



ECONOMIC DEVELOPMENT

Social and Economic Characteristics

The social and economic characteristics of the Rio Verde Foothills planning area are described in the following five sections:

- ◆ Area Economy/Economic Base
- ◆ Housing
- ◆ Residential, Commercial, and Industrial Demand
- ◆ Economic Base Potential
- ◆ Policy Implications

Area Economy/Economic Base

Two types of markets provide income and employment within any economy. The local market, or non-basic sector, sells products to consumers within a city or area, and the export market, or basic sector, which sells products to consumers outside a city or area. Economic theory asserts that a region must produce and export goods and/or services to an outside market in order to increase local income.

One of the major goals of economic development is to create jobs. Many established rural areas include some employment opportunities such as manufacturing operations, distribution centers, agricultural activities, local government offices, or public schools. Industrial employment activities are typically located close to an Interstate freeway or regional highway. The Rio Verde Foothills area, by contrast, has only recently been developed, does not contain any farmland, and is over 12 miles from a regional highway. The primary economic activity in the planning area is comprised of equestrian-related activities that produce income and/or contribute to the economy through direct and indirect expenditures. As with many other “bedroom” communities, residents in the planning area are willing to trade convenient urban services and short commutes to gain quality of life benefits of living in a less congested, more natural environment.

Table 16 provides a classification of total employment in the planning area. These numbers are based on types of employment reported by residents in the planning area for the U.S. Census 2000. Most of the employment sites are outside the planning area. Employment figures for the year 2000 were developed by MAG, based on a Traffic Analysis Zone (TAZ) that corresponds to the unincorporated Rio Verde Foothills planning area. In this table, ‘Industrial’ and ‘Other’ appear to be the top two employment categories. There were 757 total jobs reported in the planning area in 2000.



INVENTORY AND ANALYSIS

Table 16: MAG Socioeconomic Data - Base 2000 Employment

Area	Retail	Office	Industrial	Public	Other	Total Employment
TAZ Area 345	9	1	627	47	73	757
Total % in Employment Category	1.2%	0.1%	82.8%	6.2%	9.6%	100%

Source: Maricopa Assoc. of Governments POPTAC data, Accepted June 25, 2003 (consistent with 2000 census data).

Note: 'Other' employment includes work-at-home and construction employment.

According to the U.S. Bureau of the Census - County Business Patterns (2001), the top employers in the Industrial / Manufacturing sector in the greater Phoenix area include computer and electronic product manufacturing, transportation equipment manufacturing, and fabricated metal product manufacturing. Greater Phoenix has a number of large high-tech manufacturers such as Honeywell, Intel, and Motorola.

In the greater Phoenix area, the Public sector includes major employers such as the State of Arizona, Maricopa County, City of Phoenix, U.S. Postal Service, and Arizona State University. The largest retail employer in the greater Phoenix area is Wal-Mart Stores, Inc., followed by Albertson's-Osco, Bashas' Inc., and Safeway Inc. The top healthcare sector employer is Banner Health Systems, and the largest financial services employer is Wells Fargo Company.¹⁴

In 2003, Arizona ranked behind only Nevada in percentage of job growth. The Arizona Department of Economic Security (DES) continues to believe that Arizona's economy will expand and improve the pace of job growth over the next two years. Employment growth is forecast to accelerate in 2004 to 2.5 percent, and to 3.1 percent in 2005 primarily due to population growth and migration. Currently, construction and health services are leading job growth in the state, and the unemployment rate is hovering around 5 percent.

For the Phoenix-Mesa metropolitan area, DES indicates that the professional and business services industry is forecast to add more than 21,500 jobs during the 2004-05 period, while the education and health services group is expected to add 20,500 new jobs during the same period. Trade, transportation, and utilities is forecast to add 17,000 jobs. Government is forecast to add nearly 11,000 service-providing jobs. The construction industry is expected to add more than 9,000 jobs. Arizona's tourism industries are also expected to show considerable improvement, resulting in an increase of nearly 7,000 jobs during the 2004-05 period. Arizona's manufacturing industry has been slow to recover from the post-

¹⁴Business Journal Book of Lists 2004 (online)



2000 recession and is forecast to continue to lose jobs in 2004, but will add jobs in 2005.

According to DES, many of Arizona's rural areas are experiencing strong housing demand, a trend that is likely to continue through the next decade. This trend is attributed to: retirees seeking value and less congested lifestyles; a reaction to terrorist attacks of 2001 to relocate to low-density communities; and, out of state residents seeking a southwestern lifestyle.

Besides modest improvement in employment growth, a longer-term trend at the county, state, and national level is an increase in workforce age. Over the next twenty years, the number of younger workers available to replace older workers will decline, creating a possible shortage of workers. Whereas growth in the number of working adults (ages 25 to 55) will increase by about 34% between 2000 and 2020, the number of people over the age of 60 will increase by 104%.

Horse Industry

As noted, equestrian-related activities make up the primary economic activity in the planning area. In 2001, the University of Arizona (U of A) College of Agriculture and Life Sciences conducted an economic impact analysis of Arizona's Horse Industry, sponsored by the Arizona State Horsemen's Association. The study found that direct, indirect, and induced expenditures by Arizona's horse industry total between \$1.1 and \$1.3 billion. Direct effects are the result of purchases by horse owners and users. Indirect and induced effects are created by ripple effects throughout the economy, resulting from expenditures of end users.

The largest portion of this expense comes from the direct expenses of the pleasure horse owners, \$500 to \$600 million (78%). Money is spent on the care and maintenance of pleasure horses and related infrastructure (including the annualized cost of horse, tack, equipment, land and facilities ownership). Horse racing in Arizona generates an estimated \$108 million (16%) in expenditures. Horse show events contribute an estimated \$43 million (6%) in expenditures. Arizona resident spectators at other horse-related events (rodeos, roping, polo, gymkhana) spent \$9 million in 2001.

The combined indirect and induced effect of the above contributed an additional \$444 to \$504 million to the total Arizona horse industry expenditures. Major categories not included in this study are commercial pleasure riding, participants at rodeo, roping and polo events, and breeding of horses for export sale outside Arizona.



INVENTORY AND ANALYSIS

The U of A study looks at four of the state's largest horse shows, two in Tucson and two in Scottsdale. Combined, these shows had a direct economic impact of over \$27 million between December 2000 and March 2001. The number of Arizona households with one or more horses is between 48,000 and 64,000, and it is estimated that there are more than 170,000 horses in Arizona. According to a 1990 study by the U of A, over 15,000 jobs are directly or indirectly linked to expenditures on horses.

In the planning area, there are currently four equestrian riding/boarding stables permitted under special use permits. Hundreds of individual properties also have horses. The Rio Verde Horsemen's Association membership directory indicates there are 165 to 175 member residences (350+ voting members) that have horses on their individual properties. According to Rio Verde Foothills Alliance records, there are approximately 65 member households that have horses. As more people move into the area, these numbers are anticipated to increase.

Economic Development Corridors

As seen in **Figure 10 – Scottsdale General Plan Land Uses** (revised June 2004), the City of Scottsdale's general plan identifies several existing golf courses, existing and proposed resort/tourism areas, and existing and proposed commercial centers located west of the planning area. The resorts and golf courses are concentrated east of Pima Road along Dynamite Boulevard, while the commercial centers are clustered along Alma School Parkway, south of Dynamite Boulevard and ending approximately at Jomax Road. The closest employment location is clustered near Bell Road/Frank Lloyd Wright Boulevard and Pima Road, with additional employment concentrated around the Scottsdale Airpark, south of Bell Road and west of Pima Road. These employment locations are an approximate 15-mile drive from the planning area.

Housing

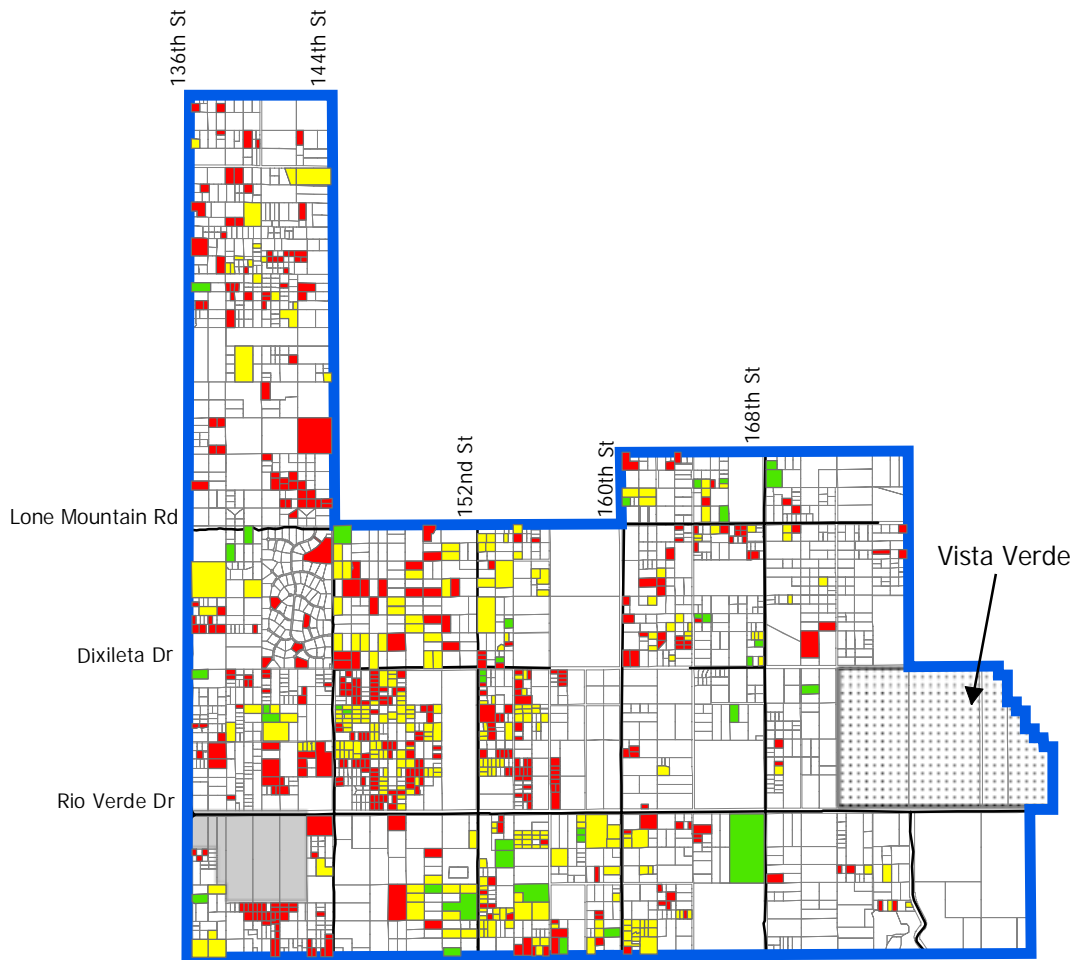
Over the last several years, growth in the Phoenix metropolitan area housing market has been strong. Maricopa and Pinal counties combined took in nearly 50,000 residential permits in 2003. The University of Arizona forecasts over 51,000 residential permits and another 6,000 new construction jobs in 2004.

A steady increase in residential building permits within the planning area reflects a similar trend. **Figure 11A-Residential Completions** indicates those parcels that contain residential structures. Most of the housing stock in the planning area is characterized as conventional single-family homes, and most homes are less than 10 years old. Between 1993 through 2003, 730 single-family homes were completed in the planning area; at least 25 of these were manufactured dwellings. Only about a dozen homes in the planning area were constructed prior to 1990.



INVENTORY AND ANALYSIS

This page intentionally left blank



Residential Completions

Figure 11A

Residential Completion Dates

- 1993-1996
- 1997-2000
- 2001-October 30, 2003
- Incorporated Area
- Development Master Plan





INVENTORY AND ANALYSIS

This page intentionally left blank



Another indicator of housing demand is approved final subdivision plats in the planning area. In October 2000, Maricopa County approved a final plat containing 45 single-family lots for Granite Mountain Ranch Unit I (average lot size 2.64 acres). In November 2000, a final plat for Granite Mountain Ranch Unit II was approved for 55 single-family lots (average lot size 2.7 acres). In December 2003, Rio Mountain Estates Unit 1 final plat was approved for 54 single-family lots (average lot size 1.18 acres). The preliminary plat for Rio Mountain Estates Unit II includes 45 additional single-family lots. Also, 842 lots (primarily single-family and some townhouse units) are planned for the Vista Verde master-planned community. Planned densities within individual parcels is between 2-4 units per acre, although overall gross density is 0.98 units per acre.

Personal Income

Census 2000 reports do not include income data specifically for the Rio Verde Foothills planning area. However, the Maricopa Association of Governments (MAG) provides estimates of household and family income for Arizona, Maricopa County, incorporated cities and towns; and, provides an income range for general areas outside of incorporated areas. **Table 17** indicates income levels for the state, the county, two jurisdictions adjacent to the planning area, and for the planning area.

Table 17: Median Family and Per Capita Income

Area	Median Family Income	Per Capita Income
Arizona	\$467,000 ¹	\$20,300
Maricopa County	\$518,000 ¹	\$22,300
Rio Verde CDP	\$862,000 ¹	\$58,800
Scottsdale	\$738,000 ¹	\$39,200
Rio Verde Foothills planning area	\$45,000 - \$60,000¹	Not available

¹ Maricopa Association of Governments compilation, based on Census 2000 data.

² U.S. Bureau of the Census, Census 2000 (profile of selected economic characteristics).

Note: The median divides the income distribution into two equal parts: one-half of the cases falling below the median income and one-half above the median income.

Definition: CDP – Census Designated Place

Population data by age was not available specifically for the planning area. However, age data was available for a Zip Code Tabulation Area (ZCTA) that roughly corresponds to the planning area, but includes population in the City of Scottsdale as far west as Scottsdale Road. **Table 4-Population Distribution by Age in Percentages**, indicates that the median age of ZCTA 85262 residents (54.6 years) is significantly higher than the County's median age of 33. Median age of males is 55.9, compared to median age for females of 53.5 years. The median age of Rio Verde residents is 68.7 years, significantly higher than the ZCTA 85262 median age. This would be expected since Rio Verde and Tonto Verde are retirement



INVENTORY AND ANALYSIS

communities. Only 10 percent of ZCTA 85262 residents are under the age of 15, compared to 23 percent for the County. Since nearly 50 percent of ZCTA 85262 residents are age 55 and older, one could assume that a large segment of the population is retired or semi-retired.

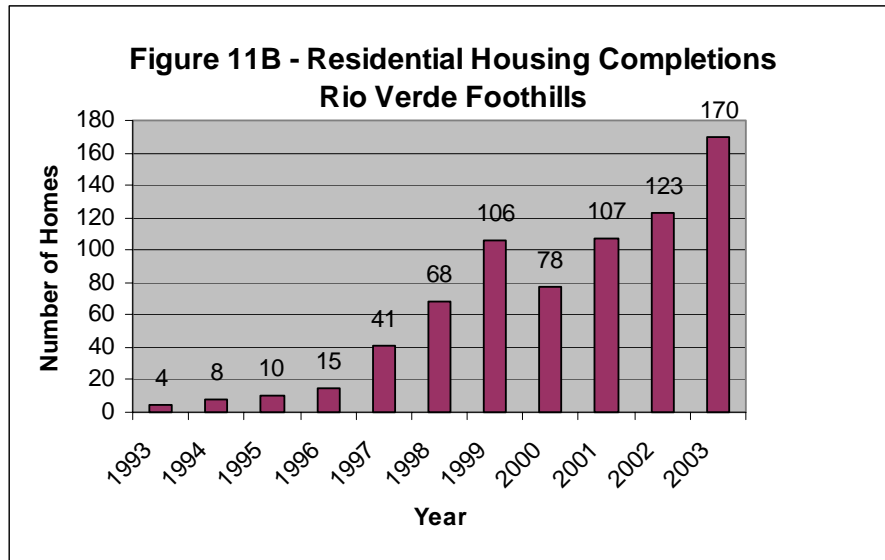
Census 2000 data for the census block that corresponds closely to the Rio Verde Foothills Planning Area does not break down population into age groups, but does provide a breakdown of population greater than 18 years. Census 2000 data indicate that out of the 778 residents, 585 (75%) were older than 18 years; 193 (25%) were 17 years and under. The Cave Creek Unified School District identified 206 students within the unincorporated area east of 136th Street that were attending district schools in early 2004. In addition, some students attend schools in Fountain Hills and Scottsdale.

Economic impact studies find that the economic impact of retirees can be considerably larger than that of manufacturing employees in the same region.¹⁵ Retirees are mobile and many have substantial incomes. Local economic development strategies may include retaining retirees as a way to receive economic benefit. Blair suggests that a community seeking to attract and retain retirees should attempt to establish an amenity-rich setting, such as a natural environment, with good health care facilities.

Construction and Real Estate

Over the past several years, Maricopa County has been one of the nation's leaders in residential construction. The planning area reflects a similar pattern to Maricopa County in that residential permits have remained relatively high since the late 1990s. During the 1980s, an average of zero to three new homes per year were built in the planning area. By contrast, approximately 170 homes were completed in 2003 (**Figure 11B – Residential Housing Completions graph**). Several of these dwellings are manufactured homes, including those used temporarily (under a temporary use permit), during construction of a permanent home. It should be noted that multi-sectional manufactured homes are allowed in the rural zoning districts as a use by right. However, singlewide trailers permanently remaining on property require a special use permit through the County. Some localized areas within the planning area prohibit manufactured homes through deed restrictions.

¹⁵ Blair, John P. 1995. *Local Economic Development, Analysis and Practice*. Thousand Oaks, CA.: Sage Publications.



Source: Maricopa County Planning & Development data; Maricopa County Assessor data

According to the Greater Phoenix Economic Council, between 1990 and 2000 the greater Phoenix area was the fastest-growing large metropolitan area (population above 2 million) in the United States, adding 1,013,396 new residents since 1990 (a 45.3% increase). By 2010, the population is expected to grow by another 24% to 3,709,566, an increase of 718,316 new residents. The population growth trend, along with other factors, is predicted to be a key driver of growth and development in the greater Phoenix area. The Rio Verde Foothills area will likely remain attractive to many people who want to escape the city and reside in a quiet, rural setting.

Residential, Commercial, and Industrial Demand

Residential, commercial, and industrial demand calculations can be found in the Growth Areas element of this area plan. Estimates for the amount of land needed to accommodate future land uses are also provided in the Growth Areas element.

Economic Base Potential

The economic base of this 20 square-mile planning area is modest. The area is characterized by scattered, low-density residential development; a few large commercial (with special use permit or agricultural exemption) equestrian facilities; several non-commercial equestrian facilities; and large areas of undeveloped desert.



INVENTORY AND ANALYSIS

Economic development activities that are expected to continue include equestrian activities (trail riding, boarding, breeding, buying, selling); real estate activity; construction activity; well drilling; fencing; and other residential-related service businesses. Some residents conduct small-scale, home-based businesses such as real estate services, saddle repair, and computer assistance. According to the Maricopa County Zoning Ordinance (MCZO), residents in rural areas are permitted to conduct certain businesses from their home, subject to certain requirements. In general, the business must be conducted within an enclosed dwelling; no signs or advertising is allowed on the premises; the business must not generate any noise, odors, dust, etc., or use toxic or dangerous material; and, only residents of the dwelling may be employed in the business.

Commercial growth during the next 10 to 15 years is expected to be limited to the activities described above, due to the distant geographic location, the unknown status of water availability, lack of infrastructure, distance from existing services, and the desire of the community to maintain the rural residential character. By 2020, there may be some potential for limited small-scale neighborhood retail or service development on Rio Verde Drive. If this point is reached, scenic corridor guidelines may be in place for Rio Verde Drive that would help to preserve the rural character and natural desert setting along this principal arterial roadway.

Policy Implications

During data analysis, Maricopa County identified several important social and economic considerations that are addressed in this plan:

Employment Corridors

The completion of Loop 101 has provided residents in outlying areas with more convenient access to employment opportunities in Scottsdale, Tempe, Chandler, and Mesa. However, should this area become more urban, policies may need to be developed for the long term that will help create employment opportunities closer to the planning area; create a better jobs/housing balance; reduce traffic volumes; and increase multi-modal transportation alternatives.

Commercial Development

Currently there is little commercial development in the planning area, with the exception of facilities developed under special use permits or agricultural exemptions. Any future development permitted under special use permits should be sited and designed such that the activities present will not detrimentally affect adjacent residential neighborhoods. The community should provide input so that any approved facility would be compatible with the area. In addition, creation of scenic corridor status for Rio Verde Drive should be pursued in order to develop policies



and design guidelines to help preserve the existing rural character and conserve significant scenic resources. The design guidelines would be developed with community participation and would apply to all new special use permit development, new residential subdivisions, or any other new zoning entitlements within a designated corridor. The design guidelines would not apply to individual single-family home construction (outside of a subdivision). However, individual property owners may elect to comply with design guidelines to support the community effort. Scenic corridor status is discussed further in the Open Space element under open space issues.

Residential Development

Residential development will continue to impact the region's environment and character. Current development regulations and lot splitting requirements will not be sufficient to prevent development in washes, areas with high quality Sonoran desert, and areas that lack the proper services (sewer, water, and streets). Policies and guidelines should be developed to encourage suitable locations for new subdivisions and to help ensure that appropriate access and services are provided. For new subdivisions, incentives such as flexible development standards and voluntary agreements can be explored to protect sensitive areas, open space areas, and trails.

Coordinated and Comprehensive Economic Development Strategy

For the next 10 to 15 years, a comprehensive economic development strategy is not critical since commuting to employment centers outside of the planning area, along with a component of home-based business, will continue to be feasible. If the planning area continues to grow at the rapid pace of the last 10 years, cooperative and coordinated strategies may become necessary to expand and enhance the local economy. Maricopa County should actively participate in and support such strategies and programs.



INVENTORY AND ANALYSIS

This page intentionally left blank