A Reality Check on Central Arizona: GROWTH AND PROSPERITY THROUGH CONNECTED CENTERS
EXECUTIVE SUMMARY

A CHANGING WORLD - CONNECTING TO THE GLOBAL ECONOMY

Growth is coming to Arizona. We can plan for it and prosper. If we do not plan for it, most of that growth will come anyway, but in a form that damages our quality of life.

Even with the current pause in growth including sharp declines in both immigration and births during the past two years, planning experts and economist are predicting a strong resurgence for Arizona, indicating original forecast of an additional six million people and three million jobs in Central Arizona within the next 50 years is still possible.

It is difficult to think about the future when Arizona faces so much uncertainty. Arizona has been hit hard by the impact of the current recession with reductions in the construction industry, tourism, manufacturing, and government jobs. Recent trends toward recovery are encouraging for Arizona but this recession has awakened a sense of urgency to restructure the economy of our state to attract a more sustainable mix of industries and the jobs they offer.

We are observing a major shift in thinking about how we fit into the economies of the entire United States and the world. Our opportunity corridors extend from Arizona west to California, the 8th largest economy in the world, and east to the rest of the United States. Equally as important is Arizona’s connections to the south with Mexico, the 13th largest economy in the world, and to the north with our vital trading partner, Canada.

Forward thinking regions are preparing for a new era in which a global economy will look to a small number of dynamic regions for economic growth.

How can we plan the Sun Corridor to be one of these dynamic regions?

Moving AzOne is an alliance of municipalities, state agencies, private and public companies, and nonprofit organizations that came together to promote a regional dialogue to answer that question. Since 2006, Moving AzOne has heard from more than 5,000 participants. This summary describes their conclusions and recommendations.

Prosperity Is Regional

The assets that make Central Arizona the “place to be” are truly regional. So are the challenges. If we want water, we need to protect watersheds. If we want to move around, we have to enable regional travel.

Central Arizona achieved phenomenal growth for over 60 years. That success has created new challenges for the next plan. A regional vision of prosperity, not just growth, is necessary to sustain the region in the 21st century.

The Choice Is Ours

Moving AzOne asked community leaders to articulate a common vision for growth by exploring possibilities for the region’s land use and transportation decisions.

The Reality Check began with projections by the Arizona Department of Commerce: six million new residents and three million new jobs for Central Arizona by approximately 2050. At least one-third of our growth will be due to natural increase (births minus deaths). A booming population may seem inevitable; turning that into prosperity is not.

Community leaders in Reality Check developed scenarios for how and where we might accommodate that growth.

Our Prosperity Is Linked To How We Grow

Over 24 months, we found that people agree more than they disagree, especially in wanting to create good jobs, build efficient infrastructure, and preserve open spaces. The agreement is summarized in five clear Guiding Principles.

Guiding Principles Recommended by Reality Check Participants

1. Preserve open space as a cornerstone of the region.

2. Support the current investment in infrastructure by encouraging growth along existing transportation corridors.

3. Connect existing and new employment, housing and urban areas with multimodal transportation options including freeways, light rail, commuter rail, bus rapid transit, pedestrian paths and bike trails.

4. Create new urban centers and fill in currently developed areas, allowing compact, higher-density development.

5. Locate housing near jobs to create mixed-use development which reduces travel.
Moving AzOne held two Reality Checks to envision what the future of Central Arizona could be. These events engaged 420 government and elected officials, Native American community members, representatives from large corporations, small businesses, non-profits, neighborhoods, interfaith groups, environmentalists, educators, and others. Informed by regional data and forecasts, they worked together in small groups to locate 50 years worth of jobs and housing growth, and transportation corridors, on a map representing 13,000 square miles in Maricopa County and Northern Pinal County.

• On May 16, 2008, after two years of planning, the first Reality Check for Central Arizona was held at the Phoenix Convention Center. Two hundred seventy diverse stakeholders from a wide variety of professions, backgrounds and perspectives assembled to create a vision for a population projected to double by 2050. The event brought the community together to think “as one” about future housing, employment and transportation needs. Most people who took part in the first event understood that the region must change how it grows.

• Moving AzOne held a second Reality Check—called Reality Check Revisited—on May 21, 2009 to understand whether perspectives had changed since the first event. The economy and government leaders at both the state and federal levels changed dramatically between the two events. In addition, participants were able to learn about the research results from the first Reality Check before participating in the second exercise.

Reality Check Revisited confirmed that most community leaders do not prefer a “business-as-usual” approach to regional growth.

• Participants preferred more compact development and multimodal transportation options.

• They created stronger urban and suburban centers, adding new centers as well as making existing centers more compact and near regional transportation infrastructure.

• Reality Check participants expressed the highest need to preserve our precious natural environment and open spaces, repeatedly citing it as a reason why many people move here and stay here. Participants added that open space is threatened by current patterns of development.

As a result, most groups again created a vision where Connected Centers was a framework for future growth in Central Arizona.

A Connected Centers Strategy would save the region at least $10 billion in transportation construction.
A Key To Regional Prosperity

This support for Connected Centers is a breakthrough for the region, because it reflects a common desire to address regional problems and take advantage of the emerging market forces of changing demographics, desire for housing type, energy, opportunity, and more.

Reality Check participants recommended that to foster prosperity, more growth should be concentrated in thriving, robust centers. These would be integrated regionally with highways, transit and rail. Hence the name “Connected Centers.” A regional strategy that creates Connected Centers differs from current business-as-usual by creating more connected, compact, and pedestrian-friendly places.

Moving AzOne participants agreed that the Connected Centers vision would give all residents of the region:

1) a more prosperous economy;
2) a better return on infrastructure investments; and,
3) a better quality of life.

Another way of thinking about the participants’ conclusions is: business-as-usual growth will create more problems for the region than it will solve. Growth that comes in a Connected Centers strategy will add to Central Arizona’s vitality, helping the region solve some of its current challenges.

Prosperity. The Connected Centers strategy strengthens the region’s economic position. Basic industries – which bring money to the regional economy – prefer active urban centers and clusters as places to do business. The number of basic industries in regions across the United States is highly correlated with the strength of their urban and suburban centers. As one regional economy, we all benefit from bringing in more jobs. This can be accomplished, in part, by targeting regional transportation investments and aligning local land use and development policies to support strong and vibrant centers.

Return on Infrastructure. For a given amount of transportation funding, a Connected Centers strategy would produce a better return on the public’s investment in highways, public transportation, and water. A region of centers can be better connected, for less money.

Open Space and Lifestyle. Citizens see the state’s natural beauty and open spaces as our greatest assets. The Connected Centers strategy would reduce the pressure to develop open space by accommodating more future development in centers. These centers would offer a range of housing choices to accommodate emerging housing markets and reduce commuting distances.

Active centers would also make the region a more desirable place for the next generations of employees – Gen X & Y who look for energy, synergy, and opportunity. These are the fastest growing demographics nationwide and will be pivotal to driving Central Arizona’s economy and communities forward.

The benefits that Connected Centers would bring to Central Arizona are substantial. Moving AzOne, working with ASU, developed a scenario that incorporated the Reality Check growth goals, and compared that to a business-as-usual scenario. A Connected Centers strategy could:

1) Save 842 miles of open desert and agricultural land
2) Eliminate the need for 33 million miles of driving a day
3) Save $10 billion in transportation capital costs
NEXT STEPS AND RECOMMENDATIONS

Moving AzOne heard the region’s leadership articulate a clear vision for the future, in which a Connected Centers strategy would guide our actions to achieve high-quality growth. Thus, we recommend that elected and citizen leaders undertake a coordinated initiative to create a framework for our communities that further develops Connected Centers as a key component of a comprehensive plan to promote business attraction, job growth, housing choices, transportation choices, and opportunity for all.

Centers And A Plan For Sustainable Development For Central Arizona

We need a mechanism that identifies challenges that we face as a region and offers guidance for making better choices, both individually and together, providing an alternative to where we could end up if we continue with business-as-usual.

Today, each city and community in our region makes its own decisions regarding land use. Under current plans and policies, much of our remaining vacant land designated for housing is planned for densities of less than four homes per acre, and most is located in areas that are dependent upon scarce groundwater supplies.

This low-density housing puts more stress on our congested highways and streets. Nor, we are learning, does housing on the fringe cost less. The Center for Transit-Oriented Development index of Housing + Transportation costs shows much of Central Arizona to be increasingly unaffordable once both necessary costs are taken into account.

A Plan for Sustainable Development is an approach that looks at these individual decisions as a whole; assesses their collective impacts; and examines cumulative development trends well into the future. It builds on the best elements of our existing local general plans and regional infrastructure plans and provides a blueprint for where and how we want to grow.

The first step toward a Plan for Sustainable Development for Central Arizona is to identify the location of existing and potential Connected Centers and Employment Clusters. Because the Central Arizona region is so diverse, the character of a center will vary depending on the particular setting. Centers should reflect and enhance the special and unique features of our neighborhoods. These location and character of these centers would then guide region’s infrastructure investments.

CONCLUSION: THE CHOICE IS OURS

Growth is coming. Reality Check participants are convinced that it can help Central Arizona and the Sun Corridor become an even stronger, more vibrant place.

Without strong leadership and strategic decisions on where to accommodate growth - and how to serve it with new transportation - that growth will make Central Arizona worse off, not better. Reality Check participants believe, and analysis shows, that growing into a Connected Centers strategy will help us preserve what’s great about our region and set us on a path to new prosperity.

IN THIS REPORT, YOU WILL LEARN WHAT ARIZONA’S LEADERS TOLD US ABOUT THEIR VISION FOR GROWTH, THE CONNECTED CENTERS STRATEGY, AND A FRAMEWORK AND RECOMMENDATION FOR MAKING THE VISION A REALITY.
Around fifty years ago, Motorola created the most successful and widely used transistor ever by bringing investment, and the right people, to Central Arizona — because it was “the place to be.” Motorola’s investment in Central Arizona created momentum for decades of growth and prosperity in the region.

What qualities made Central Arizona the “place to be?” Not surprisingly, they were the same qualities that citizens, community leaders, and businesses say are important today. Motorola’s executives saw that the region offered a world-class quality of life, workforce, infrastructure, and environment. If we preserve those qualities, we will continue to prosper.

**Prosperity Is Regional**

Now, more than ever, the assets that make Central Arizona the “place to be” are truly regional. So are the challenges. That is why community leaders are telling us that it is crucial to think regionally about how we grow.

Central Arizona’s challenges and opportunities are bigger than the legal boundaries of our cities, counties and other jurisdictions. If we want to grow our economy, we need to improve regional productivity. If we want water, we need to protect watersheds. If we want to breathe clean air, we need to protect air sheds. If we want to move around, we have to enable regional travel.

Like any other strategy, regional growth strategies need to be periodically reassessed and refreshed. Central Arizona achieved phenomenal growth for over 60 years. A regional vision of prosperity, not just growth, is necessary to sustain the region in the 21st century.

**The Choice Is Ours**

In support of this agenda, Moving AzOne asked community leaders to articulate a common vision for growth by exploring possibilities for the region’s land use, transportation, and environmental decisions using a values exercise called Reality Check.

The Reality Check began with population projections provided by the Arizona Department of Commerce: six million new residents and three million new jobs for Central Arizona by approximately 2050. The growth was estimated based, not solely from people moving to Arizona, but one-third from projected natural increase (births minus deaths); and this proportion is increasing. While a booming population and prosperous economy may seem inevitable through growth alone, our prosperity into the future will depend on our ability to achieve quality growth.

Community leaders participating in Reality Check, looking at these growth projections, developed scenarios for how and where we might accommodate that growth, and what kind of region would result under each scenario.

Their conclusions are clear:

1) Growth is coming—a tremendous amount of growth.
2) That growth can be accommodated in ways that will support further growth in regional prosperity, or in ways that fundamentally threaten the sources of regional prosperity.

**Our Prosperity Is Linked To How We Grow**

Over 24 months, we found that people agree more than they disagree, especially in wanting to create good jobs, build efficient infrastructure, and preserve open spaces.

Moving AzOne held two Reality Check exercises to envision what the future of Central Arizona could be. These events engaged 420 government and elected officials, Native American com-

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“Motorola chose the Phoenix area for this new [Semiconductor] division after an extensive survey disclosed that the ‘Valley of the Sun’ was very nearly an ideal location...The factors favoring semiconductor product manufacture in Phoenix are many and include the clean, low-humidity atmosphere, excellent rail, air, and highway transportation, ready availability of skilled employees, and the well known drawing power of excellent living conditions for present and prospective technical employees.”

— Arizona Engineer and Scientist Magazine, January 1958
Community members, representatives from large corporations, small businesses, non-profits, neighborhoods, interfaith groups, environmentalists, educators, and others. Informed by regional data and forecasts, they worked together in small groups to locate 50 years worth of jobs and housing growth, and transportation corridors, on a 42-square-foot map, representing 13,000 square miles in Maricopa County and Northern Pinal County.

Moving AzOne analyzed where each of the 40 groups placed this growth and transportation. We found strong interest in a new approach to the region’s growth, which Moving AzOne calls “Connected Centers.”

**Regional Prosperity Through A Connected Centers Strategy**

Reality Check participants recommended that a key component of a comprehensive quality growth strategy to foster prosperity would be to concentrate a greater portion of our future development into thriving urban and suburban centers. These centers would be integrated regionally with highways, transit, rail, and trails. Hence the name “Connected Centers.” A regional strategy that creates Connected Centers differs from current business-as-usual in creating more connected, compact places with a wider range of housing, employment, mobility, shopping, and recreational choices. Connected Centers encourages a better balance of jobs to housing in our region and offers residents and employers the freedom to drive, walk, bike, or use transit.

Moving AzOne participants agreed that Connected Centers would give all residents and employers of the region:

1) a more prosperous economy;
2) a better return on infrastructure investments; and,
3) a better quality of life.

Another way of thinking about the participants’ conclusions is: business-as-usual growth will continue to widen the current infrastructure gap that exists to adequately connect our region. Balancing growth in Connected Centers in urban, suburban, and edge areas – with a goal of connecting people to opportunity and commerce – will add to Central Arizona’s vitality, helping the region solve some of its current challenges.

**Prosperity.** The Connected Centers strategy strengthens the region’s economic position. Basic industries – which bring money to the regional economy – prefer active, sustainable urban centers and clusters as places to do business. The number of basic industries in regions across the United States is highly correlated with the strength of their urban and suburban centers. As one regional economy, we all benefit from bringing in more jobs. This can be accomplished, in part, by targeting regional transportation investments and aligning local land use and development policies to support strong and vibrant centers.

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**CONNECTED CENTERS**

- Concentrates a greater portion of our future development into thriving urban and suburban centers.
- Centers are integrated regionally with highways, transit, rail, and trails.
- Provides a wider range of housing, employment, mobility, shopping, and recreational choices.
- Encourages a better balance of jobs to housing in our region and offers residents and employers the freedom to drive, walk, bike, or use transit.
**Return on Infrastructure.** For a given amount of transportation funding, a Connected Centers strategy would produce a better return on the public’s investment in highways and public transportation. A region of centers can be better connected, for less money.

**Open Space and Lifestyle.** Citizens see the state’s natural beauty and open spaces as our greatest assets. The Connected Centers strategy would reduce the pressure to develop open space by accommodating more future development in centers. These centers would offer a range of housing choices to accommodate emerging housing markets and reduce commuting distances.

Active centers would also make the region a more desirable place for the next generation of employees who look for energy, synergy, and opportunity. Gen X and Y are the fastest growing demographic groups nationwide and will be pivotal to driving Central Arizona’s economy and communities forward.

The benefits that Connected Centers would bring to Central Arizona are substantial. A research team from Arizona State University and Maricopa Association of Governments (MAG) derived scenarios from the Reality Check exercise that incorporated the Connected Centers strategy of quality growth (Upshift), then compared that to a business-as-usual scenario (Horizontal). The Reality Check example showed that a Connected Centers strategy could:

1. Save 842 square miles of open desert and agricultural land
2. Eliminate the need for 33 million miles of driving a day
3. Save $10 billion in transportation capital costs for new infrastructure
We Are A Region Of Centers

The idea of “Centers” is not new to Central Arizona. Most cities in our region have centers in their general plans. But without better coordination between public and private sectors – and support from regional policies – a number of planned centers may never reach the critical mass to produce the benefits of transportation efficiencies and quality of life.

Not all centers are or should be created equal. They can and should be different sizes and provide different functions to help diversify and to provide economic development opportunities for a variety of different companies; then connect through a thoughtfully planned transportation system.

In addition, competition from other cities, the availability of new jobs for our region, and environmental capacity are factors to be evaluated as we look at centers. Thirty centers built to 50% completion drains precious resources whereas fifteen centers at 100% completion will provide better vitality and long term value.

One example of a centers strategy is the City of Phoenix’s Concept Plan 2000, adopted in 1979, which defined nine unique “urban villages” with a core area that radiated out into a mix of land uses. Each “urban village” was planned to offer resident access to housing, work, recreation, and culture.

Although the City of Phoenix Village concept still exists today, the results have not reached their full potential to build robust centers where people live, work, and play.

Moving Forward

To prosper, Central Arizona must strive to remain an attractive place for current and prospective employers. Cooperation and unity can help produce a highly competitive environment for new business creation and improve our position with respect to our competitors in the western United States, and other cities worldwide. Community leaders in Central Arizona have a long history of cooperating on important issues. A Connected Centers strategy can be an opportunity to create a more prosperous and sustainable future for the region. Working together, we can all agree on a framework that supports sustainable communities, provide leadership to guide the framework, and determine priorities for Connected Centers.

“Sooner or later, something fundamental in your business world will change... strategic inflection points do not always lead to disaster. When the way business is being conducted changes, it creates opportunities for players who are adept at operating in the new way. This can apply to newcomers or to incumbents, for whom a strategic inflection point may mean an opportunity for a new period of growth.”

- Andrew S. Grove, Former Chairman, Intel Corporation 1996
REALITY CHECK: THE EXERCISES AND RESEARCH

Moving AzOne’s starting point for understanding Connected Centers was two Reality Checks held in May 2008 and May 2009. Reality Checks are innovative, educational visioning exercises that facilitate consensus among diverse constituents on how to accommodate future growth, promote prosperity, and maintain quality of life in our region.

Teams of ten community leaders created blueprints of the future by placing yellow and red Lego® blocks on a regional map to represent projected growth in households and employment over the next 50 years. Using different colors of yarn, the teams were also asked to determine where and what kind of new transportation corridors should be created.

Thinking “As One”

On May 16, 2008, after two years of planning, the first Reality Check for Central Arizona was held at the Phoenix Convention Center. Two hundred seventy diverse stakeholders from a wide variety of professions, backgrounds and perspectives assembled to create a vision for a population projected to double by 2050. The event brought the community together to think “as one” about future housing, employment and transportation needs. Most people who took part in the first event understood that the region must change how it grows. Their recommendations included:

- Make significant investments in transportation infrastructure, especially mass transit;
- Focus future development around transportation corridors;
- Create more compact and diverse housing options;
- Concentrate housing around employment centers;
- Build multiple new employment centers of different sizes and types;
- Grow west, east, and south to strengthen the Sun Corridor mega region;
- Build new town centers;
- Recognize and preserve open spaces; and,
- Accommodate a portion of future population growth on State Trust Lands.

A research team led by Arizona State University and the Maricopa Association of Governments analyzed the resulting maps in terms of land consumption, new transportation requirements, infrastructure capital costs, increase in automobile travel, impact of increased travel on household budgets, and environmental integrity.

The results of the analysis showed that small land use efficiencies add up to big gains when accounting for the collective impact of six million new residents. A small shift in the types of housing we create and where we locate that housing in relation to jobs greatly reduces land consumption, infrastructure costs, time spent commuting, and carbon emissions.

It is worth describing the nature of the changes recommended by these community leaders in a little bit of detail.

- More housing choices. The demographics of America, and of Arizona, are changing, and the kinds of housing we have been developing may not match the needs and desires of the people who are coming, and who we want to come. Many traditional development types will continue to be in demand, and Connected Centers will accommodate these. In addition, we need to accommodate and appeal to people who need smaller homes and want a more urban life.

- Shifts in where that housing locates. The coming growth will use new land. Where that land is developed makes an enormous difference in the costs it imposes and the benefits it brings to the region. Locating more new growth in and near centers lowers the cost of serving it with infrastructure (transportation, energy, and water), and adds value to existing development.

- It is worth emphasizing that the substantial amount of growth coming means that small percentage changes in location and/or type of development substantially affects regional performance. In a medium-sized city, moving a small amount of housing closer to a center may not fundamentally affect how well, say, a regional freeway works. In a region of millions, already congested like Central Arizona, moving that same percentage closer to centers so that they have other choices, or at a minimum are just on a freeway for fewer miles, makes a substantial difference.

“Small land use efficiencies add up to big gains when accounting for the collective impact of six million new residents.”
Moving AzOne held a second Reality Check exercise - called Reality Check Revisited - on May 21, 2009 to understand whether perspectives had changed since the first event. The economy and government leaders at both the state and federal levels changed dramatically between the two events. In addition, participants were able to learn about the research results from the first Reality Check before participating in the second exercise.

Reality Check Revisited confirmed that most community leaders do not prefer a business-as-usual approach to regional growth.

- Most groups again created a vision where Connected Centers was a centerpiece for future growth in Central Arizona.

- Participants preferred more compact development and multimodal transportation options.

- They created stronger urban and suburban centers, adding new centers as well as making existing centers more compact and near regional transportation infrastructure.

- Reality Check Revisited participants expressed the highest need to preserve our precious natural environment and open spaces, repeatedly citing it as a reason why many people move here and stay here. Participants added that open space is threatened by current patterns of development.

This support for Connected Centers is a breakthrough for the region, because it reflects a common desire to address regional problems and take advantage of the emerging market forces of changing demographics, desire for housing type, energy, opportunity, and more. Building on this consensus, Moving AzOne examined the Connected Centers strategy and its application in Central Arizona.
Regions around the country are pursuing a Connected Centers strategy because data shows that regions which grow around existing and future centers have more jobs and a higher quality of life. It is not that Central Arizona should pursue this strategy just because our competitors are pursuing it; rather, it is clear that our competitors, looking at the nation’s changing demographics and economic and environmental challenges, have decided that this approach will help them to prosper. Reality Check participants, looking at those challenges in the context of Central Arizona, came to the same conclusion.

Moving AzOne drew from the best ideas expressed in other regions exploring Connected Centers to describe how centers would function in the unique context of Central Arizona. The goals were to:

1) help explain the input from Reality Check,
2) begin sketching concepts for the form and function of different types of centers, and
3) describe Connected Centers in terms that policymakers can embrace and build on in planning for this region.

By no means are the ideas in this section the last word on centers; rather, they are a starting point for elected officials and citizens to define how to achieve centers here.
What Are Centers?

Urban and suburban centers are connected, compact places with a wider range of housing, employment, mobility, shopping, and recreational choices. Over time, a center evolves into one of the most compact yet diverse parts of the community. Centers connect to the region through a strong transportation network, making employment, entertainment and residences highly accessible to other areas. They encourage a balance of jobs to housing and offer residents and employers the freedom to drive, walk, bike, or use transit. Centers create a more prosperous economy, offer a better return on infrastructure investments, and foster a better quality of life.

In America, we pride ourselves on the fact that our cities, towns, neighborhoods, and villages are unique. We have public engagement processes that allow everyone in our communities the ability to incorporate their own core values and preferences when planning for growth. Public input on levels of density, form, amenities, transit needs, mix of uses, and other factors are key to creating our unique communities.

Many regional planning efforts around the country have defined centers unique to their region. Central Arizona will need to work to define the types of centers that could help guide our future growth.

Land Use. Vibrant centers include both a vertical and horizontal mix of housing, employment, shopping, office, hospitality, civic, and cultural uses, enabling people to live, work and play in their local community.

Transportation. The projected growth for the region can only be accommodated with a multimodal approach to transportation. Future transportation investments need to take some of the burden off our streets and freeways. These include expanded bus service, bus rapid transit, light rail, express bus service, commuter rail, new bikeways, and improved pedestrian corridors.

Open Space. The best centers provide and protect open spaces. Preserving key wildlife habitat and conservation areas allows communities to engage the natural world. Trails adjacent to these wildlife corridors provide safe pedestrian and bike travel.
OUR CURRENT INFRASTRUCTURE NEEDS, INVESTMENTS AND CENTERS

The forecast provided for the two Reality Checks by the State of Arizona Department of Commerce projected an additional six million residents for the Central Arizona region by approximately 2050. This tremendous growth will require new infrastructure.

Centers And Transportation

With the region’s urbanizing areas already expanding, and the distance between jobs and housing increasing, the transportation infrastructure deficit is widening. Arizona’s public infrastructure, particularly the transportation system, has not kept pace with the state’s growth over the last 15 years according to the Arizona Investment Council report “Preparing for an Arizona of 10 Million People: Meeting the Infrastructure Challenges of Growth.” The report further states the Arizona Department of Transportation is quickly approaching the point that they will have only enough revenue to support operations and maintenance. The impacts of attempting to keep up with current growth patterns are becoming clear: statewide, 32% of Arizona roads are not in good condition.

For Reality Check participants, it was clear that the current pattern was unsustainable. We need to grow in a way that enables people and goods to move more efficiently. Connected Centers will create a region - and places within that region - with shorter distances and more transportation choices for those who want them, taking pressure off congested roads.

Centers And Energy

Connected Centers will help the region meet the energy challenges of 21st century. Our competitor regions spend less to build and operate their infrastructure. The obvious example is in transportation: according to federal data, many families here spend as much to fill their gas tanks as they pay for their mortgage. Perhaps less obvious but also crucial is the money spent to build water infrastructure and pump water to the edge. It costs far more to serve low-density development. For electricity, too, spread-out infrastructure costs more to build and operate.

Our infrastructure and energy needs will increase as six million people move here and commute to three million new jobs. Adding transportation choices will reduce energy and infrastructure costs both for new residents and for those already here. Locating businesses closer together will reduce the costs of moving goods and services within centers and regions. Between the costs of gasoline, water, and electricity, rising gas prices will most immediately add to the demand for more compact living. But ultimately, developing over broader distances costs more for all kinds of infrastructure. And building a region of Connected Centers will reduce the costs of all kinds of infrastructure, making the region more efficient, more competitive, and more prosperous.
Centers And Open Space

Central Arizona’s natural amenities are vitally important to our economy, as they attract retirees, tourists, and business professionals looking for a better quality of life. Every lost piece of open space diminishes the attractiveness of the region. To observe this is not to adopt an anti-growth strategy; it is simply to acknowledge that open space is a core asset of the region, and we would like to maintain that asset. In fact, just as we add sewer or transportation capacity with growth, ideally we would add open space with growth. We can’t add absolute amounts of open space. But we can aggressively identify crucial areas and protect them, and then allow and direct growth to go elsewhere. A successful strategy identifies and protects core assets, and open space is such an asset.

Centers And Opportunity For All

A growth strategy for Central Arizona must incorporate a role for community developers who work to restore livability, economic potential and social cohesion to economically disadvantaged neighborhoods. These places have suffered from disinvestment as a result of development patterns that gave preference to fringe areas where land prices were low and new infrastructure made attracting residents easy. But these same places have the potential to transform into true neighborhoods of choice – where existing and new families can find opportunity which attracts a mix of incomes because of the location, the uniqueness, and the amenities that these established places can offer. This transformation is possible without displacing low income residents or gentrification with its prohibitive increases in property value. Instead, existing assets can be re-discovered and developed to serve current and future residents.

Building on such benefits as proximity to existing employment centers and existing transportation infrastructure will attract businesses which can’t compete without employees that can afford to get to work. Connected Centers can provide access to quality education and medical facilities without the expense of duplicating such facilities in every neighborhood. Connected Centers can act as a bridge for neighborhoods to access opportunities for cross-cultural activities, shopping, events and experiences. A Connected Centers strategy can direct investment back into older neighborhoods, creating communities with a diversity of influences and incomes, an openness to social and cultural mix, and varieties of interests and activities which contribute to a stronger, more stable local market and a place where newcomers are more likely to want to live. These benefits are likely to advance the cause of social equity – one of the prominent features of the new federal Livability Principles.

Centers And A Changing Residential Market

As we plan for the future, there are fundamental demographic shifts in the American population that will have a significant effect on preferences for housing types and locations. In 1960, 48% percent of households contained children. By 2005, this had dropped to 32%. By 2040, it is projected to drop to 26%.

In addition, the population is aging. Beginning in 2011, the first baby boomers will turn 65. There has already been a dramatic increase in Americans over the retirement age. Cumulatively, the over-65 population will grow by nearly 60 million during the next 15 years. Arizona will see similar trends, despite its generally younger population. In the next ten years, the number of Arizonans aged 55 to 69 is expected to increase by 436,000.

This wave of young singles, couples with no children, young families, and empty nesters may desire to seek housing that is smaller, requires less maintenance, and is closer to cities and first ring suburbs that offer active lifestyles and social interaction. Studies conducted by Arthur Nelson, director of the Metropolitan Research Center at the University of Utah in Salt Lake City, show by 2040 potentially half of the new population may seek attached housing, such as apartments, condominiums, or townhouses. An additional 30% may want to live in smaller detached housing clustered together, with small yards, if any. His research suggests potentially only 20% of the population may desire to reside in conventional, large lot subdivisions.

Baby Boomers are entering an urban phase. A 2009 Robert Charles Lessor Co. (RCLCO) survey found 75% of retiring Boomers said they want to live in mixed-age and mixed-use communities – often in urban settings. The RCLCO survey further found that the next generations, Gens X and Y, are making different location decisions than their parents. 77% of Generation Y want to live in an urban core, not in the suburbs where they grew up. They want to be close to each other, to services, to places to...
meet, and to work – and many prefer other forms of mobility to driving. They say they are willing to live in a smaller space so they can afford this lifestyle.

Offering a mix of housing types and sizes increases the appeal of an area to prospective buyers and renters alike. Providing housing that is affordable to a growing workforce as well as for an aging population is critical for creating opportunity and residential stability, without which any neighborhood will fail. Community development efforts to address vacant properties and lots, improve physical conditions of aging housing stock and provide for the safe use of streets and stores all contribute to safety and livability.

**Centers And The True Cost Of Housing**

In Arizona, the desire for more affordable, amenity-rich homes has played a central role in disconnecting where we live from where we work and play. The “drive ‘til you qualify” phenomenon has had unfortunate consequences for both families and communities. As more affordable homes have been built on the edge of our communities, there has been no will to create more robust centers in areas where we have made significant infrastructure investments. The resulting sprawl has led to increased traffic congestion and commute times for all residents, including those who live closer in. Housing located far from transit and employment centers places a heavy financial, health, and social strain on working families who endure longer commutes and higher transportation costs.

Transportation is now a significant burden to household income for families in Central Arizona. Overall cost savings on housing has been eroded by cost of transportation. A Center for Housing Policy study entitled “A Heavy Load” revealed that working families in Central Arizona, those making $20-50,000 annually, actually pay more for transportation costs than they do for housing. On average, residents spent 30% of their household income for transportation as compared to 27% for housing. The need to own an additional vehicle per household averages more than $7,000 per year with fuel and maintenance added in. These additional household expenses limit a families’ ability to save and build wealth.

A Connected Centers strategy allows for more housing in closer proximity to existing transit corridors, employment centers, and near other amenities. Creating more robust residential areas within centers will support investment in public transit and gives homeowners and renters the opportunity for reduced household expense associated with a choice of transportation alternatives.

A variety of housing types, from multifamily to single family homes can be located in centers. Existing urban centers are an excellent location for smaller detached homes on smaller lots in infill areas closer to employment. The RCLCO survey showed more Americans are seeking housing near a mix of amenities, including transit options, nearby shopping, and services within walking distance. Many have expressed they want to live in cities or suburbs close to a central hub and may prefer more urban housing such as townhomes and condos.

**What Working Families Spend Housing + Transportation In Central Arizona**

[Diagram: % Income Spent On Housing, % Income Spent On Transportation, Other Income]

Source: Center For Neighborhood Technology, 2006

Townhome and condo housing in infill urban areas around transit can carry a premium cost due to premium land costs and construction requirements for high rise housing. With a higher initial buy-in, and the added expense of monthly maintenance costs, many regions are looking at “Location Efficient Mortgages” that allow residents to buy in by factoring the money saved on transportation costs. Location Efficient Mortgages, originally offered by Fannie Mae, is a direct acknowledgement that housing in a central location near public transit is worth an extra $300 to $500 per month considering reduced commuting costs.
A Regional View On Centers

Independent local government is important in Arizona. How can we address difficult economic development issues that cross political boundaries? Can local governments agree on a long-term vision, guiding principles, and specific implementation programs to address problems common to all of them – and join collaboratively to pursue goals that would be difficult to attain individually?

Central Arizona jurisdictions must position themselves strategically to compete for business and talent. A tremendous shift is occurring in demographics, consumer preferences, and employer location strategies. Quality of life is becoming as important as cost of labor, energy, tax policy, and other factors in economic development. Cheap freight, information technology, natural resources, and inexpensive labor are readily available in many other regions worldwide, but a high quality of life unique to this region cannot be replicated.

Just as transportation, air and water issues are regional; our ability to attract jobs has become one of our most important regional concerns. In addition, the need to diversify our region’s emphasis away from a construction related economy is of equal concern. We now compete against the rest of the nation, and the world, for employers and jobs. The lack of a regional plan for economic development and the competition between geographic areas for the same businesses creates “zero-sum” scenarios in which no new businesses are created. A regional economic plan, backed by metrics, could inform the appropriate timing and investment for future housing, development, and infrastructure in centers, and all areas of Central Arizona.

An RCLCO study of 15 metropolitan regions found that 30-40% of each region’s total employment is located in well-defined centers. The study found that these job centers will drive regional growth, and that the number and strength of centers correlates with the number of export-oriented jobs in a region. Export jobs were specifically identified as they “export” goods and services; and import income.

Connected Centers solves a practical business problem. Proximity fosters productivity and innovation. Firms and industries in a cluster experience improved productivity, innovative capacity, and new business formation. Capturing these benefits often relies on personal relationships, face-to-face communication, and close interaction among networks of individuals and institutions.

Central Arizona has many efficient and well-connected centers such as Downtown Phoenix, Downtown Tempe/ASU Campus, the Camelback Corridor, and more. Most are employment-based and are served by at least one form of transit. The addition of 20 miles of light rail has further connected these centers. To attract jobs, future centers will need to combine compact, mixed-use development with housing and jobs near major multimodal transportation.

This type of balanced development shortens commute trips and makes jobs and housing more accessible to more people. Transportation costs the average American household 19 percent of its budget and up to 25 percent in low densities on the metro fringe. This compares to just 9 percent for households served by a variety of mobility options. By reducing the combined burden of transportation and housing costs, Connected Centers reduces the cost of living and supports a more competitive workforce.
MAKING A CONNECTED CENTERS STRATEGY WORK FOR ARIZONA

Create A Transportation Framework That Supports Sustainable Communities

Transportation investments will continue to shape how Central Arizona grows. Our transportation system has been trying to catch up to our regional growth with only mixed success. Total car travel in Central Arizona has grown at a much faster rate than both the population and availability of transportation funding since at least the 1980s. As a result, both congestion and unfunded needs have continued to grow. Central Arizona will be in a perpetual state of catch-up unless it shifts its transportation strategy.

Going forward, decisions on transportation investments need to be made together with strategic land use objectives. The strategy the region decides to adopt for future growth must produce the best returns possible on regional transportation investments by better connecting scarce funds to more efficient land use outcomes.

Reviewing the costs and benefits of different types of transportation investments, Reality Check participants concluded that going forward, Central Arizona’s transportation investments need to:

1) offer more transportation choices,
2) and support the additional land use choices that participants also concluded the region needs.

These recommendations are neither pro- nor anti-transit or highway. Different land uses are most efficiently served by different kinds of transportation. Reality Check participants clearly saw the value in making Connected Centers work by targeting each type of transportation investment to provide better access and more options. Doing so will help minimize congestion and delay. It is also essential to design regional and local transportation facilitates to allow people to stay off the overtaxed regional system altogether if they wish by easily and safely walking to multiple destinations once within a center.

The efficiencies available are impressive. Detailed analysis by the Arizona Transportation Research Center of the Central Arizona region, and of individual places within it, found that more compact and more mixed-use areas such as South Scottsdale, Tempe and East Phoenix drive significantly less than residents of lower density/less mixed areas: 10.5 miles per day vs. 15.4 miles per day. In other words, every resident who would like to live in a more compact area, but who we don’t accommodate in such a center, requires 50% more roadway.
Provide Leadership To Guide The Framework

As we have seen in recent years, the market cycles that drive growth in Central Arizona will ebb and flow. Connected Centers can help ensure that each successive wave of growth will cumulatively make a positive contribution to the region’s quality-of-life and competitiveness in the long-term.

People from a range of backgrounds will need to lead in creating a bold vision for the region and to make an ongoing commitment to the positive on-the-ground steps necessary to achieve it. Without such personal and institutional leadership, Central Arizona will be left behind as its competitors in the United States and abroad enjoy superior returns on their targeted infrastructure investments.

Connected Centers will provide a focus for some of the region’s development and investment if it is embedded in public policy at the state, regional and local levels. Incorporating a Centers strategy into these policymaking frameworks can initially focus on manageable wins that, over time, add up to big gains. Empowering an institution with a regional mandate to convene and support policymakers in a long-term effort to implement a Connected Centers strategy will be vitally important to its success.

This long-term approach to growth in Central Arizona will depend heavily on making efficient use of the region’s transportation investments. The first stage of achieving Connected Centers will require reinforcing consensus among regional policymakers on the location of centers and how transportation and other investments can support them.

Ultimately, local jurisdictions will be responsible for seeing that centers reach their full potential. This second stage of honing local planning, zoning, and capital improvement programs to support growth in individual centers is likely to be a continual effort.

Determine Priorities For Connected Centers

The Central Arizona region already includes numerous centers, each with their own history, identity, and mix and intensity of land uses. Not all centers will or should achieve the same intensity of growth, offer the same amenities, or include the same level of transportation access. An effective Connected Centers strategy will include policies that respond to the current assets and market position of each center.

Aligning policies around Connected Centers will be immeasurably important to its success. This means prioritizing additional human resources, capital investments, and other assets towards projects that offer the greatest economic return from a regional point-of-view, but may require some trade-offs among jurisdictions. Central Arizona jurisdictions have a long history of cooperating. There have also been cases where they have competed for the same investment, perhaps to a net detrimental effect.

Building cooperation around a Connected Centers strategy, setting priorities to make centers work, and resolving the inevitable tradeoffs, may take a new way of thinking about how to capture and equitably distribute the fiscal and other benefits of growth. It is more important than ever to make sure that limited resources get the best possible return by building the right center in the right place.
**NEXT STEPS**

### Connected Centers Will Leverage Federal Policy Changes

Like any other investor, the federal government looks for the maximum return on investment. A rail line that connects centers will perform better than one that does not, and so will score better in a competition for limited federal funds. Similarly, federal investments will increasingly be made with an eye toward regional plan integration and leveraging. A site served by public transportation is more likely to receive, say, a VA hospital, so that federal investments leverage each other. All federal agencies will be looking for these kinds of transportation/land use/environmental integration. To help regions develop integrated regional plans, the federal Department of Housing and Urban Development (HUD) is providing planning grants to help states, metropolitan planning organizations, and localities do community planning.

The planning grants are one part of the HUD/EPA/DOT federal Partnership for Sustainable Communities. This partnership recognizes that our country’s most pressing issue is building an economy that provides good jobs and creates a strong foundation for prosperity. Regions around the country know that building sustainable communities with expanded housing and transportation choices, greater energy independence, and better protection for clean air and water will provide economic momentum and help America compete more effectively for jobs.

To access and leverage the billions of federal dollars targeted to create sustainable communities, regions are expected to create a Plan for Sustainable Development that integrates land use and transportation plans. Not only will federal agencies be looking for a Plan for Sustainable Development for sustainability funds; it is likely that the next federal transportation bill will call for these plans, rewarding regions who have them, and possibly requiring them as prerequisites for some kinds of funding. A Plan for Sustainable Development demonstrates how proposed transportation investments and system operations and management coordinate with land use strategies to achieve timely and reasonable progress towards measurable targets. Developed in close coordination with other regional and state agencies – and with input from community stakeholders – these plans address long-range energy security, environmental, housing, economic development, public health, safety and human service goals.

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**Leadership Across Political Boundaries**

Today, each city and community in our region makes its own decisions regarding land use. The independence of our local governments in making land use decisions is an important fixture in the Arizona political landscape. For that reason, our region needs leadership and tools to look at these individual decisions as a whole; assesses their collective impacts; and examines cumulative development trends well into the future. A Plan for Sustainable Development can be a tool that builds on the best elements of our existing local general plans and regional infrastructure plans, and provides a framework for where and how we may want to grow.

Perhaps more importantly, we need leadership and tools that identify challenges that we face as a region and offer guidance toward making better choices, both individually and together, providing an alternative to where we could end up if we continue with business-as-usual.

Although our current rate of growth is slowing, that trend will change as the economy and the housing market recovers. Over the next several decades, we will face the challenge of providing housing for a growing and diverse population at the same time the region will face challenges providing infrastructure needed to support this growth. The condition of our existing housing stock and commercial properties will also be a factor in the need for providing new development.

Under current plans and policies, much of our remaining vacant land designated for housing is planned for densities of less than four homes per acre, and most is located in areas that are dependent upon scarce groundwater supplies.

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**Thinking Regionally - Tempe and Chandler Cooperate to Build Arizona Mills Mall**

In 1996, Tempe and Chandler created an alliance to share tax revenues after two competing mall development projects formed a joint venture to build one new regional mall. Today, Arizona Mills is a vibrant retail and employment center and an example of Arizona cities and private development working together to provide a community asset that benefits a region and not just the interests of one city.
As the housing market recovers, will home prices again skyrocket and force many to abandon their dreams of home ownership? Will there be a diverse mix of market rate and affordable housing choices near job centers that give people the option of living closer to where they work? Will we create robust suburban centers where housing on the edge is balanced with jobs? Or will those forced to “drive-till-they qualify” remain unconnected to jobs in pursuit of less expensive housing? The longer distance commuters, with few or no transit options, put more stress on our congested highways and streets. Nor, we are learning, does housing on inexpensive land on the fringe cost less in the end.

**A Plan For Sustainable Development In Central Arizona And The Sun Corridor**

A key component of a comprehensive prosperity strategy for Arizona is to identify Connected Centers as areas where compact, mixed use, pedestrian oriented development exists now, is currently planned, or has the potential for future incorporation into local land use plans. Once identified, the centers can be connected by placing a priority on transportation and other infrastructure investments toward those areas. The designation of Connected Centers can guide local governments, property owners, and service providers as to where development should occur. It will focus attention on these areas as local jurisdictions update their general plans and redevelopment plans, and service providers update their facility master plans.

**PRIORITY 1**

**IDENTIFY CENTERS AND EMPLOYMENT CLUSTERS**

**PRIORITY 2**

**PLAN TRANSPORTATION TO CREATE CONNECTED CENTERS**

**PRIORITY 3**

**INTEGRATE HOUSING AND EMPLOYMENT TO CREATE SUSTAINABLE DEVELOPMENT**

All regions of Arizona will need to develop a Plan for Sustainable Development that defines, identifies, and creates strategies for new and existing centers and their connecting corridors – and how infrastructure investments can facilitate the growth and emergence of robust places for our workforce and employers.

Connected Centers can be an element of that planning process and will ultimately address policy and political will to meet the challenge of providing employment and housing for a growing and diverse population at the same time the region faces challenges providing infrastructure needed to support the next cycle of population and job growth.

These Plans for Sustainable Development will provide a broad context in which local and regional decisions can be made that foster a vibrant economy and a high quality of life for all.

**CONCLUSION: THE CHOICE IS OURS**

Growth is coming. Reality Check participants are convinced that it can help Arizona become an even stronger, more vibrant place. But without strong leadership and strategic decisions on where to accommodate growth, and how to serve it with new transportation, that growth will make Arizona worse off, not better. Reality Check participants believe, and analysis shows, that growing into Connected Centers can be a key component of an overall strategy for quality growth that will help us preserve what’s great about our regions and set us on a path to new prosperity.
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- David Stocker, ULI Center for Balanced Development in the West

Acknowledgements

Reality Check Revisited was created in consultation with a team from the American Planning Association, Arizona Chapter:

- Trevor Barger AICP, Espiritu Loci
- Jenifer Corey, Gammage & Burnham PLC
- Michelle Dodds AICP, City of Phoenix
- Leslie Dornfeld AICP, Plan-ET
- Laura Hymanek AICP, City of Mesa
- Carol Johnson AICP, City of Phoenix
- Jill Kusy-Hegardt AICP, DMN Associates, Inc.
- Tim Loughrin, Phoenix Development Alliance
- Cindy Paddock, ReSEED Advisors
- Pooja Singh
- Debra Wilkins Stark AICP, City of Phoenix
- Alan Stephenson, City of Phoenix
- Eric Jay Toll

We thank the participants, speakers, and volunteers of Moving AzOne who made the Reality Check exercises, special events, and outreach possible. Special thanks to:

- Suzanne Cartwright, Runstad Center for Real Estate Studies, University of Washington
- Kevin Kellogg, Arizona State University/Kellogg and Associates
- Sid Michaels, ULI Arizona
- Amanda Wilfert, ULI Arizona
- Ximena Zamora, AECOM

Select Photography for this publication was provided by Espiritu Loci and iStockPhoto.com

Produced by

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Moving AzOne is an alliance of municipalities, state agencies, private and public companies, and nonprofit organizations that promote a regional dialogue to help citizens, public officials, and business leaders throughout Central Arizona discover shared aspirations and long-term challenges. Since 2006, Moving AzOne has heard from more than 5,000 participants who took part in two Reality Check exercises, hands-on outreach events, and surveys. They expressed a common desire to create a prosperous and sustainable future for the region.

DISCLAIMER
This is a publication of the Moving AzOne regional visioning project, a partnership of public, private, and nonprofit organizations in the Central Arizona region. The research and preparation of this report was funded, in part, through a grant from the Urban Land Institute’s Community Action Grant program. The contents of this report reflect the views of the authors who are responsible for the facts and accuracy of the data presented herein. The contents do not necessarily reflect the official views or policies of the participating partners. This report does not constitute a standard, specification, or regulation.