

# Cities in Transition - Interview

*Vacant Property Research Initiative*



**Teresa Brice**  
Phoenix, AZ

## Profile

Teresa Brice is Executive Director for the Phoenix Office of the Local Initiatives Support Corporation (LISC), a national community development intermediary. Teresa has been involved in shaping housing policy at local, regional, state and national levels for over 25 years. In 2005 this work led to Brice being awarded the prestigious Loeb Fellowship through the Graduate School of Design at Harvard University where she explored urban planning and design and Smart Growth policies.

At LISC she currently is working towards developing sustainable communities in Arizona, where community partnerships are paired and leveraged with loans, grants and technical assistance. Prior to this she is the co-founder and former executive director of Housing for Mesa Inc. (HFM), a nonprofit developer of home ownership opportunities in the Phoenix area. Brice also assisted in the established of a sister organization in 2000, Housing for Nevada, replicating many of HFM's ownership model in Clark County. Brice shares her insights about the current community and economic challenges confronting the Phoenix region and explains lessons and insights that all cities in transition, new and older, can learn from each other.

## Teresa Brice: Finding The Right Fit for a Region's Own Footprint

*By Joe Schilling, PhD and Natalie Borecki, AICP*

The Phoenix metropolitan region is struggling to recover from decades of growth and overbuilding. Skyrocketing foreclosure rates and the bankruptcies of several regional developers have left the region with a welter of vacant homes and half-built subdivisions. According to a report by the Morrison Institute, Maricopa County has over 220,000 vacant single family homes in 2011.

Phoenix is also going through a painful identity crisis, having staked its future on development and growth. "A few business and government leaders continue to believe this is just another temporary plateau and are hopeful that in several months the growth machine might take off again," says Teresa Brice. "And yet other voices in this debate contend Phoenix can no longer rely on the construction and development sectors as the prime economic engine—they argue the housing market will not return to the same pre-2007 levels." In fact, although the Phoenix region will continue to grow, it is unlikely to increase to six million people by 2020, as was once projected.

Brice sees the new reality as a blessing in disguise: "From our vantage point at Phoenix LISC, the current downtown presents us with an opportunity to transform our development driven economy towards a more sustainable model."

## The Expansive Boom, the Unprecedented Bust

Phoenix is a relatively young city that grew in large part through the same economic engines and policy tools that shaped other Sunbelt regions after World War II. Brice cites "a laundry list of 1950s and 1960s federal housing and transportation policies" that encouraged suburban growth. In addition, "we have no physical barriers to our growth—no large mountain ranges as in Las Vegas or oceans as in California. Federal transportation investments built our roads and thus we planned our communities around the car." Federal tax policy, such as the mortgage interest deduction for single-family homes, attracted new residents, especially returning soldiers from World War II and through Vietnam, with incentives that drove the demand and supply for single family homes.

By the 1960s, the Phoenix economy relied on growth for growth's sake. Rather than using real data (such as school enrollment) to project growth, planners used previous growth projections, and developers built more houses than the projected population. "We were the victims of our own PR—a self-fulfilling prophecy," says Brice. Little thought was given to the economic, financial and struc-

tural sustainability of such a sprawling system. The jurisdictional maze and competing tax-base schemes between jurisdictions and the state led to fragmented-regional planning, disconnected job centers, and poor connections between jobs and households.

When the housing, financial, and construction markets collapsed in 2007 and 2008, the Phoenix region fell fast and hard. Before the actual financial collapse, gas prices went up and people slowly stopped buying new houses in the exurbs. As a result of fewer home sales, developers gradually let employees go and several home builders sought bankruptcy protection. With less home building, local governments had less permit revenue, and with less revenue, cities became cash strapped and had to cut staff, especially planning and building departments. The state of Arizona was the number one job creator in the country for many years, but these jobs were all within the home building sector. The result was a stunning domino effect: “Without new home construction, realtors no longer had houses to sell, banks no longer had demand for their loans, local government no longer had sales tax revenue pouring in to fund ever expanding programs and services, and the jobless no longer had disposable income for goods and services, thereby increasing the severity of this cycle.”

### **You Can’t Fit a New City’s Footprint in an Old City’s Shoe**

Sunbelt cities cannot be judged by the standards of older industrial cities. The Phoenix metropolitan area developed at a different point in time from factory cities such as Detroit, Buffalo, and Cleveland. Its built environments and social connections with place are profoundly different from those of older cities, where more compact urban form helped immigrant communities bond. Sunbelt cities typically follow a classic suburban development pattern, with large lot and wide streets. These configurations do not foster the same degree of social cohesion as can be found in older cities. “We think about our neighborhoods differently,” says Brice.

Sunbelt cities also lack the longstanding

philanthropic sector found in older industrial cities of the Northeast and Midwest. Thus, the nonprofit sector must identify new partners to support affordable and workforce housing initiatives and other community development initiatives. In Phoenix, it has been hard for the community development nonprofits to compete with the robust and often politically powerful private home builders, Brice adds: “Our nonprofit sector grew up with housing development as the only game in town.”

Local governments differ, too. Sunbelt cities generally have council—manager forms of government while older industrial cities, in light of their history, are more likely to have strong-mayor forms of government. As the chief executive, the mayor can appoint department heads and drive the local policy agenda and thus exercises control over city programs and policies, which in theory might implement policies faster.

### **Hard Lessons about Neighborhood Stabilization**

The City of Phoenix learned difficult lessons about politics and practice under the first round of HUD’s Neighborhood Stabilization Program (NSP). Although NSP’s primary policy goal was to target and stabilize specific neighborhoods, Phoenix choose to apply the funds through a combination of programs to clear blighted properties; acquire and rehabilitate homes for sale and moderate-income rental units; and offer direct assistance to homeowners who were in danger of being foreclosed on or were already in foreclosure. Due the depth and scale of the foreclosure problems in Phoenix, the approach the city adopted resulted in programs peppered across its political districts, instead of more concentrated, sustainable, and inner city efforts.

Although the city expended approximately two-thirds of its NSP1 funds by 2011, the scale of the funding has presented a problem for Phoenix’s “even-stein” approach, as it was difficult to use \$39.4



Phoenix, Arizona (Photo courtesy of <http://travelblog.mostlyfiction.com>)

million efficiently without targeting specific neighborhoods. “Other cities in our metropolitan region, such as Mesa and Avondale, Arizona, did target a majority of their NSP resources to particular zip codes, corresponding to neighborhoods with the greatest concentration of vacant and foreclosed homes,” says Brice. “In some ways, NSP 1 and later NSP 2 merely put band aids on Phoenix’s unsustainable home building model.”

### **From Home-Building to Place-Making, via Rail**

“We do have neighborhoods in the Phoenix metropolitan region,” says Brice, “but our policies created a system that drew people to the greenfields. During the housing downturn we have noticed that existing neighborhoods closest to transit have held their value. When the light rail opened here in 2008, housing prices started to fall, but those that were closer to the transit nodes did not decline as dramatically and held their value compared to neighborhoods on the outskirts of the city. Moreover, multifamily vacancy rates close to transit remain lower throughout the region as a whole.”

Even before the downturn, LISC and its partners have been focusing on helping the market shift away from homebuilding for the sake of homebuilding towards a sustainable place-making model: “We want to enable housing alternatives that link with the regional light rail corridor. We are in essence defining a new neighborhood type that will offer a sense of place, and gives developers and property owner’s economic opportunities to provide a vibrant and dynamic quality of life for residents.” Brice foresees development corridors that help reduce travel costs, commute times, and greenhouse gas emissions. LISC is seeing encouraging signs of market demand among younger and more urban residents who are drawn to these places because they would rather hop on the train to school, work, or entertainment than drive in traffic.

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“Right now we have about 20 miles of the current light rail with more track miles on the drawing board,” says Brice. LISC is working with planners and local government officials throughout the region to put the right regulatory infrastructure in place for continued transit-oriented development (TOD). Cities throughout the region are creating TOD overlay zones and innovative form-based-codes. Brice says that local character and regional identity are priorities. The goal is “to create unique urban designs that offer character and identity around the station stops, and stitching it together in a way that is unique to our southwestern development patterns and built form, fundamentally different from older industrial cities.”

### **Planning for New Sustainable Community**

Fewer people in Phoenix are talking about a return to the old development model. The conversation is shifting to discuss a new reality. “At LISC we are careful not use the word ‘recovery,’ as it implies a return to what we were doing before the downturn,” according to Brice. “We want to encourage people to imagine what a new, more sustainable community might look like.”

The local chapter of the Urban Land institute, Arizona State University think tanks, and other civic organizations, such as Valley Forward (the leading environmental nonprofit in the region) have added their voices to LISC’s. All agree that “we will grow again, but we want to grow in ways that leverage existing infrastructure, light rail, other high capacity transit corridors. Experts estimate there is enough vacant land along the existing light rail corridor to accommodate around one million more people. Of course, to actualize these visions we will need to help the development community overcome some of the classic barriers to infill development. We believe more dense development is not only necessary but can be profitable for developers.”

As part of its Making Sustainable Communities initiative, LISC devised eight principles of sustainability using existing development examples throughout the metropolitan region. Since some of these sustainability concepts were unfamiliar to residents and the development community, LISC prepared the examples to demonstrate “how will it feel, how it will work,” says Brice. LISC also created a fund that offers TOD incentives for infill development. Although the technical land use plans and codes still lag behind potential demand for TOD, LISC believes that by working with residents and developers now, it can garner support for the new development models and encourage the policy makers to change existing general plans to accommodate higher-density development along transit line.

Now LISC is undertaking a series of pilot projects to promote the sustainable communities principles. Brice says, “In essence, the economic downturn gives us the opportunity to reinvent ourselves.”