

Partnering with the Community to Change Lives

Phoenix Sky Harbor International Airport Voluntary Acquisition and Relocation Services Program



BY BARBARA BILLITZER

When people think about infrastructure projects, what typically comes to mind are most likely to be roadways, bridges and dams. However, this year's IRWA Project of the Year winner is a little different. Instead of building something new or repairing older structures, this project was specifically designed to address noise issues facing current residents who reside near an existing airport.

The Voluntary Acquisition and Relocation Services (VARs) program was established by the Phoenix Sky Harbor International Airport to assist residential property owners who lived in noise-impacted areas around the airport and wished to relocate. What makes the VARs program unique is that it's completely voluntary. Services are made available to eligible residents living in the neighborhoods most severely impacted by airport noise. And to make it effortless for those residents who chose to move, the logistics were designed to guide the resident through every step of the process.

AIRPORT GROWTH

Over the years, Phoenix Sky Harbor International Airport has come a long way. Constructed with a single runway in 1928, it was originally owned by a start-up airline, which collapsed the following year when the stock market crashed. After several years of ownership by an investment company, in 1935 it was purchased by the city of Phoenix, which has owned it ever since.

In 2010, the airport served more than 38.5 million passengers, making it the tenth busiest in the United States and one of the top 15 busiest airports in the world. On an average day, the airport handles about 1,252 arriving/departing aircraft and more than 675 tons of cargo. Coupled with 103,630 daily passengers, it is estimated that the airport has a daily economic impact of \$90 million. But the airport's impact goes beyond the financials.



Phoenix Sky Harbor International Airport served more than 38.5 million passengers in 2010, and increased growth is anticipated.

IMPACT TO THE COMMUNITY

Many of the single-family homes located around the airport were built in the 1950s, and although structurally well-built, they were not intended to withstand the kind of noise that is generated from modern-day airport traffic.

In response to community concerns about airport noise for local residents ten years ago, the Federal Aviation Administration (FAA) approved an airport noise compatibility study for Phoenix Sky Harbor International Airport, which is owned and operated by the City of Phoenix Aviation Department. The results of the study led to the Federal Aviation Regulation Part 150, Airport Noise Compatibility Planning program, which included noise mitigation and land planning recommendations.

The report included 32 measures that were designed to prevent non-compatible land uses and reduce the effect of the noise

generated at the airport. Approved by the FAA, there were 13 noise abatement measures, five noise mitigation measures, ten land use planning measures and four program management measures. As a result, the Phoenix City Council created the Community Noise Reduction Program, and as part of this, the VARS program was established to assist residential property owners who lived close to the airport and wished to relocate.

Community Noise Reduction Program
Voluntary Acquisition & Relocation Services
V A R S

An identifiable logo worked to establish strong brand awareness.

The homes purchased by the city of Phoenix are fenced off, and after an environmental assessment, eventually demolished.



The City of Phoenix Aviation Department assembles in the field with land specialists. From left, Environmental Quality Specialist David Broermann, Demolition Project Manager Joe Giuliano, Property Specialist Peggy Hall, Project Management Assistant Nathan Wright, Jackie Berry, Owner of Berry Realty and Associates; and Dr. Kathy Henderson, a Senior Archaeologist with Desert Archaeology.

HOW IT WORKS

VARS is a voluntary buy-out program where eligible homeowners may sell their residences to the city of Phoenix and relocate to a comparable dwelling of their choice in any community outside of the program area and outside other noise-impacted areas. VARS was developed in close coordination with the FAA and Uniform Relocation Act (URA) regulations.

The project began seven years ago and relocates families who live within a defined boundary area and experience loud airport noise. To date, this investment has resulted in the purchase of 638 parcels and 843 relocation cases including owner-occupants, non-resident owners and tenants. To put the amount of time devoted to this project into perspective, the acquisition process can take as little time as six months or, in some cases, more than two years. When it began, the VARS program was expected to be a 10-year project.

A program with this longevity is sure to face some unforeseen hurdles, and over the years, the VARS team has contended with shrinking budgets, volatility in the real estate market, credit challenged residents and gang-related activity in the vacated neighborhoods. However, through these challenges, the team has remained positive and has learned to do more with less.

PROPERTY VALUATION

Making a decision to sell a home can be a difficult one, especially when the economy and housing crisis have caused such massive property devaluations. “At one time, the Arizona real estate market was considered one of the best. It’s now considered one

of the worst in the country. Both circumstances posed problems for our team,” said Caroline Tillman, SR/WA, R/W-RAC, the Senior Vice President for Acquisition Sciences II, LLLP, who has been involved in the VARS program since its inception.

In 2007, the area experienced bidding wars on homes, which resulted in final home sale prices being considerably higher than the listing price. This presented extraordinary challenges in providing competitive replacement housing packages.

“Today, one of our biggest challenges is helping the property owners understand why their acquisition and relocation packages are so much less than what their neighbors received four years earlier,” said Caroline. It’s so important that property owners understand the differences between the appraised value, the County Assessor’s valuation and the ever-changing real estate market. This is why our team continues to educate willing residents about the housing market.”

SHRINKING BUDGET

In recent years, the city of Phoenix has been faced with significant budget cuts and increased scrutiny about spending. Funding for the project comes from the Phoenix Aviation Department’s Capital Improvement Program. It receives reimbursement grants from the FAA’s Airport Improvement Program when possible.

Since its inception, VARS has been administered by a program management consultant company. However, over the last two years, VARS staff saw their budget unexpectedly reduced by 20% and realized they had to make some instrumental changes. Management wrestled with difficult decisions about whether to cut specialized services or to bring a significant amount of

the outsourced services in-house. After extensive analysis, and approval from the Phoenix City Council, the decision was made. By bringing program management services in-house, the team was able to reduce costs without impacting the participants or the services provided.

As the VARS Program Manager, Tracee Crockett oversees every aspect of the program, from acquisitions and relocations to environmental testing, demolition and property management. Managing this level of responsibility can be challenging, and when budgets are cut, using creativity may be the only option. As Tracee recalled, “The budget reductions motivated us to be creative in finding alternative ways to deliver services and cut costs while maintaining great customer service.”

In 2010, the Phoenix City Council approved 18 positions to conduct the administrative tasks of the VARS program at an estimated salary savings of approximately \$2 million. This was challenging because all of the new staff had to learn about the program and practices and they had to be trained on all the systems and procedures. Most of the staff also had to become familiar with various aspects of the URA, FAA regulations and advisory circulars.

“One of the greatest challenges I’ve faced since joining the team in 2009 has been overseeing the transition from relying

on a program management consultant to hiring and training the city of Phoenix staff,” said Tracee. “The transition required the consultants to train the staff who would, in essence, take over their jobs. It was important to foster a positive environment to relieve as much awkwardness as possible. In a relatively short time, we found that certain processes could be modified to fit the new program management structure, saving money and time.”

As a result, VARS staff members have become experts at doing more with less. Tracee attributes the program’s overall success to the priority they place on customer service. “We have a team of individuals who understand that each of their roles is an integral part of the program. This is evidenced by those who work directly with participants and are thoughtful to the realities that someone may be making a difficult choice to sell a home that has been in their family for generations and perhaps has never before purchased a home themselves.”

BECOMING A TRUSTED PARTNER

From its inception, the community has been the project’s top priority. To gain trust among local residents, the staff spent extensive time developing its branding efforts to position the program as a trusted resource. Carl Newman, Assistant Director for the City of Phoenix Aviation Department noted that, “Gaining the community’s trust was an important first step.”



The VARS team takes pride in the services they provide to the community. They include, front row, from left: Virginia Cota, Tracee Crockett, Andrea Sandoval and Maria Ayala. Second row: Augustina Felix, Cynthia Vache, Peggy Hall and Claire Stern. Third row: Mona Cervantes, Rossana Stokes, Vesta Blackwell and Karen Dousten. Top row: Joe Giuliano, Julia Hargis, David Broermann, Nathan Wright and Spencer Self. (Not pictured: Clarissa Gonzalez and Yvette Roeder)

The VARS program area encompasses land that has rich historical and familial connections, particularly in the Latino community. Some communities were displaced in the 70s and 80s when the need for airport expansion became necessary to accommodate the demands of a growing metropolis. Many of the residents felt it was a forced departure for them to make room for progress.

Involving the community from the start of the VARS program proved to be the key in earning the residents' trust and support. "As in any kind of relationship, communication is essential. And in the tradition of being a good neighbor to the community, our staff has developed strong relationships with residents, business owners and stakeholders, making themselves available to answer any questions or concerns or to simply give an update on the program's status," said Carl.

REGULATORY COMPLIANCE

As in any federally-funded program, VARS' acquisition agents and relocation staff must be well-versed in interpreting the Uniform Relocation and Real Property Acquisitions Policies Act (URA) of 1970, as amended. Additionally, to ensure the program's success, management knew that, in addition to the acquisition and relocation specialists, a unique team of service-oriented staff would be a necessity.

The acquisition agents and relocation team are highly trained and educated, with more than 60 years of combined experience.

In addition to being fully versed in the URA, all the acquisition agents also hold a Real Estate Salesperson License from the state of Arizona. Each agent has attended IRWA's professional courses.

The relocation specialists play a crucial role in determining and explaining potential eligibility for relocation benefits. In addition to their years of experience, they are also licensed Real Estate Agents. Each agent has also attended IRWA's professional courses and are able to interpret and implement federal, state and city policies and procedures. These specialists are a valuable resource throughout the process. Once a replacement home is selected, they work closely with the participant and their real estate agent (or leasing agent) during the escrow and closing process.

Playing an essential role are the bi-lingual Customer Service Agents, who serve as the initial point of contact and stay involved with each resident from beginning to end. Also part of the VARS Community Services Team are specially-trained bi-lingual housing counselors who perform budget analyses, educate the participants on the home-buying process and monitor progress on mortgages to ensure a positive transition.

"What makes the VARS program unique from other acquisition and relocation services is that we go the extra mile and help our applicants with credit assistance and referrals," said Virginia Cota, VARS Acquisition and Relocation Project Manager. "We encounter many residents who would like to sell their property and relocate elsewhere, but their financial, credit and/or title



City staff and consultants form the VARS Community Services Team and meet on a regular basis to discuss participant status. From left, Rossana Stokes, City of Phoenix Aviation Department; Michael Nolasco, Valle del Sol; Flori Medina, Friendly House; Karina Ortega Morales, Neighborhood Housing Services of Phoenix; Lorena Fernandez, Friendly House; Diana Salas, Valle del Sol; Mary Ramirez, Neighborhood Housing Services of Phoenix; and Olivia Flores, Friendly House.



The Rosas family opted to sell their home to the city.



The VARS team helped the family relocate to this home outside the noise-impacted area.



The VARS team works one-on-one with clients throughout the acquisition and relocation process. Here, the Rosas family meets with Cristina Bruner, R/W-RAC, Acquisition Agent, Acquisition Sciences II, LLLP (second from right) and Shenique Meza, Relocation Specialist, Acquisition Sciences II, LLLP (far right).

issues hinder them from reaching their housing goals. For many applicants, this service is of great help because their financial burdens are lightened and they are given the financial education they need to maintain a good credit rating as they move forward into their new life. It is also helpful to have customer service agents who are able to guide participants through the entire process.”

In these well-established neighborhoods, homes have often been handed down from generation to generation and may have multiple individuals on title. These title transfers have usually not gone through escrow companies and they often have liens and probates that must be cleared. Credit counselors work one-on-one with those applicants who are financially or credit-challenged to get them through the steps to becoming successful homeowners. To facilitate a smooth transition, referral coordinators work to connect participants with community resources and governmental programs and then follow up to ensure their needs are met.

FUTURE CONSIDERATIONS

VARS currently has a waiting list and expects to continue acquiring properties and relocating eligible families until community demand for the program ends. Since the program’s inception, roughly half the residents have elected to move, and include owner-occupants, non-resident owners and tenants alike. With roughly 724 eligible

properties remaining in the VARS area, the remaining residents still have time to take advantage of the program if they elect to do so.

“It’s a joy to see the success of those who have chosen to take advantage of our services,” said the Director of the City of Phoenix Aviation Department, Danny Murphy. “We’ve learned that education is the key. The more we are able to educate the community about the program, the higher our success rate is with our neighbors. In the beginning, many potential participants were unsure about participating in such a generous program. But through education, they have realized the validity and benefits.”

It is anticipated that the VARS program will sunset over the next three to four years. The process of acquiring a property and helping a family relocate generally takes about a year or longer. Because of this, strategies must be implemented to ensure that the needs of all participants continue to be met.

This program has never been about acquiring land for a specific re-use purpose. Rather, the goal has always been to relocate residents out of the noise-impacted area. To avoid similar noise issues in the future, all properties that have been acquired by the city of Phoenix will be zoned for airport-compatible use, not for residential purposes. While there are no specific plans for the area now, the land will be available for airport use in the future.