

HITS AND MISSES: FAST GROWTH IN METROPOLITAN PHOENIX

Executive Summary

Phoenix is often viewed as the quintessential Sunbelt metropolis: young, fast-growing, auto-centered, and sprawling. While some facets of the stereotype are accurate, the complete picture of metropolitan Phoenix is more complex. In some notable ways, metropolitan Phoenix' story is one of success. For example, compared to other urban regions, the Phoenix metropolitan area is fairly compact with relative equity between its core city and its suburbs. Prospectively, however, the challenges are great. The desert landscape is changing and some educational and economic divides are obvious, plus the mechanisms available to cope with problems may be insufficient to handle many rapidly-evolving situations.

Hits and Misses is based on a wide-ranging set of projects undertaken by scholars at Morrison Institute for Public Policy (School of Public Affairs, Arizona State University) during the past year. Overall, this research provides an updated and expanded view of regional growth and development trends and the pressures that will challenge the region's residents and policy makers in the future.

This has been a complicated inquiry, given the tangle of events, trends and circumstances that affect and shape any region. Still, two things stand out about metropolitan Phoenix' growth experience.

1) Metropolitan Phoenix has grown differently from other urban regions and in ways that defy conventional wisdom.

- **Density is increasing.** Given residents' dependence on cars, most people would not expect the Phoenix region to be showing increases in population density from its core to its edges. But it is – making it one of only a handful of large areas in the country to do so. Population grew 263 percent between 1960 and 1990, while the urbanized area expanded 199 percent during the same period. By contrast, metropolitan Chicago gained 4 percent in population while urban land area increased 47 percent. Metropolitan Atlanta consumed nearly twice as much land as metropolitan Phoenix to accommodate approximately the same number of people.
- **The region's center is holding.** Employment remains concentrated in the metropolitan Phoenix core, unlike in many other urban regions. Jobs in the area's center account for 32 percent of the region's employment. In addition, both population and employment rose in the heart of the metropolitan area in the 1990s, although the rate of expansion was less robust than in other parts of the region. Still, these healthy signs belie the "hollowing out" that has plagued many other regions.
- **The region's core city and its major suburbs are quite balanced.** In keeping with the vitality of its center, metropolitan Phoenix is also fortunate to retain a measure of balance among its major cities. The absence of glaring disparities between the center and the next largest cities – at least in terms of housing values, jobs and retail activity – stands in contrast to other metropolitan areas and bodes well for the future of the core and the entire region.
- **People and businesses keep coming.** To stay the same in today's world usually means going backward. Metropolitan Phoenix still is

experiencing phenomenal growth with nearly 700,000 new residents (31 percent more) and approximately 500,000 more jobs in just less than 10 years. Between 1997-1998 alone, approximately 1,300 new business establishments were counted in metropolitan Phoenix. The region now ranks 13th in high-tech jobs.

2) Metropolitan Phoenix faces extraordinary challenges because of local circumstances and the effects of past public policy decisions.

- **Residential development is moving outward very swiftly.** Overall in the last five years, the urban edge has advanced nearly one-half mile per year. In the southeast, the fringe pushed out an average of three-fourths of a mile each year. The region's heaviest home building is now occurring in a ring some 18 to 21 miles from downtown Phoenix. It is fair to ask: How far out will the ring of development need to be pushed to accommodate the 1.6 million additional residents projected in the region by 2020?
- **Metropolitan Phoenix is using up its agricultural and desert land.** Calculations from aerial photographs show that between 1975 and 1995 some 40 percent of all agricultural land and 32 percent of all undeveloped desert land was lost to urbanization. The vivid Sonoran Desert is what makes metropolitan Phoenix unique and gives it a special character. Losing huge tracts of land threatens the region with the loss of its most famous lifestyle and environmental asset.
- **A regional divide exists by race, poverty and schools.** For years, the sections north and northeast of downtown Phoenix, including Scottsdale, have been affluent areas with attractive housing, good schools, and enviable amenities. Also for years, poor whites and low-income minorities have been concentrated in neighborhoods in the central and southern portions of the city of Phoenix. The demographic divide plays out in schools as well, with few poor and minority students in high-achieving school districts.
- **The region's rapid growth disturbs the majority of residents.** Since its inception three years ago, the Morrison Institute quality of life survey has documented the breadth and depth of residents' discontent with growth. In 1999, 80 percent of residents said they were "concerned" or "very concerned" with the region's growth. Most dramatically, nearly half reported that they would leave Phoenix tomorrow if they could. Two-thirds added that the region was doing a "poor" or "fair" job of preserving the desert and open space.

THE RESPONSE: THREE STRATEGIC RECOMMENDATIONS

As the region's leaders and residents decide what to do next, actions in three strategic areas seem imperative.

First, the Phoenix region needs to understand the full range of issues that shape its growth and development patterns. The region's emerging divisions, transportation challenges, loss of desert lands, and the many other growth

issues that threaten metropolitan Phoenix' quality of life are inextricably linked and cut across jurisdictional boundaries.

The smartest regions today have embraced the “four E’s” of a strong economy, healthy environment, social equity and civic engagement as a framework for analyzing problems and building regional advantages. They recognize that everything is connected.

Metropolitan Phoenix' leaders can disregard the relationships among the region's education, social, economic and environmental challenges and hope for the best. But they would do better if together they “connected the dots” among the issues and created new partnerships capable of responding to growth's problems and paradoxes.

Second, the Phoenix region must overcome the near “Catch-22s” that are rooted in its history. These Catch-22s will not succumb to old ideas or big ideas borrowed from a Seattle or a Denver. Bold, innovative policy decisions, based on the region's circumstances, will be needed. The Catch-22s include:

- **Looming transportation and land use conundrums.** In contrast to other regions, highway building in metropolitan Phoenix has supported the region's central area. The present round of suburb-to-suburb freeway extensions, however, could create problems. By making jobs and homes away from the center more accessible, the presence of freeways will intensify land consumption on the fringe. But should employment remain concentrated in the cores and home building continue to move outward, commute times could worsen. The challenge to unraveling this Catch-22 will be finding transportation and land-use initiatives that create dispersed mixed-use clusters of greater residential and employment density that do not detract from the vitality of downtown Phoenix, the region's signature core.
- **State trust land questions.** Large tracts of state-owned trust land near the urban fringe constitute an irreplaceable asset for the region's quality of life. This land could serve as a growth boundary that provides a vast reservoir of open space. However, the state constitution requires that these lands be managed to maximize revenues for Arizona's educational needs. The mandate bars wholesale conservation of the lands and increases the likelihood of future land sales to developers. The challenge for the region will be to amend the Arizona constitution and state enabling act to allow for trust land to be dedicated to open space while maintaining the ability to fund schools.
- **Growth agendas in the smaller cities.** Eighteen less-populous cities on the urban fringe now control nearly as much land as the city of Phoenix and the five largest suburbs combined. These areas also lag behind the region in open space protection and use of growth management tools. This means that the municipalities in the region least equipped to deal with the effects of fast growth will soon be making decisions with enormous implications for the entire region. The challenge will be to bring a regional perspective to the planning efforts of all cities while respecting the region's tradition of local control.
- **Fixing the schools of the core.** The region has reason to worry about the education of children in central Phoenix and the southwest portion of the region. Individual economic success correlates particularly with education attainment (the number of years of school completed). The weak schools of the center present a powerful impetus for decentralization. Schools with high proportions of low-income, minority or underachieving students may influence where people and businesses choose to locate. This increases the viability of the fringe at the expense of the core. Ironically, though, the region and its cities possess limited authority to address the unique problems of schools. The challenge will be encouraging more effective collaboration between school districts and city leaders and including education issues in both fringe growth management and core revitalization strategies.

- **Conflicting views on sprawl and density.** Residents of metropolitan Phoenix decry sprawl, but they also dislike density. Unfortunately, controlling one usually means encouraging the other. To confront this Catch-22, regional leaders and residents will need to find an acceptable way to promote greater density with “quality” development that fosters convenience, diversity, transit options and access to open spaces. One approach will be to re-evaluate traditional zoning ordinances with their rigid and segregated land uses and consider new rules that foster acceptable combinations of residential and commercial uses.
- **Regional authority dilemma.** Although valuable, especially as the 18 less-populous communities become a stronger force in the regional dynamics, city-to-city coordination will only go so far. However, the creation of a binding regional authority has been rejected so often that implementation of such a concept appears unrealistic for metropolitan Phoenix. The challenge will be to reap the benefits of regional “governance” without having to adopt a formal “regional government” structure.
- **An on and off relationship with Washington.** The region historically has benefitted from federal assistance with water and public works projects that have sustained a growing population. In recent years, state leadership – executive and congressional – has disdained federal help with similar projects, believing that the state should be more independent from Washington. This stance handicaps the region's ability to finance major growth management initiatives, such as light rail or open space acquisition, that neither the state nor any single municipality can afford on its own. The challenge will be to get back to a long-term regional agenda so compelling that it would be unthinkable for any elected official not to support it.
- **Tensions that surround state support of metropolitan Phoenix.** In today's economy metropolitan regions are increasingly overtaking states as the drivers of growth. The situation in Arizona is no exception; the metropolitan Phoenix region currently accounts for 70 percent of the state's total personal income and is responsible for over 70 percent of new job growth. Thus, ensuring a viable metropolitan Phoenix should be a top priority of state government. However, other communities across Arizona have needs that also must be addressed at the state level. The challenge will be to support the Phoenix region in a way that does not neglect the needs of other localities, but accepts that prosperity brought forth by a strong regional driver benefits the state as a whole.
- **Water's changing role.** Although the region has ample water for its current population, water management will be more important given that there are no potential projects on the scale of the Central Arizona Project to increase the future supply of water. As such, water management will be increasingly related to growth management, as water becomes an invaluable regulator by influencing where homes and businesses may locate. However, discussions on water management and growth management currently take place in entirely separate spheres. The challenge will be to bring together the water mavens and the urban planners to come to an understanding of how water policies could be used to manage growth.

This report's final suggestion is for the region to be alert to the demographic, technological and cultural trends that are shaping the next metropolitan era. New faces, a new economy, and a new geography of amenities may be as profound a determinant of the size, shape and prospects of cities and their surroundings in the coming years as the post-war suburban boom was. How a region chooses to take what it has and put it into play amid these emerging trends will determine the region's competitiveness and how it will grow.

Then and Now: How the Metropolitan Phoenix Region Has Changed

	1970s	1990s*
FAST GROWTH AND INCREASING DENSITY		
Total Population	971,228	2,783,779
Population Density (people/square mile urbanized area)	2,228	2,707
Average Lot Size for New Homes (square feet)	7,500	6,677
MAJOR CHANGES IN LAND USE		
Percent Urbanized Area	15	41
Percent Agriculture Area	32	19
Percent Desert Area	49	33
Distance of Fringe from Downtown Phoenix (miles)	10-11	18-21
STRONG CENTER		
Employment Concentrated in Two Central Areas	32% of jobs are on 4% of land area	
Population Remaining in Core		
Percent in the city of Phoenix	60	43
Percent in the five largest suburbs**	25	39
Percent in the balance of the county	15	18
MORE EXTENSIVE ROAD SYSTEM		
Total Lane Miles per 1,000 Residents (freeways, major arterial roads, minor arterial roads)	3.5	4.1
Vehicle Miles Traveled (per person per day)	14	24
Transit Miles (per capita)	n/a	7
BALANCE BETWEEN THE CORE AND THE FIVE LARGEST SUBURBS		
Housing		
Housing value in the city of Phoenix	\$48,500	\$76,700
Housing value in the five largest suburbs	\$59,400	\$92,600
Employment		
Number of jobs for every 100 residents in the city of Phoenix	n/a	58
Number of jobs for every 100 residents in the five largest suburbs	n/a	49
Retail Sales		
Retail sales per capita in the city of Phoenix	\$8,600	\$7,500
Retail sales per capita in the five largest suburbs	\$8,500	\$10,600
INCREASING DIVERSITY		
Percent of Ethnic Minorities in Metropolitan Phoenix	19	28
DEEPENING DIVIDE		
Concentration of Minorities		
Percent of population in south Phoenix that is minority	47	77
Percent of population in the city of Phoenix that is minority	22	36
Percent of population in the five largest suburbs that is minority	13	22
Concentration of Poverty		
Percent of persons in poverty in central and south Phoenix	24	36
Percent of persons in poverty in Phoenix	12	14
Percent of persons in poverty in the five largest suburbs	9	10
Schools Performance (Stanford 9 reading score percentile rank)		
Percent of students nationwide scoring above the average score of students in central Phoenix	n/a	67
Percent of students nationwide scoring above the average score of students in the northwest quadrant	n/a	61
Percent of students nationwide scoring above the average score of students in the northeast quadrant	n/a	27
Percent of students nationwide scoring above the average score of students in the southeast quadrant	n/a	41
Percent of students nationwide scoring above the average score of students in the southwest quadrant	n/a	66

* NOTE: Except for the following, data is given for 1970 and 1998. Data for population density in the 1990s is based on data for 1990; land use compares percents in 1975 and 1995; housing values compare median figures for 1970 and 1990 (in 1990 dollars); employment figures are for 1995; retail sales comparisons are for 1980 and 1995; overall ethnic minority comparison is for 1980 and 1995; poverty comparison is for 1969 and 1989; minority concentration for central and south Phoenix is for 1980 and 1995; and minority concentration for Phoenix and the region is 1980 and 1995.

** The five largest suburbs are: Chandler, Glendale, Mesa, Scottsdale, and Tempe.

Introduction

Cities are the ultimate embodiments of their times, and metropolitan Phoenix is no exception.

Nothing has determined the shape and tenor of metropolitan Phoenix' development more than the fact that it has taken place almost entirely in the post-World War II era of cars. The Phoenix region, in a word, has grown in the largely suburban, horizontal way it has because that is how virtually all cities grew during the past 50 years. The strengths and problems of the Phoenix region are in that sense very much of their time.

Yet now a new time is beginning to shape metropolitan Phoenix and the choices open to it. This era is the era of the Internet and the new economy. So the region that came of age in the auto era is now sensing that new values and new ways of living are going to rearrange the metropolitan fabric as thoroughly as the suburban boom did.

Laptop gypsies with blue hair writing code at the Starbucks; "yuppie seniors" wired for semi-retirement; new immigrants and smaller firms: All these are coming, and they will influence the layout and priorities of metropolitan Phoenix as surely as did all those Chevy-driving defense workers of the 1950s. Yet *how*, precisely, the newcomers will do this, and to what degree,

remains a riddle. Moreover, it remains unclear how the region that rose to prominence by mass production will adapt its form to the new era of clustering, networks and "quality of place." Change is everywhere. The world is changing; cities are changing; and so are the possible solutions to the problems faced by metropolitan areas.

This report, in order to help make sense for policy makers and the public of this extraordinarily dynamic moment, endeavors to detail the trends that are now shaping metropolitan Phoenix. Along the way, it identifies the side effects of rapid growth that threaten the region's future. And it ponders how the region may ensure it prevails as a competitive, high-quality region in its next era.

Yes, cities embody their times, but that does not mean they need be confined to the forms and problems of just one era. A new time is always coming, and the trick for metropolitan Phoenix is to begin adapting creatively – and quickly – to the new imperatives of region building. Fortunately, as the following pages make clear, the region begins this evolution from a position of surprising strength.

BY THE NUMBERS: Snapshot of the Metropolitan Phoenix Region

1

COUNTY

The metropolitan Phoenix region is contained within Maricopa County. At 9,226 square miles, the area of the county is larger than New Jersey and four other states.

24

JURISDICTIONS

The region consists of only 24 cities and towns. The total population in 1998 was almost 2.8 million.

1

CENTRAL CITY

The city of Phoenix is the central city. With a population of nearly 1.2 million, it covers 470 square miles.

5

LARGE SUBURBS

Chandler, Glendale, Mesa, Scottsdale, and Tempe are home to 39 percent of the region's residents.

18

LESS-POPULOUS MUNICIPALITIES

The 18 municipalities house only 11 percent of the population and have grown 446 percent since 1970.