partner in Benton-Robb Development Associates. Robb oversaw the financing and administration of Hayden Square, a Mill Avenue residential and commercial center, and the Casa Loma and Andre buildings, with office and retail space.

Robb said he thinks Losch is right about high gas prices making people want to live closer to a downtown, the freeways creating a "power center" around Tempe, the light rail bringing people by the thousands to Mill and the "sense of place" that Centerpoint will provide.

"But a lot depends on the national and local economy," he said. "Whether this perfect storm happens in the next few months or 24 or 48 months, I don't know, but all those factors Ken is talking about are there."

Lisa Halverstadt and freelancer Georgann Yara contributed to this story.

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