



# RESILIENT CITIES IN A TRANSFORMING STATE

Local Visions of Place Making in Arizona



*Helping City Leaders Build better Communities*





As part of a comparative research project on resilient cities and regions, the National League of Cities hosted groups of federal, state and local leaders in the cities of Lansing, Michigan, and Phoenix, Arizona, over a two-year period (2011- 2013). The focus of the project was housing, home prices and home mortgage foreclosures before, during and after the most recent recession (the period between 2007- 2011).

The states of Michigan and Arizona were chosen based on the unusually harsh impacts hitting those two states both in terms of economic contraction and high mortgage foreclosures. In addition, it was especially useful to conduct research on the greater Phoenix region, which until the recession had been considered a “hot” housing market but which ultimately proved to be less resilient, with average home prices dropping by as much as 50 percent during the recession.

In this report, like the prior report issued on the Metropolitan Leadership Forum in Michigan, NLC seeks to identify public leadership roles necessary to build more sustainable and resilient communities, particularly in the face of cyclical volatility in the real estate and housing markets. The partners that created each forum also sought to draw lessons relating to civic engagement and collaborative partnership from the local practices in these regions.

During the Metropolitan Leadership Forum in Phoenix, convened on February 21, 2013, participants described the challenges facing communities around the state in areas from housing and economic development to a lack of support for local priorities from state leaders. The group also explored a number of possible solutions to these challenges, as well as the role of local officials and local governments in advancing these solutions. This report summarizes the discussion and findings from the forum and includes three case studies based on material presented by those in attendance. The concluding section offers recommended action steps for policy makers and community leaders.

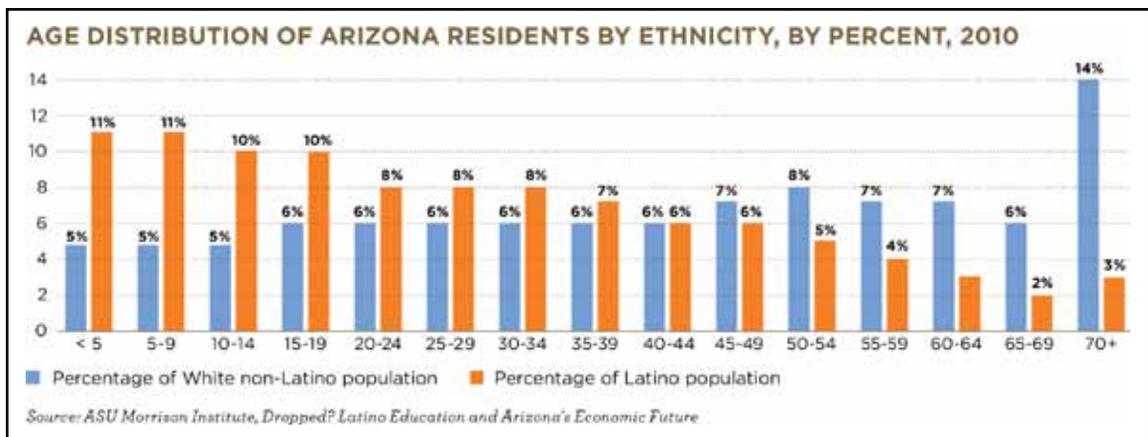
## The Context for Phoenix

Arizona—and its metropolitan regions in particular—offer a complex landscape for exploring issues relating to housing, land use, community building and rebuilding, education, public transportation and economic growth. A recent study from the Center for the Future of Arizona, *The Arizona We Want 2.0*, describes a state of contrasts:

*We have high educational aspirations, yet low investment and performance. We recognize the need for a diverse, balanced economy that will yield a larger number of high-paying jobs, yet population growth and housing remain our dominant economic identity. We will be one of the first states in the nation where the minority population becomes the majority, yet we are not adequately educating the younger members of our new majority for success in the economy of the future.*

Among the relevant statistics about Arizona and the greater metropolitan Phoenix region that proved helpful in defining the scope of the National League of Cities project are the following:

- Although Arizona is often considered a haven for retirees, young adults (between the ages of 25 and 34) represent a disproportionate share both of net domestic in-migration and immigration.<sup>1</sup>
- In the City of Phoenix alone, the proportion of the population that is foreign-born (22 percent) is nearly double the U.S. national average (13 percent).
- The greater Phoenix metropolitan area exceeds the U.S. national average in both individuals who have a bachelor’s degree or some college education as well as residents with less than a 9<sup>th</sup> grade education.
- The largest employment sectors both for Arizona as a whole and for greater Phoenix are services jobs. The highest number of jobs tends to be in the fields of trade, transportation and utilities; professional and business services; education and health services; and leisure and hospitality.



<sup>1</sup> Sources for data include the Arizona and United States Departments of Commerce, Decennial Census and American Community Survey, and the U.S. Bureau of Labor Statistics

For the purposes of this project, the fluctuation in the price of housing before, during and after the Great Recession is most relevant to the issue of building resilient and sustainable communities. Data from the annual finance and real estate report published by the W. P. Carey School of Business at Arizona State University helps to illustrate this point. According to the report, real estate prices in Maricopa and Pinal Counties (greater metropolitan Phoenix) reached their low point (an average price drop of 50 percent) in September 2011. Just over one year later, the following statistics were published from the same source:

1. The median single-family home sales price shot up almost 34 percent -- \$122,500 to \$164,000 -- from December 2011 to December 2012.
2. The supply of homes for sale fell by six percent from January 2012 to January 2013, with the discounted or “distressed” supply down 42 percent.
3. Foreclosures plummeted 51 percent from December 2011 to December 2012.

## Investors and the Arizona Housing Market

Real estate investors came into the Arizona market during the recession, buying in bulk distressed real estate owned (REO) properties that had been foreclosed upon or that were ripe for a short sale, according to Mark Stapp, a real estate specialist at the W. P. Carey School of Business at Arizona State University. “Many distressed homes have been converted into rental properties,” he said.

Investor interest has dropped somewhat in recent months, after peaking in late summer 2012, according to Michael Orr, director of real estate research at the W. P. Carey School of Business. This means home buyers face less competition from investors’ all-cash offers. Still, all-cash purchases accounted for more than a third (35.5 percent) of the real estate deals in Maricopa County in December 2012. Some investment groups have started buying homes wholesale in bulk from other investors since the market has become more competitive.

“Developers are stocking up on vacant lots, having purchased almost 2,300 of them, plus several tracts of undeveloped land, in December 2012 alone,” said Orr. “However, the number of permits to build on the lots hasn’t shot up, so it looks like developers are trying to remain flexible, deciding whether to build or hold the land for the future.”

## Reflecting on Problems and Needs

The growth and prosperity model for much of Arizona during the past 60 years, and certainly for its metropolitan regions, was based on the housing needs of a growing population and the availability of inexpensive land. Participants in the Metropolitan Leadership Forum expressed concern that without some changes, the boom-and-bust cycle may continue even as the region emerges from the dramatic housing price declines of recent years. While the housing market has in fact turned positive, participants are concerned about the extent to which investor-sales are driving the increase in home sales and prices. They also discussed their frustration with the lack of diversified economic development in the region, as well as the state’s continuing efforts to preempt local authority on these issues.

- “We see these housing boom-and-bust cycles every five to seven years in Arizona. In many communities we are growing housing for the sake of growing housing and not growing jobs and sustainable communities.”
- “As mayor of a community looking at recovery, I don’t care if I see another rooftop for five years. I want jobs and I want to make sure we can stabilize families so they can afford their homes.”

- “Homebuilders are the economic engine running through [our community] and local leaders aren’t shaping anything.”
- “Cities could do more on these issues, but the legislature seems bent on preempting local jurisdictions.”
- “We should have a common vision and plan as a state and we are totally lacking. This is neither a conservative nor a liberal principle. The result is that we are dealing with things on an ad hoc basis.”
- “Investment purchasers have helped to raise housing values and provide another housing type. We need to look at the housing choices our cities provide. What is the housing mix?”

## Solutions: Local Visions of Place Making

“Place making” was a recurring theme in the conversations at the forum. Participants expressed an interest in creating a more diversified housing stock in their communities toward the goal of attracting a diverse population. They also spoke at length about creating communities and neighborhoods where people of all ages and incomes will want to live. Among the keys to place making and job creation that surfaced in the discussions: improving education, investing in arts and culture, and taking full advantage of the proximity to exciting tourist destinations such as the Grand Canyon and the Painted Desert.

- “We need to diversify the housing market so you have affordable housing and housing for executives and everything in between. ... We need to ensure that everyone can be part of our community.”
- “Interesting places have assets that provide the foundation for further diversified development.”
- “I want my community to be a place where young people will want to stay. We need communities that are connected and vibrant and where we drop the artificial barriers called city boundaries.”
- “If we want to attract families, we have to look at the schools and see how they rate. Businesses are passing us over because of the poor performance of our schools.”
- “The local arts and culture, the natural beauty of the landscape, and a diverse mix of people all are assets that define place and that bring energy and innovation.”

## Solutions: Collaboration

Arizona’s metropolitan regions are rich with partner institutions that are important stakeholders in decisions affecting land use development, housing, transportation and economic growth. Participants in the forum discussed how the private and nonprofit sectors are ready, willing and able to join with local governments to build vibrant communities that attract a diverse population of workers and families. They also talked at length about the importance of local officials setting aside their competitive

## Case Study: Roosevelt Row

During the early 1990s, the Roosevelt Row area in downtown Phoenix was a blighted neighborhood of boarded-up buildings known for crack houses and prostitution. Today, it is nationally known as a dynamic center for the arts, live music, food and fun. What happened in between is a case study in the kind of place making that participants in the Metropolitan Leadership Forum said they wanted to see more of in their cities and towns.

Eileen Yazzie is a former board member of the Roosevelt Row Community Development Corporation (CDC) who works at the Maricopa Association of Governments. She said the story of Roosevelt Row is a story of a small group of people seeing opportunity in the neighborhood, and organizing to support its revitalization with strong support from the city and other partners.

It all started when Yazzie's husband, who is an artist, and some of his friends began to buy buildings in the neighborhood. "Things were extremely cheap and a lot of these artists saw the neighborhood as a blank canvas with great studio spaces, and so they started buying and spreading the word that something was happening there," Yazzie said.

Yazzie credits Gregg Esser, who founded the CDC and is still on the board, with taking things to the next level by organizing the artists and other entrepreneurs who were coming to the neighborhood. Among their first collective activities was organizing "First Friday" events on the first Friday of every month, where the artists in the area would open up their studios to the public and showcase their work.



As Roosevelt Row became more well-known as an interesting place to visit, more entrepreneurs came in and opened restaurants and other small businesses. The CDC, in turn, stepped up its efforts to promote the area by adding live music, crafts and other attractions to the First Friday lineup, and subsequently organizing "Third Friday" events, as well as an annual Pie Social and a Food Truck Festival. The group also created a merchant association, organized special concerts and started urban agriculture projects and other initiatives.

Over the last several years, the Roosevelt Row CDC has entered into partnerships with key community institutions on a variety of projects. A partnership with the Arizona State University Art Museum resulted in a "Feast on the Street" that featured a half-mile long dinner table arrayed with local foods. Working with a bioscience high school in the neighborhood, the CDC planted a sunflower garden on a vacant lot, with the school's students then harvesting the seeds to convert into fuel for alternative energy vehicles.

Yazzie said the City of Phoenix also has been a strong partner in the resurgence of Roosevelt Row. Currently, the CDC is a partner with the city in a federally supported transportation enhancement project in an area that includes new bike lanes. The city has also provided vital support for the CDC's use of vacant properties in the area.

Yazzie said the genesis of Roosevelt Row as an arts district was "very organic," but that its growth and development over the last two decades has been made possible because of the CDC's laser-like focus on community outreach. "This isn't anything resembling top-down planning," she said. "It's really been about creating opportunities for people to get involved and letting community organizations thrive."



Roosevelt Row is still largely a volunteer effort run on a shoestring, but it has succeeded in creating a very special place in the middle of downtown Phoenix. "It hasn't been all roses and sunflowers, but it's been an incredible ride," Yazzie said.

instincts and working together for the good of the region, both through organizations such as the Maricopa Association of Governments (MAG) and through other venues.

- “Local elected officials are not in this alone. The private sector wants a base of residents, both as employees and as customers.”
- “The philanthropic community wants to be involved in community building.”
- “In the West Valley, we have 13 cities. It should be one West Valley and one Valley.”
- “One thing I learned as a lobbyist for cities at the legislature is when cities stick together, they are unbeatable.”
- “Just our county won’t make it happen. If we line up with the other counties on a common vision we can go to the legislature and get what we want.”

## Solutions: Leadership

As the elected leaders of their communities, local officials play an essential role in advancing the conversation on issues from place making to economic development, and in spurring action to address their communities’ problems and needs. Participants in the forum touched on a variety of ways in which local officials can and should be taking action to ensure that their communities and the broader region are on a path to more sustainable economic development patterns. They said local officials’ roles include using the “bully pulpit” to advocate for change, lobbying state officials and forging new connections among community and regional stakeholders.

- “What is built is built. What really matters is what we do in the future. Political leaders need to change the electoral playing field.”
- “If we want jobs, it is up to us to work hard to bring economic development into our cities.”
- “There is no question we have the ability to work through these problems. But do we have the political will?”
- “We need to reward people for taking a political risk. If we stop tearing each other down and start building each other up, that will be huge. When one official sticks their neck out we need to back them up.”
- “You have to connect people. You have to find a way to attach a lot of issues to a broad base of stakeholders. The end result is a movement where folks achieve a mutually beneficial set of outcomes.”
- “Achieving good compromises is key. The sweet spot is the mutually beneficial outcome and getting folks to realize they need to compromise.”
- “We can do a better job of bringing high-level discussions to our city councils, discussions where we look at both the details and the big picture.”

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## Solutions: Citizen Engagement

In order to build and grow the types of communities people want to live in, local governments and their partners need to engage with residents and learn more about their interests and needs. Participants in the forum discussed the importance of creating opportunities for community engagement on these topics. They also talked about the role of local officials in educating residents about the issues so that people understand what's at stake and are more likely to support important place making and economic development activities.

- “We have a community of people who get up in the morning, back out of their two-car garage and go somewhere else. They are very disconnected. And so the question is how do we get people involved who are living behind those garage doors? The answer is to build a bottom-up effort.”
- “We need to quantify the results of our decisions for voters so they understand the complexity of the issues and so they can cast votes based on the outcomes they want.”
- “We need to bring the people with us. We have too many people who aren't engaged or connected to all of this, and are disconnected from elected officials.”
- “One of my biggest challenges as a new mayor is trying to unify the community and make sure seniors are not isolated. ... We need to pull together demographically.”
- “We have too many people who are not engaged or connected to their communities or to any set of civic priorities.”

## Solutions: Planning

Place making and successful economic development require targeted efforts and deliberate planning and action. Participants in the Metropolitan Leadership Forum stressed that local officials need to work with community partners and across jurisdictional lines to plan for the future success of their communities. Priorities include working with residents and partners to articulate a vision for the future of the community and/or region; identifying specific areas that could benefit from revitalization and new development; and reviewing and updating local zoning ordinances and land-use plans to encourage development patterns that match the community's vision.

- “One way to address the question, ‘What kind of place are we creating?’ is to energize the process of reviewing the city's general land use plan.”
- “When you have conversations about planning it gets emotional because it impacts people's lives. The emotion is based on fear of the unknown. You want people to see planning decisions as beneficial to their quality of life, and to see the planning process as a means to achieve key outcomes. People need to see this process at work.”
- “If you try to hold a hearing on a general plan and list 14 components, the public won't come. But if you help residents organize themselves into targeted areas and specific actions, the community can take their piece of it and make it what they want.”

## Case Study: The Arizona We Want

It is hard to build more sustainable and resilient communities without a better understanding of the hopes and dreams of local residents. The Center for the Future of Arizona created the Arizona We Want Institute in 2009 to engage people across the state in the work of identifying goals and priorities for policymakers, and envisioning a brighter future for their communities and local economies.

D. Lattie Coor, chairman and CEO of the Center for the Future of Arizona, participated in the Metropolitan Leadership Forum in Phoenix. He said an important outcome of the Arizona We Want research was a better understanding of the need to create a stronger bond between Arizonans and their communities and local governments.

“Our biggest takeaway is that we have too many people who aren’t engaged or connected to their communities and are disconnected from elected officials,” Coor told the group.

In the 2009 Gallup survey that provided the basis for much of the institute’s work, only 10 percent of Arizonans said they believed their elected officials represented the residents’ interests. Only one in four (25 percent) said they believe Arizona is a good place to meet other people.

Seeking to break down the barriers between Arizonans and their communities and elected leaders, the Arizona We Want Institute has engaged residents in an effort to develop a clear vision and set of “citizen goals” for the state. The goals — which cover eight areas from job creation and the environment to infrastructure and healthcare — are designed to mobilize people and communities to participate in mapping the way to the state’s future.

To complement the Gallup findings, the Arizona We Want Institute also publishes the Arizona Civic Health Index in partnership with the National Conference on Citizenship. The index takes a closer look at civic engagement trends in the state and has proven to be an important resource in identifying how to create a stronger connection between people and governance of their communities.



“Several of the goals we have identified are what we call ‘leader-led’ goals,” Coor said. He cited the examples of job creation and improved infrastructure as priorities where government and other institutions will have to take the initiative in crafting solutions. However, he also noted that a number of the goals were “citizen-driven,” including goals around civic engagement and community involvement.

“We are seeing that there are many things that cannot be achieved in the absence of citizens working together and getting involved in their communities,” Coor noted.

In response to the findings, the Arizona We Want Institute launched the 5 Communities Project in 2011 to encourage communities to come forward with “big ideas” for transformative change. After 96 communities responded, the institute selected five and is supporting them to develop plans for achieving their goals. The International Sonoran Desert Alliance, for example, is developing plans to transform the community of Ajo, Arizona into “a place where people choose to live because the community has decent employment, opportunity and a vibrant town life.”

A top priority for the Center for the Future of Arizona going forward is engaging more young people in the process. According to the 2009 Gallup poll, only six percent of young Arizonans believe their communities offer good job opportunities, and only 20 percent said they are good places to meet people. In response, Coor said the Center is mobilizing young people across the state to develop “manifestos” for what they want their towns and cities to look like in the years ahead.

- “We need to stop focusing on what’s already been done and focus on how are we going to shape policies and regulations and provide leadership to create a vision for what we want this area to be over the next 20 years. If we do the right things, we will create the economic development and jobs we want.”

## Solutions: Investing in Education

Education is a significant place making asset and is critical when the discussion turns to job training and employment. The Center on Education and the Workforce at Georgetown University in Washington estimates that by 2018, 61 percent of all Arizona jobs will require some training beyond high school. Participants in the forum returned again and again to the importance of investing in education as a way to attract families and jobs to their local communities. They also discussed the importance of community schools that provide families and children with high-quality educational options in their local neighborhoods.

- “If I want to build family housing in my city, I need to look at the schools and see how they rate. For the consumer, they will look to find the best schools and amenities and locate there. Businesses will pass us over because of poor-performing schools. Instead of being 48<sup>th</sup> in education, we have to be in the top 10.”
- “Our built environment affects educational outcomes. ... Children in stable housing do better in school ... and kids who walk or bike to school have better outcomes. However, in the east valley we have charter schools that forbid kids from walking or biking to school.”

## Case Study: Prescott Valley

As participants in the Metropolitan Leadership Forum discussed what it takes to create resilient communities in the Phoenix region, they regularly pointed to examples of cities and towns that appear to have the necessary ingredients in place. One city that came up in the conversation was Prescott Valley, located 85 miles north of Phoenix between the Mingus and Bradshaw mountain ranges.



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Prescott Valley (population 42,000) is located in the high desert at an elevation of 5,100 feet, making its temperatures 15 to 20 degrees cooler than those in Phoenix throughout the year. It was originally designed and marketed as a retirement community. Over time it has become more of a family-oriented community with residents of all ages, high-quality educational opportunities and a healthy assortment of jobs.

“One of our goals is to make this community a place where a child can grow up, get a good education, find a job and raise a family. And it’s a great place to retire, too,” said Mayor Harvey Skoog.

To build a more child- and family-friendly community, Prescott Valley has invested in creating and maintaining 27 parks that include everything from swing sets and soccer fields to campgrounds and trails. The city’s parks and recreation department offers a varied menu of activities, programs and cultural events that range from “Movies Under the Stars” on the lawn of the Prescott Valley Civic Center to “Kite Day” every June.

The city also offers a number of options for families when it comes to schools, including high-quality public and charter schools, as well as the Prescott Valley campuses of Yavapai College, a community college, and Northern Arizona University. Prescott Valley also is home to one of two campuses of Northcentral University, a regionally accredited online university.

“Our philosophy is that we have to have strong schools to attract families and employers to this community,” said Skoog. He added that Yavapai College and Northern Arizona University regularly work with the local Chamber of Commerce and businesses to make sure that graduates have the necessary skills to meet the needs of employers in the area.

Prescott Valley employers currently have around 15,000 workers on their payrolls. Skoog said it’s always a challenge to bring in new industry, but that the city has had success in helping existing businesses grow. Prescott Valley, he said, is home to a number of specialty manufacturers that offer good, family-supporting jobs, with the healthcare, construction and retail sectors offering additional employment opportunities. Yavapai Regional Medical Center’s Prescott Valley campus has recently expanded its emergency department and created a Women’s Health Pavilion. The Mountain Valley Regional Rehabilitation Hospital provides 170 jobs in the community.

When it comes to civic engagement, another topic at the Metropolitan Leadership Forum, Mayor Skoog said the city recently completed a citizen-led planning process that resulted in the creation of the Prescott Valley General Plan 2025 — A Community Blueprint for the Future. The citizen-approved vision at the heart of the plan speaks to the aspirations of the hundreds of local residents who participated in its development:

The Town of Prescott Valley is a recognized modern and vibrant urban hub. We are at the center for education and employment opportunities, primary and secondary specialty medical care, and comprise a diverse cultural and ethnic base. Our small town has character and a sense of community, and is valued and recognized as a regional leader.

Residential developments contribute to the unique character brought about by the individuality of our neighborhoods. We remain a safe, attractive, and affordable place for families to live, learn, work, and play.

## Conclusion and Call to Action

The purpose of this Metropolitan Leadership Forum was to identify public leadership roles necessary to build more sustainable and resilient communities. The thoughtful discussion by the participants yielded a significant number of leadership roles encompassing a strategic vision, partnerships across sectors and jurisdictions, and citizen engagement. These core themes flowing from the Phoenix forum are consistent with findings over the course of the multi-year research project conducted by NLC on this topic. The report from a similar forum conducted with federal, state and local officials in Lansing, Michigan is available on the NLC website.

Working in collaboration with the stakeholder groups that endorsed this forum at the time of its inception, NLC will make efforts to advance the vision and goals presented here in order to help Arizona leaders build better communities. To conclude, the findings from this forum yield four tangible action steps for local leaders, as follows:

1. Mobilize the coalition of city officials and community stakeholders with agendas that already are aligned, and use that coalition both for public education and for promoting policy change at the state level on issues relating to place making, transit, education and a diversified economy;
2. Focus on strategies that deliver a more diversified local and regional economy;
3. Invest in educational excellence in order to attract both new families and jobs to the local economy;  
and
4. In conjunction with investments in education, make the necessary investments in healthy children, safe streets, stable housing and vibrant neighborhoods.

## About this Publication

James Brooks is Program Director for Community Development and Infrastructure at the National League of Cities.

The National League of Cities is the nation's oldest and largest organization devoted to strengthening and promoting cities as centers of opportunity, leadership and governance. NLC is a resource and advocate for more than 1,600 member cities and the 49 state municipal leagues, representing 19,000 cities and towns and more than 218 million Americans.

NLC provides research and analysis on key topics and trends important to cities, creative solutions to improve the quality of life in communities, inspiration and ideas for local officials to use in tackling tough issues and opportunities for city leaders to connect with peers, share experiences and learn about innovative approaches in cities.

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