

Blueprint for American Prosperity

Unleashing the Potential of a Metropolitan Nation



Megapolitan *Las Vegas*

One of America's Newest Metropolitan Places and a Federal
Partnership to Help It Prosper

University of Nevada – Las Vegas

Mark Muro and Robert Lang

October 28, 2008

Mountain Megas

Context

Mega-trends

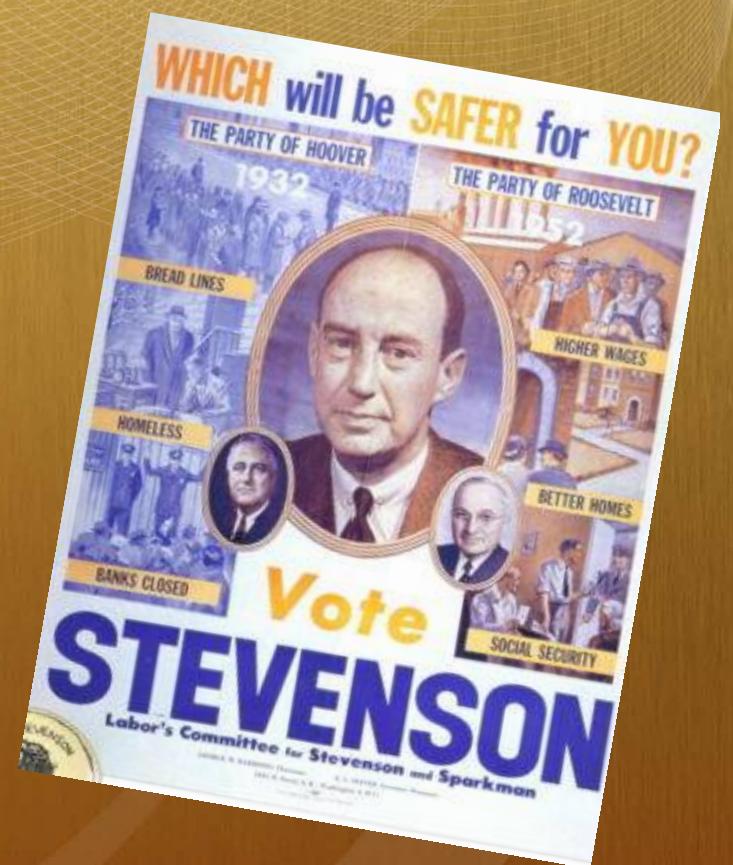
Emerging opportunities and challenges

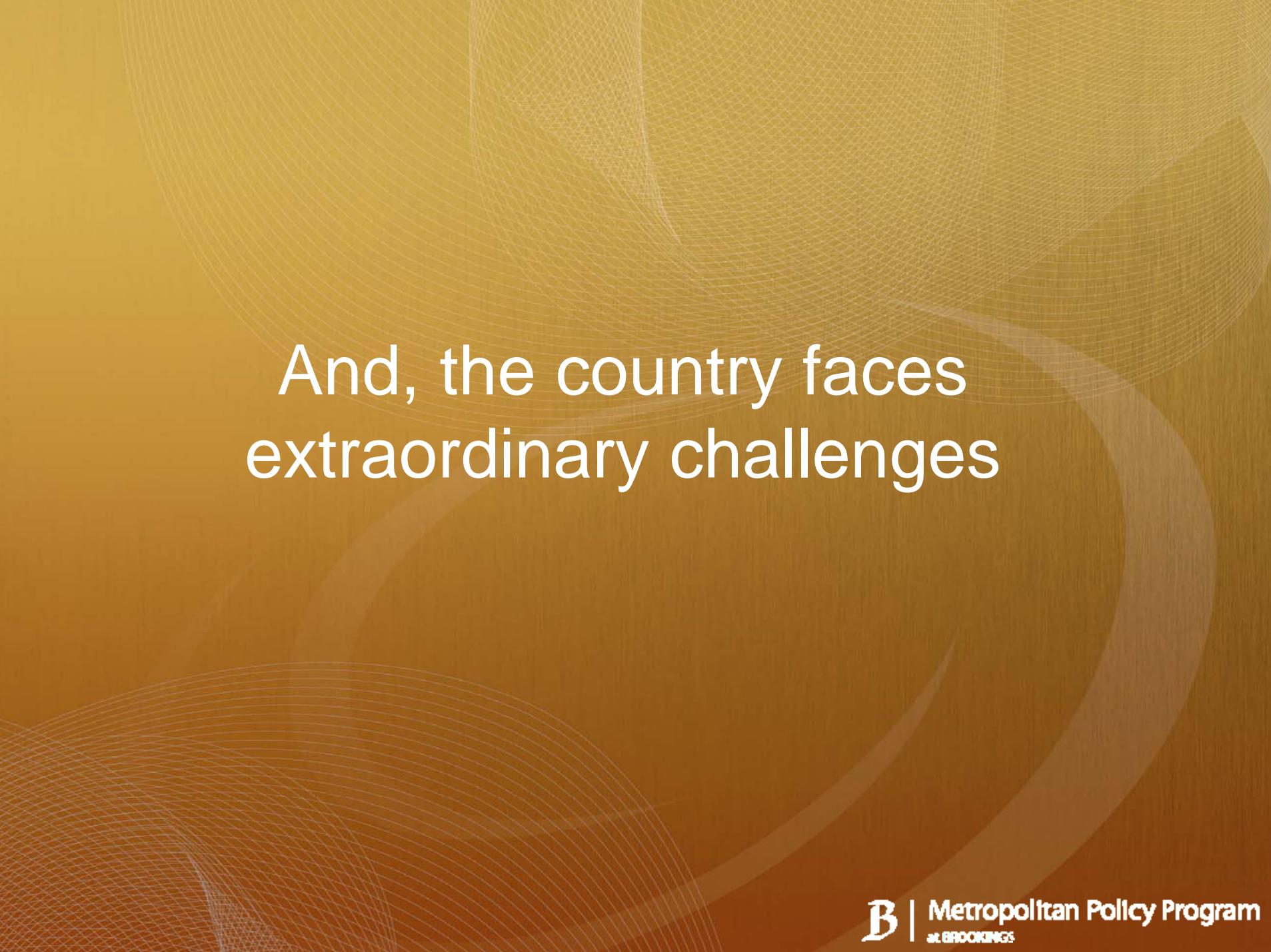
A new federal-mega partnership



We have come to an historic
political and economic moment

First election since 1952 without an incumbent





And, the country faces
extraordinary challenges

The world financial crisis has triggered real fear about the future of U.S. prosperity

The housing crisis is getting worse

Questions are being raised about the U.S. financial system

Government bailouts and stimulus could push the federal deficit over \$1 trillion this year



Meanwhile, the “real” economy is now in serious trouble



Jobs have declined for nine straight months

Real median household income has declined by \$324 since 2000

Economists estimate that GDP barely grew in the third quarter

Source: Economic Policy Institute

Las Vegas is particularly affected by the economic turmoil

Las Vegas is “ground zero” of the sub-prime meltdown

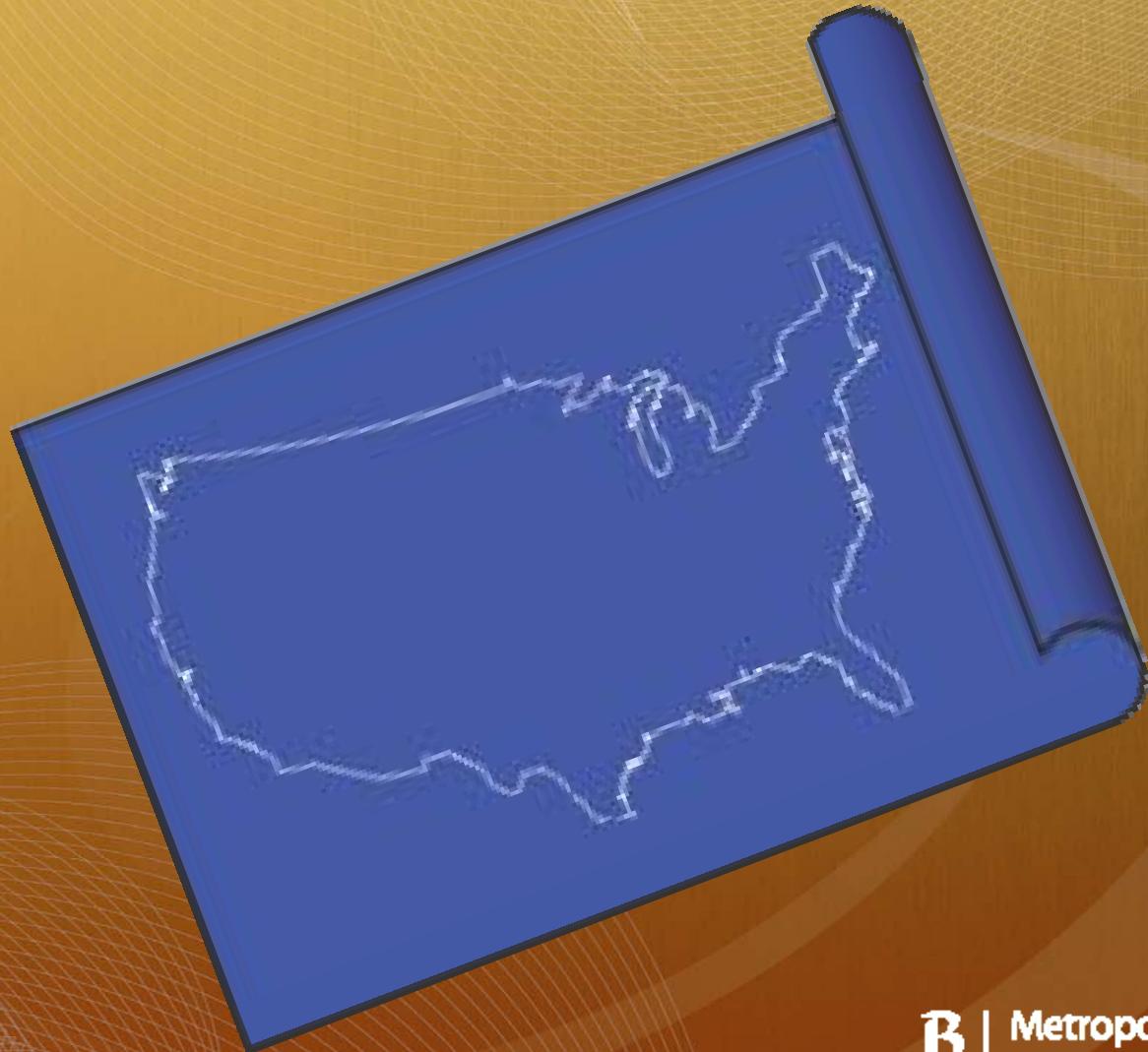
Job growth has virtually ceased

The region’s heavy dependence on tourism leaves it even more vulnerable



All regions will need to redouble their efforts to get the fundamentals right

Which is why we need a Blueprint for American Prosperity



As it happens, Brookings has endeavored to provide one



According to the Brookings Blueprint, true prosperity depends on achieving three types of growth

Productive growth
that boosts innovation and productivity and so generates quality jobs and rising incomes



Inclusive growth
that fosters a strong middle class by addressing the training and education needs of an increasingly diverse population

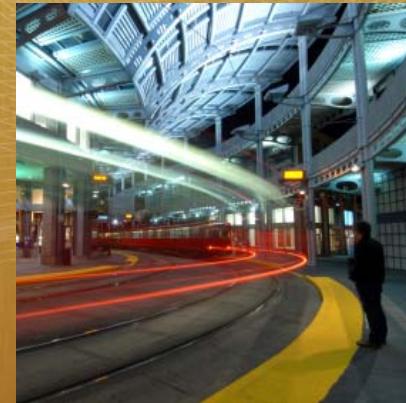


Sustainable growth
that promotes sensible urban form, reduces resource consumption and emissions, and protects the environment



To achieve these goals, the nation must leverage four key assets and improve regional governance

Infrastructure



Innovation



Human Capital



Sustainable, Quality Places

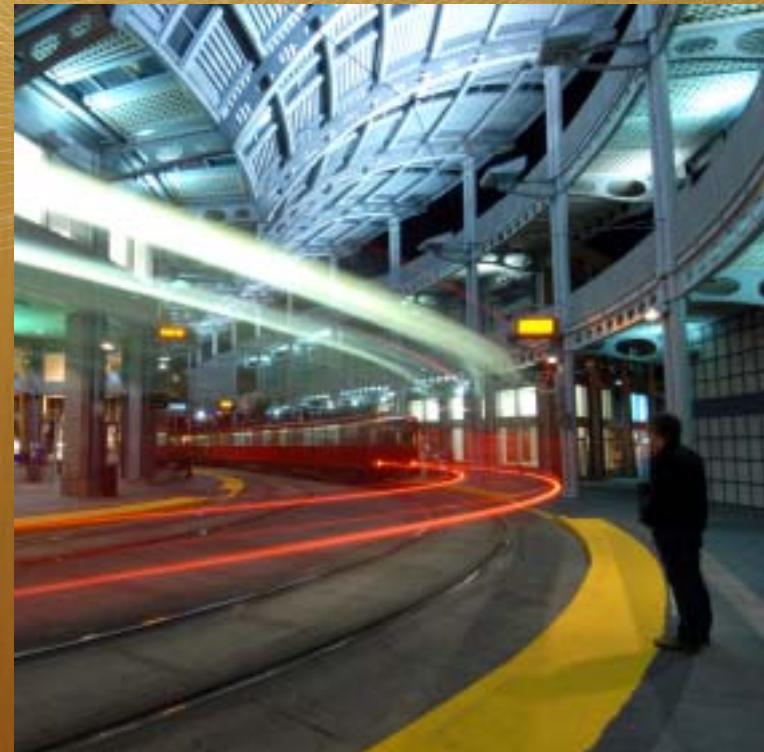


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Improved governance networks

Infrastructure matters...

...because high-quality transportation and telecommunications networks are critical to moving goods, ideas, and workers quickly and efficiently



Innovation matters...

...because the ability to invent and exploit new products, processes, and business models is critical for boosting productivity and competing globally



Human capital matters...

...because innovation and the demands of a more competitive economy require a workforce with education and skill levels that are continuously rising



Sustainable, quality places matter...

...because the new economic order and desire for environmental sustainability re-values dense form, distinctive neighborhoods, and vibrant downtowns

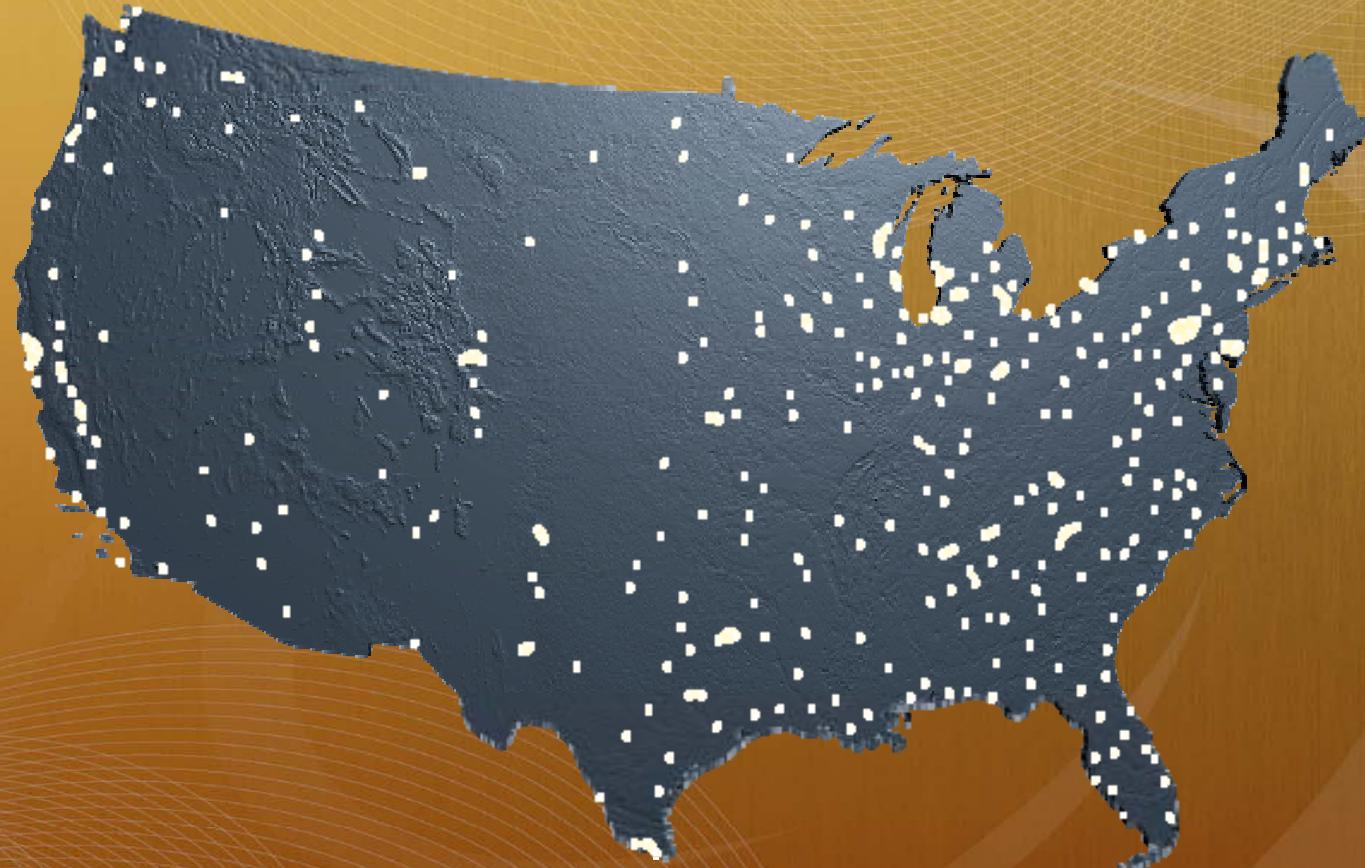


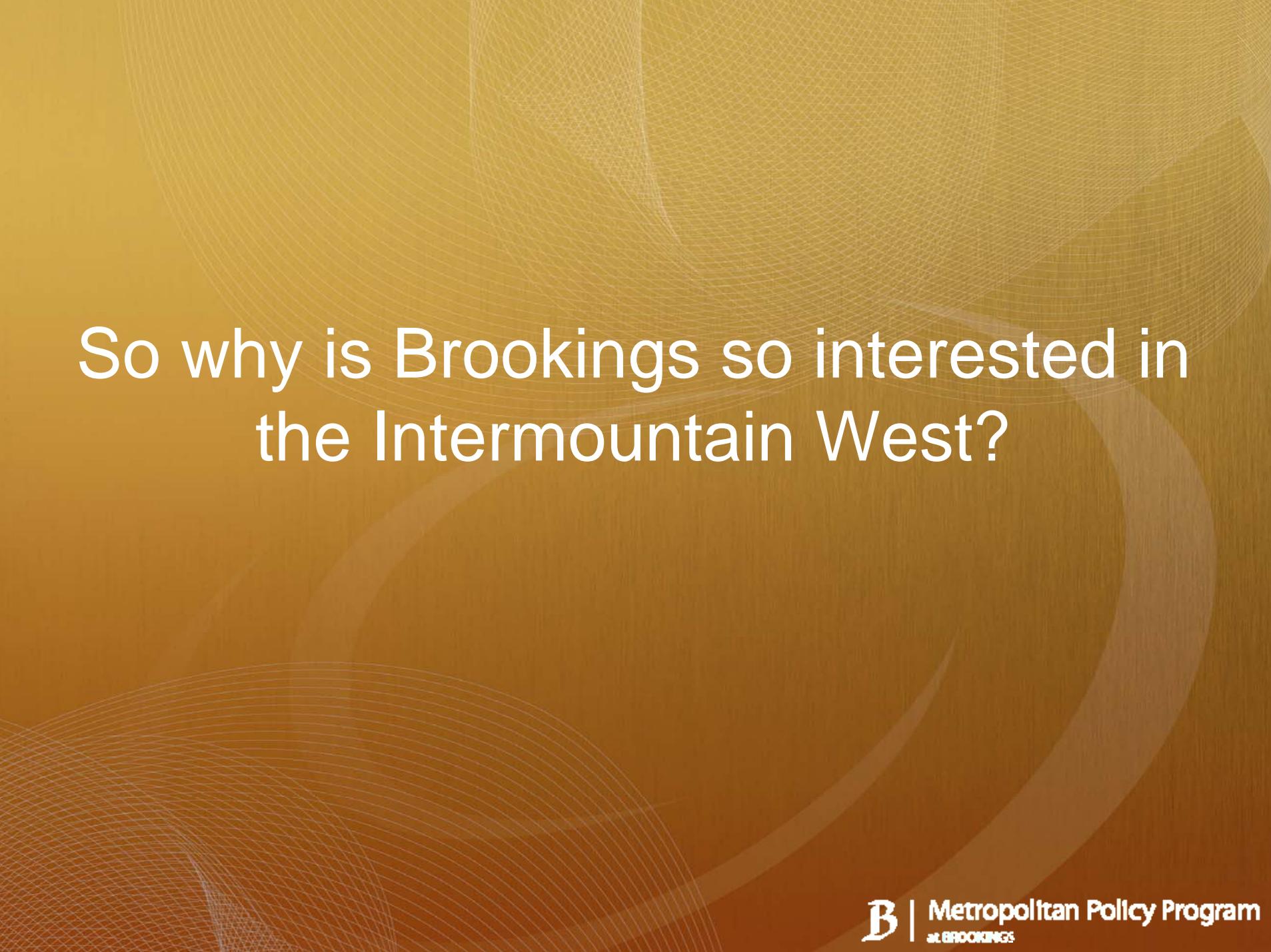
Beyond that, improved regional governance matters...

...because wider-reaching, region-scaled networks are necessary to match the boundary-crossing, dynamic problems of the new reality



One final point: These assets are found
overwhelmingly in metropolitan America

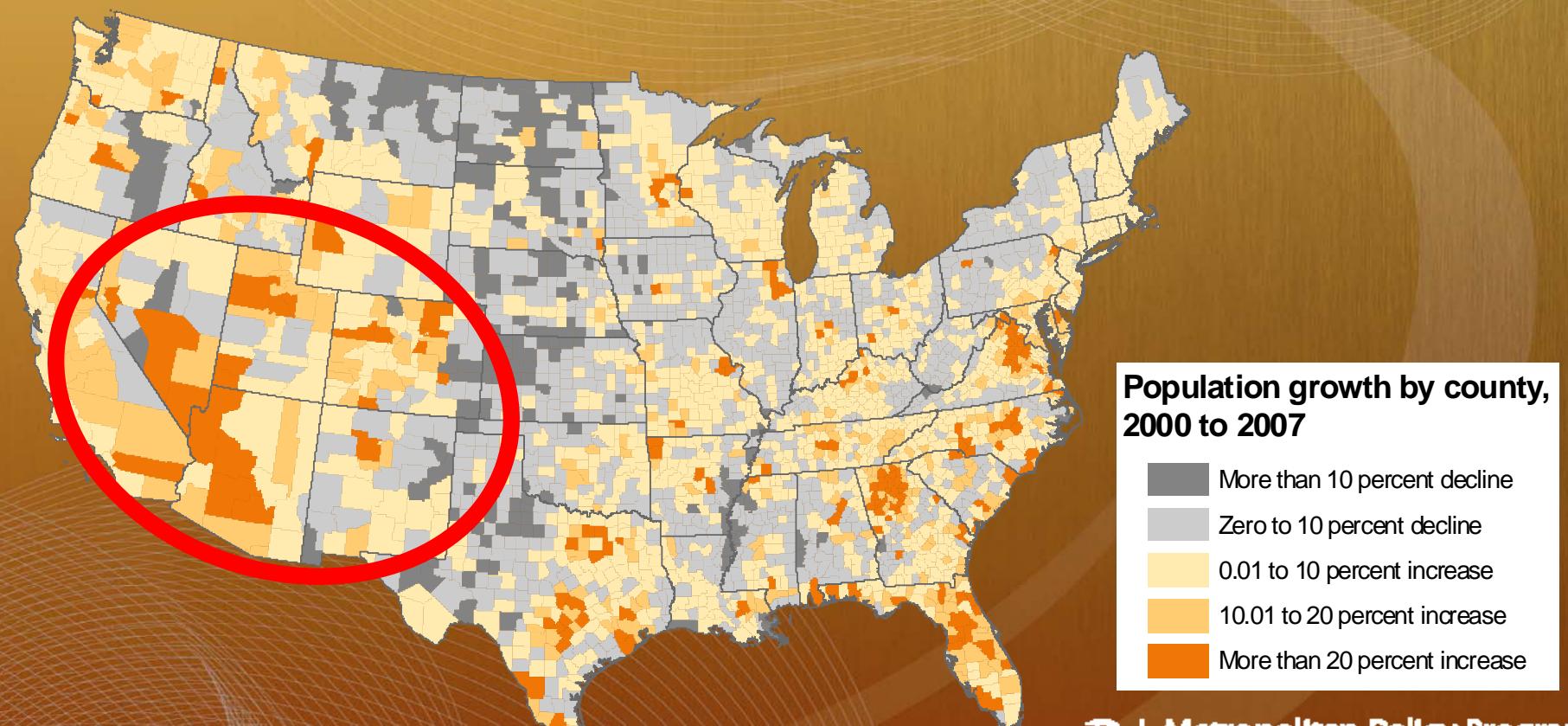




So why is Brookings so interested in
the Intermountain West?

One reason is growth

The five-state population grew by **19 percent** between 2000 and 2007, capturing **14 percent of the nation's growth**

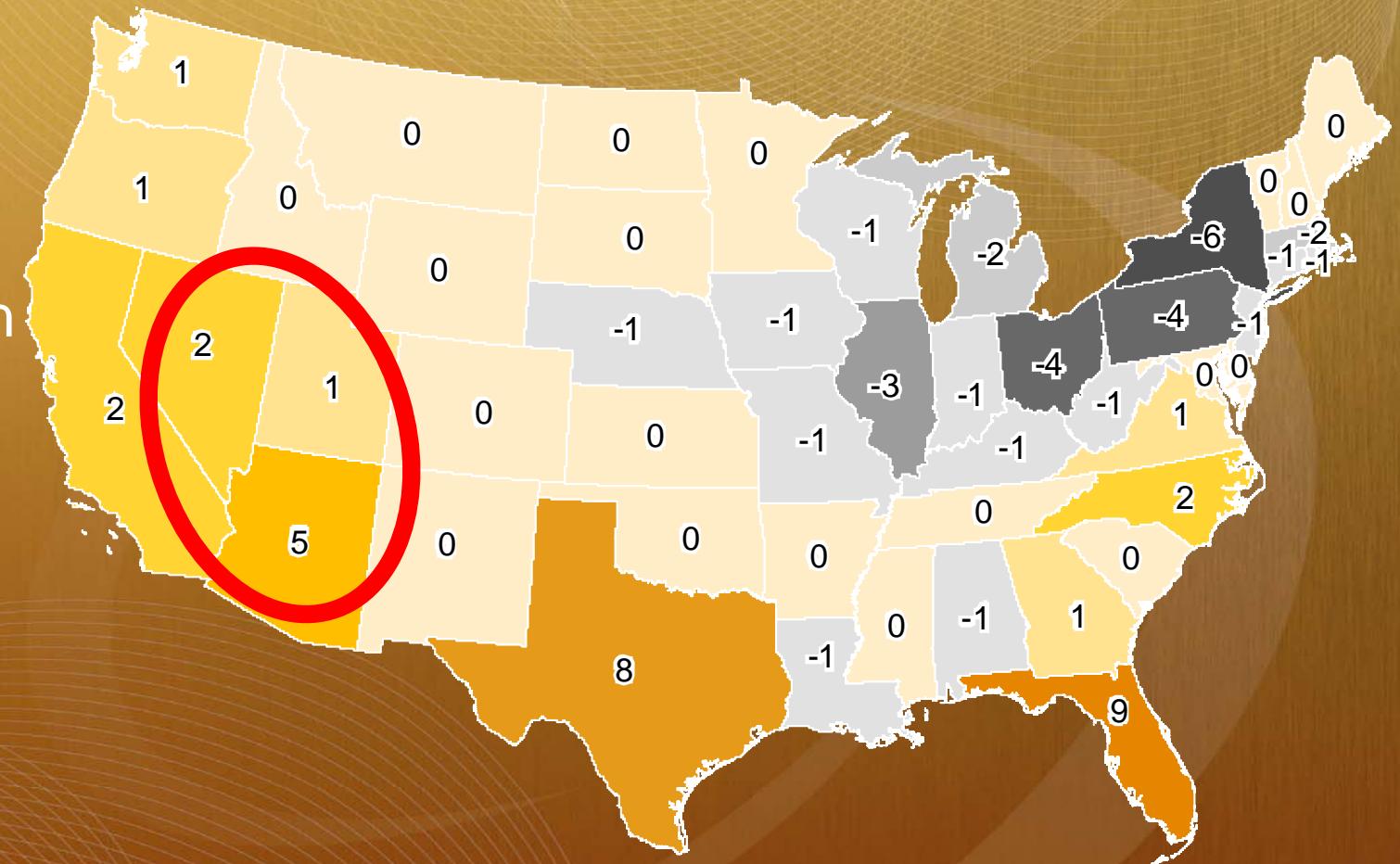


Another is the invention here of new urban forms



Finally, we're here chasing the new politics

Population growth will give the Intermountain West **eight new electoral votes** by 2030



Source: Bill Frey, 2005

The region's new importance and style of politics will impact the election next week and beyond



“The selection of Nevada for the early caucus and Denver for the home of the Democratic National Convention signals a growing recognition of the significant impact the Western region will have on national elections”

-Sen. Harry Reid

Mountain Megas

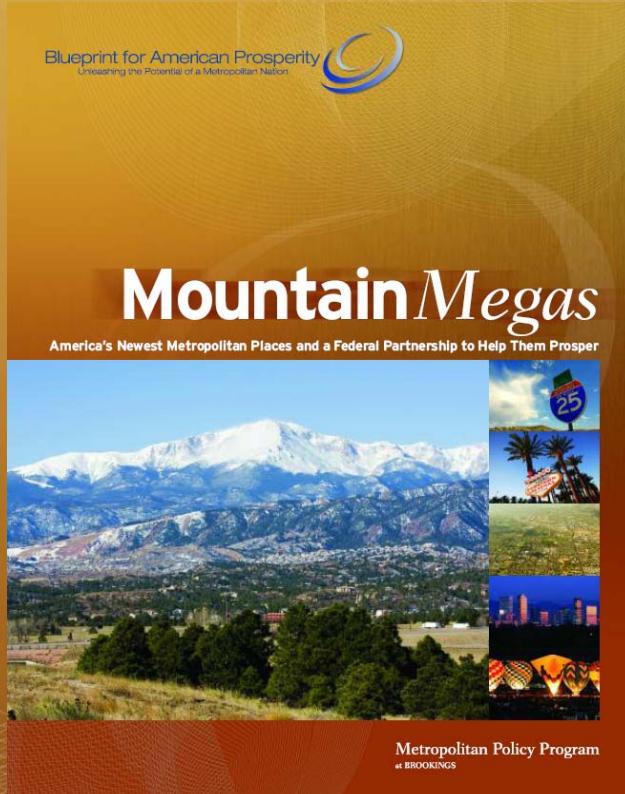
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Emerging opportunities and challenges

A new federal-mega partnership

About “Mountain Megas”

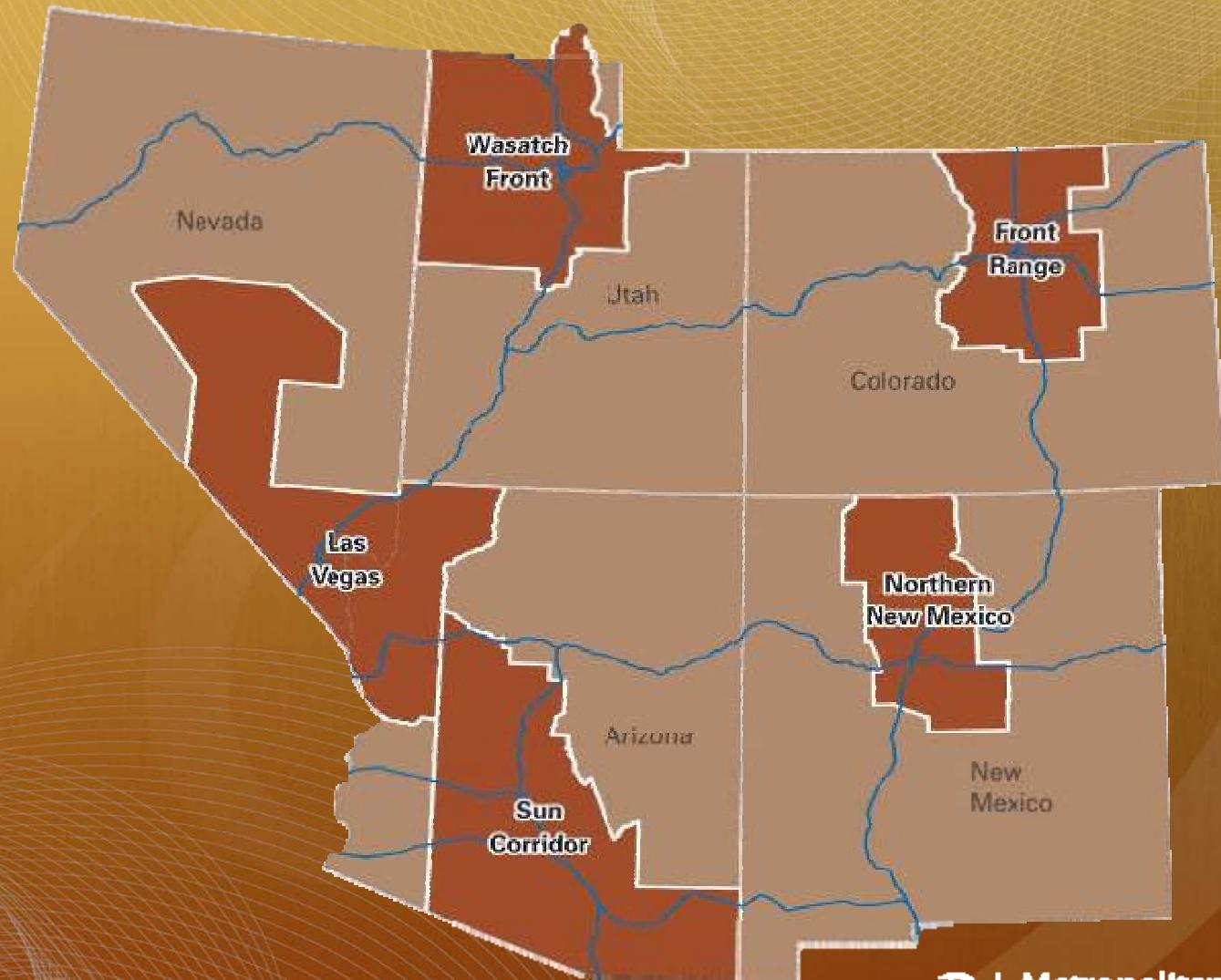


Applies the concept of “**megapolitan**” space to the West

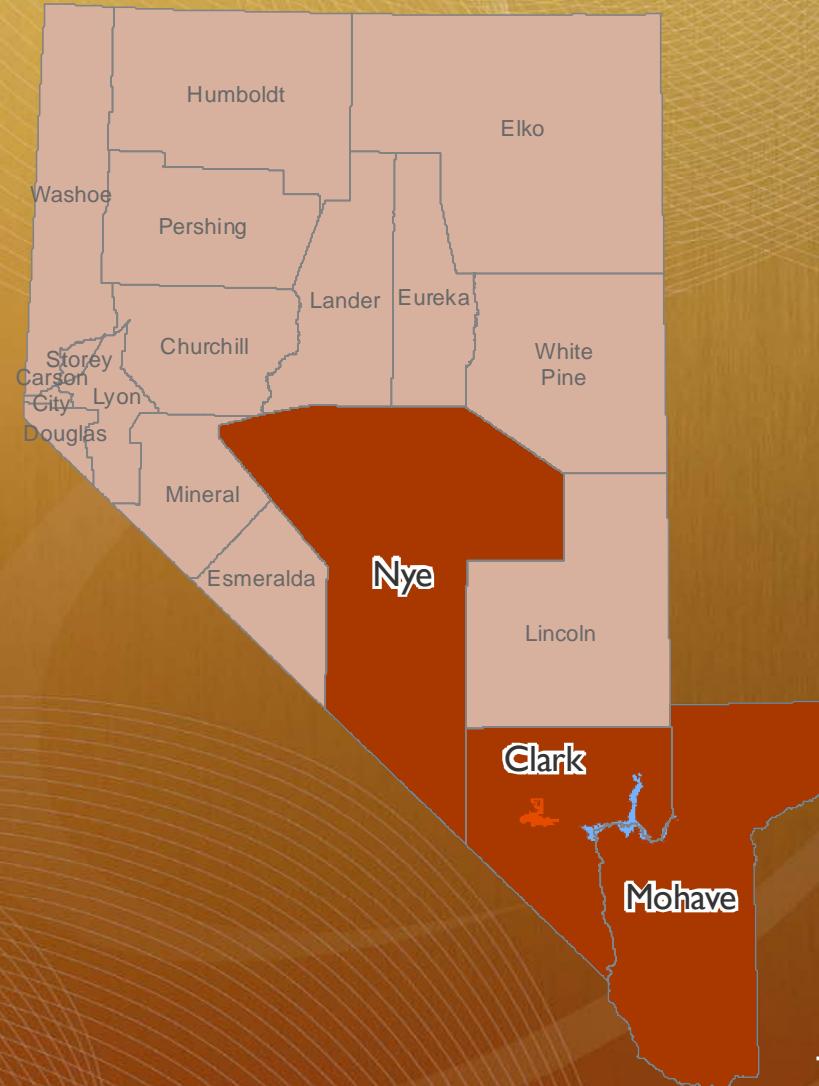
Analyzes **growth trends, opportunities, and challenges** in this light

Proposes a new **federal-mega partnership** that insists on necessary federal reforms while empowering rising megas of the West

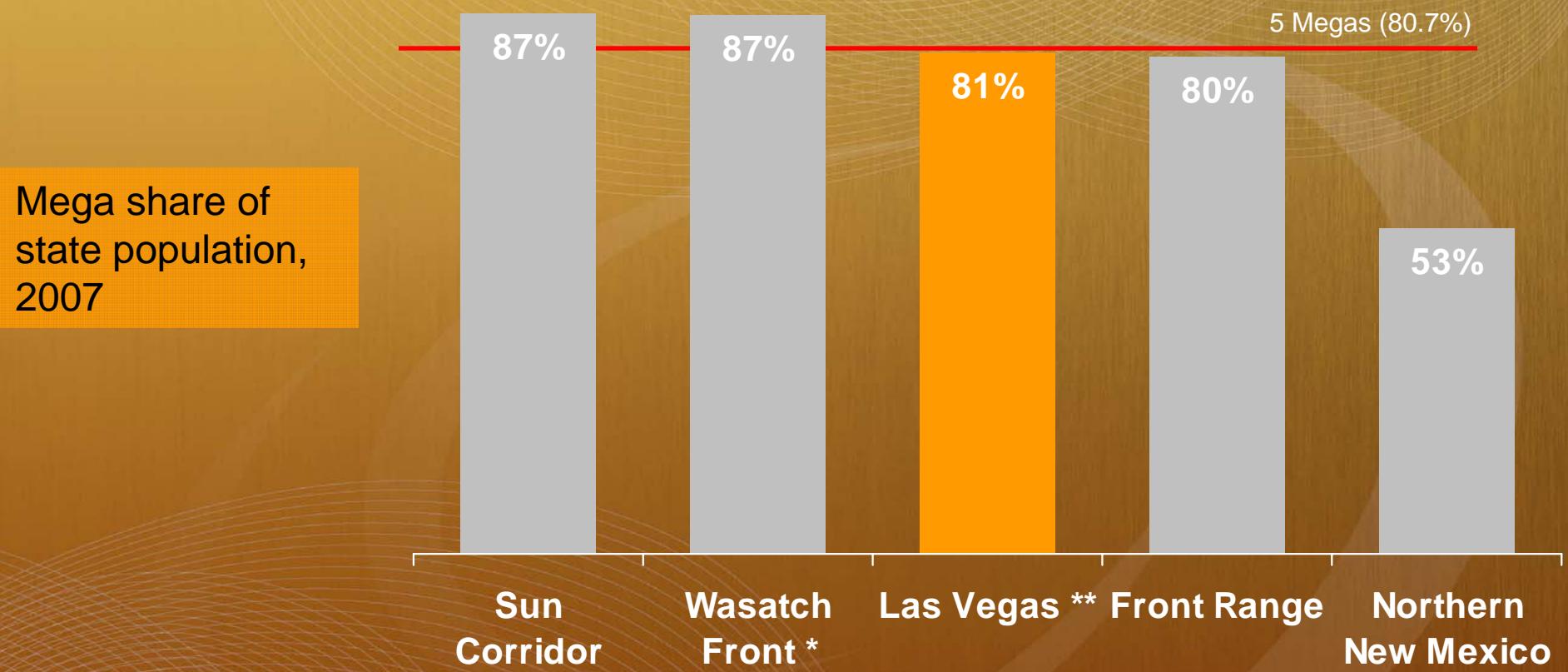
We identified five megapolitan areas in the Intermountain West



What we call megapolitan Las Vegas is comprised of three counties



In general, the Mountain megas—including Las Vegas—encompass large shares of their states' population



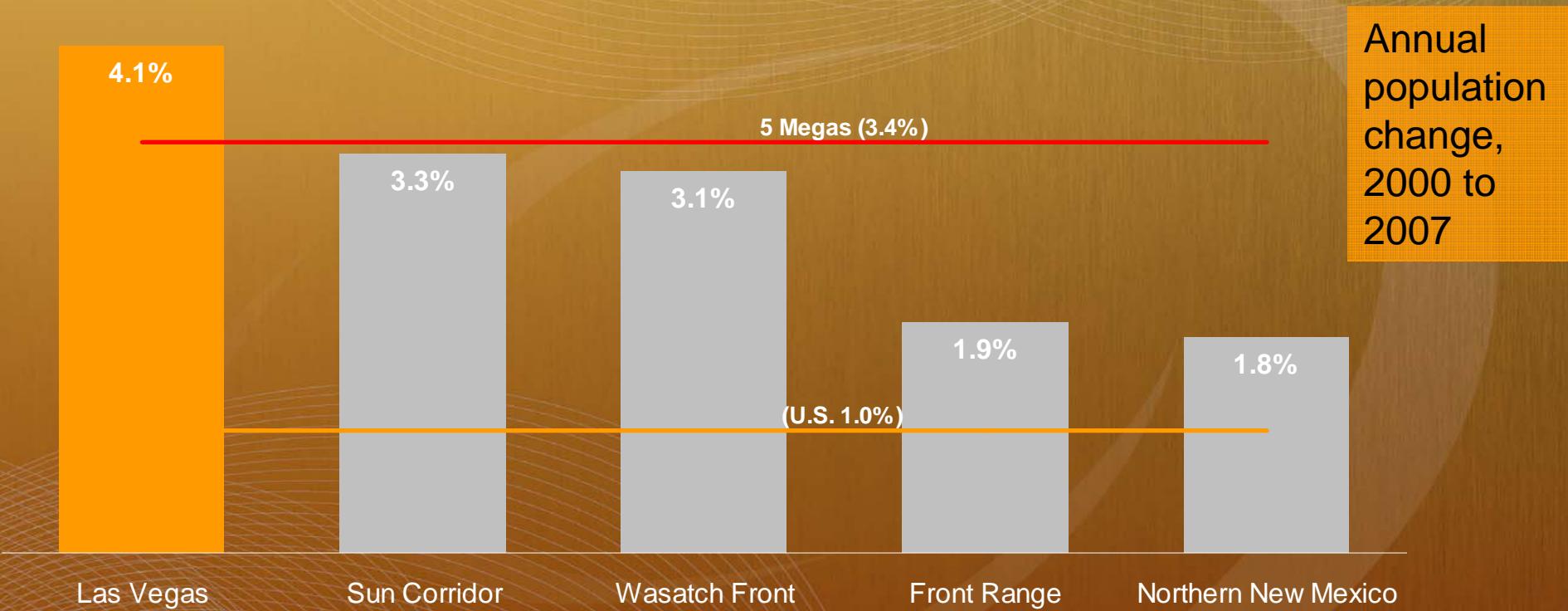
*Number excludes portion of mega in Idaho

**Number excludes portion of mega in Arizona

Source: Census Population Estimates

As a group, the Mountain Megas—especially Las Vegas—represent a major growth phenomenon

Megapolitan Las Vegas grew four times faster than the nation since 2000

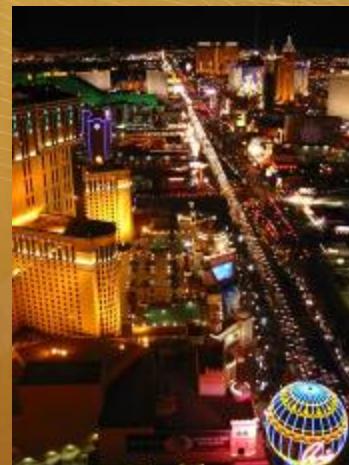


Source: Census Population Estimates

The Mountain megas are highly bounded, often by public land



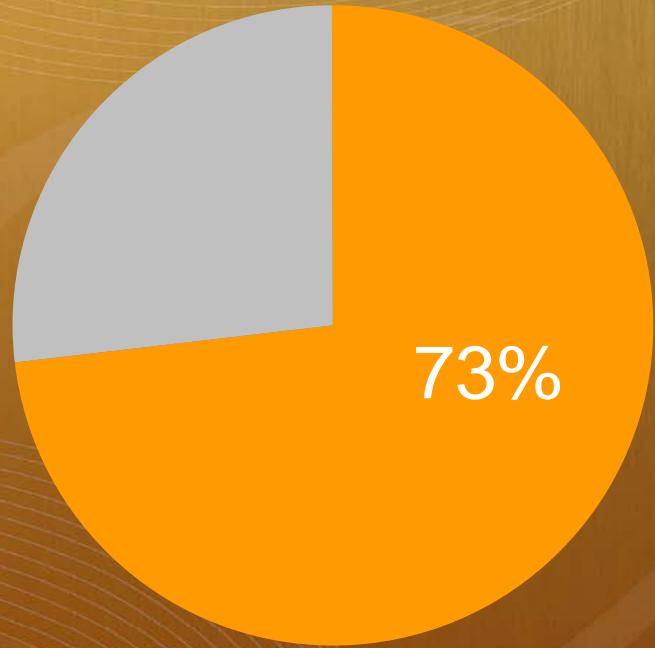
Fully 86 percent of Mountain mega residents live at urban densities Megapolitan Las Vegas is **84 percent** urban



Source: U.S. Census Bureau

Finally, Las Vegas exemplifies the enormous economic contribution the Mountain megas make to their state economies

The Las Vegas metro area—by far the largest component of the metropolitan region—contains 71 percent of Nevada's population and generates 73 percent of its gross domestic product



Metro Las Vegas' share of
Nevada's GDP

Source: Census Population Estimates and Bureau of Economic Analysis

Of course, the financial crisis has hit Las Vegas particularly hard

Population growth has dropped to around 1 percent per year

Job growth has ceased in all sectors (except government), with particularly large losses in the hospitality industry



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Despite the current climate, Greater Las Vegas has some advantages

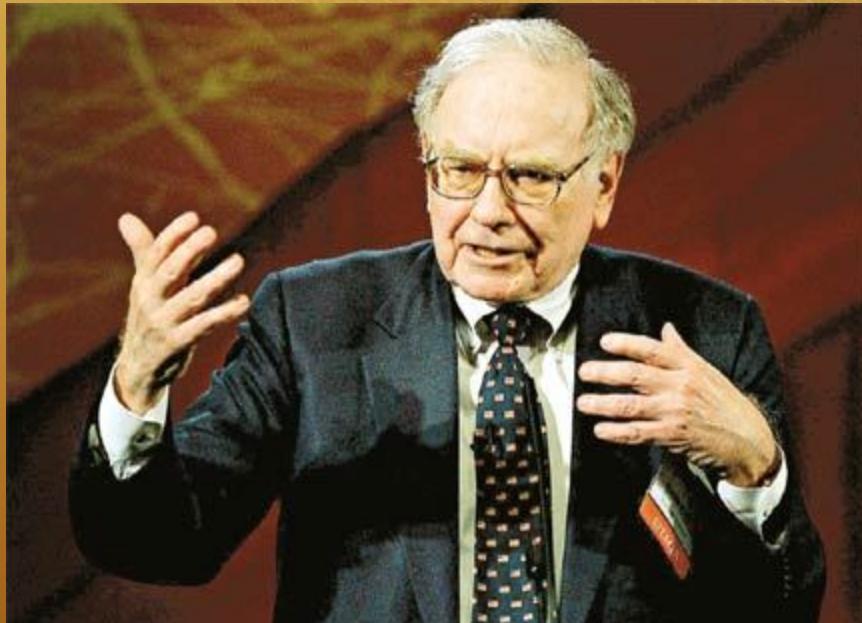
Housing is becoming affordable again

The convention industry remains and may gain from shake-outs elsewhere

The weather remains...perfect!



At a time like this, Warren Buffett offers a smart perspective



“Be fearful when others are greedy, and be greedy when others are fearful”

But: The mega region does face a number of challenges as it seeks true prosperity

Infrastructure

Innovation

Human Capital

Sustainable, Quality Places

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Effective Governance

Like the other Mountain megas, greater Las Vegas is underserved by interstates

Las Vegas and Phoenix are the largest two adjacent metros not served by an interstate highway



Source: Federal Highway Administration



Meanwhile the two-lane **US-93**, linking Las Vegas and Phoenix, is congested and relatively dangerous

Greater Las Vegas and the rest of the megas are also undersupplied with intercity rail

The lack of rail service between Las Vegas and cities such as Los Angeles and Phoenix results in long travel times on strained highways



And while Las Vegas has the most globally-connected airport in the Intermountain West, it ranks poorly on exports per capita



Greater Las Vegas exported value per capita is lowest in the Intermountain West at only \$497, almost \$1,800 behind the second-lowest Front Range

Source: Taylor and Lang, 2005

Challenges

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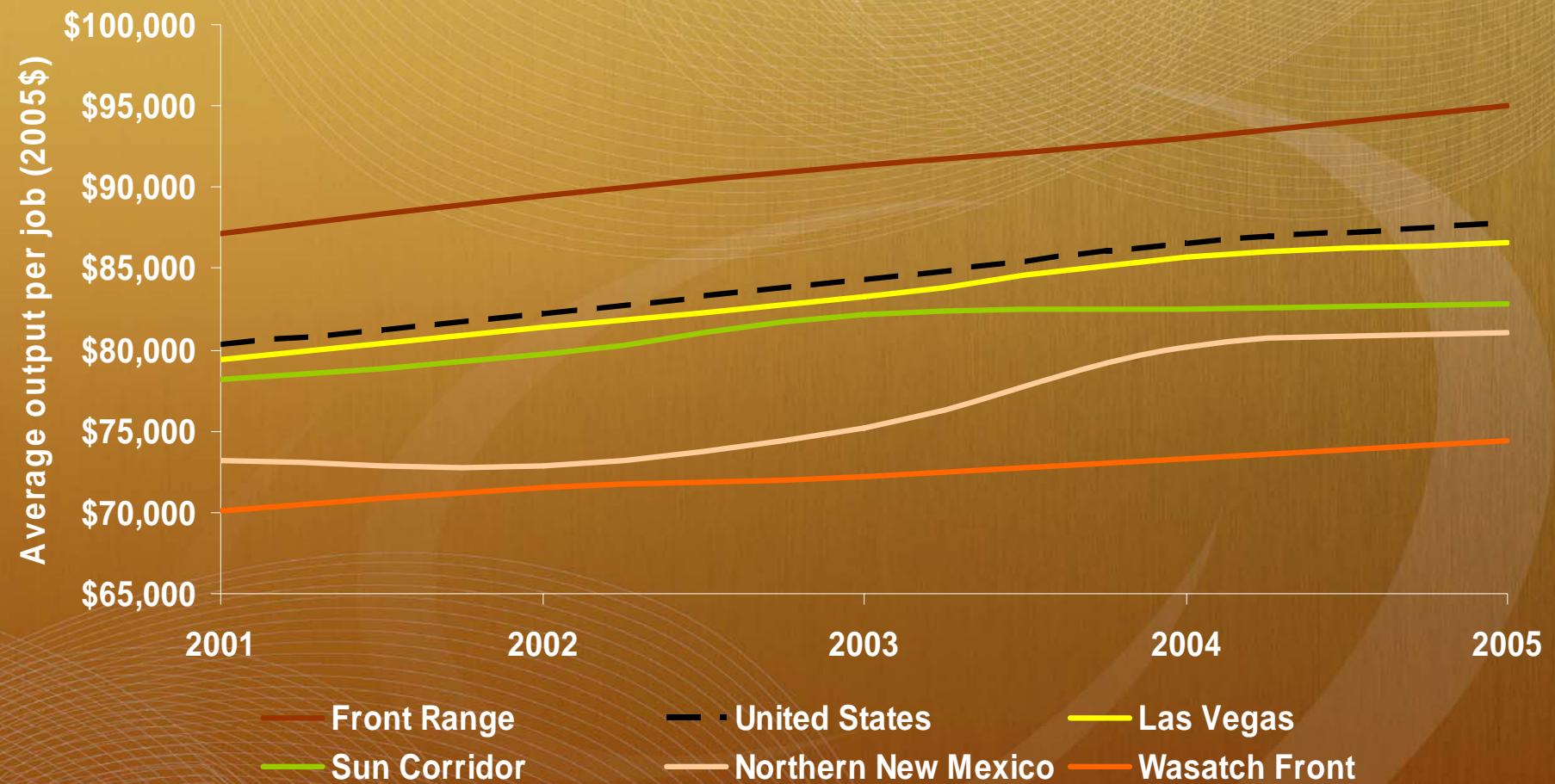
Despite the presence of major research institutions, the mega lags on some indices

While UNLV has smartly increased research expenditures, Greater Las Vegas remains the only Mountain Mega without a top-100 state research university

At the same time, the university gets the lowest return on its R&D investment out of any in the Intermountain West: Over \$14 million is spent per invention disclosure

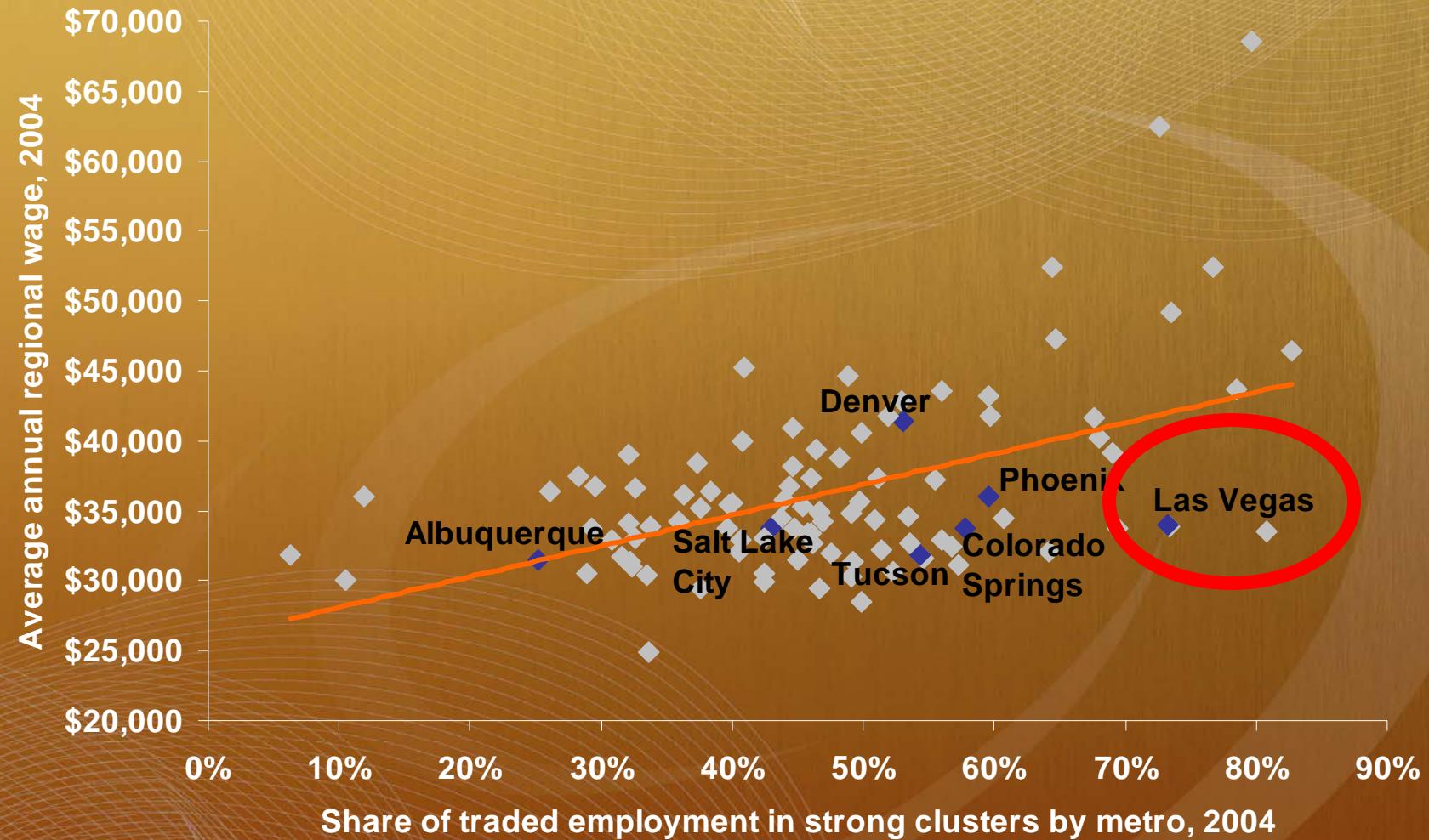


Labor productivity has kept pace with the national average, though the current economic crisis may alter that trend



Source: Bureau of Economic Analysis

Despite high employment in strong export clusters, the region contends with low wages



Challenges

Infrastructure

Innovation

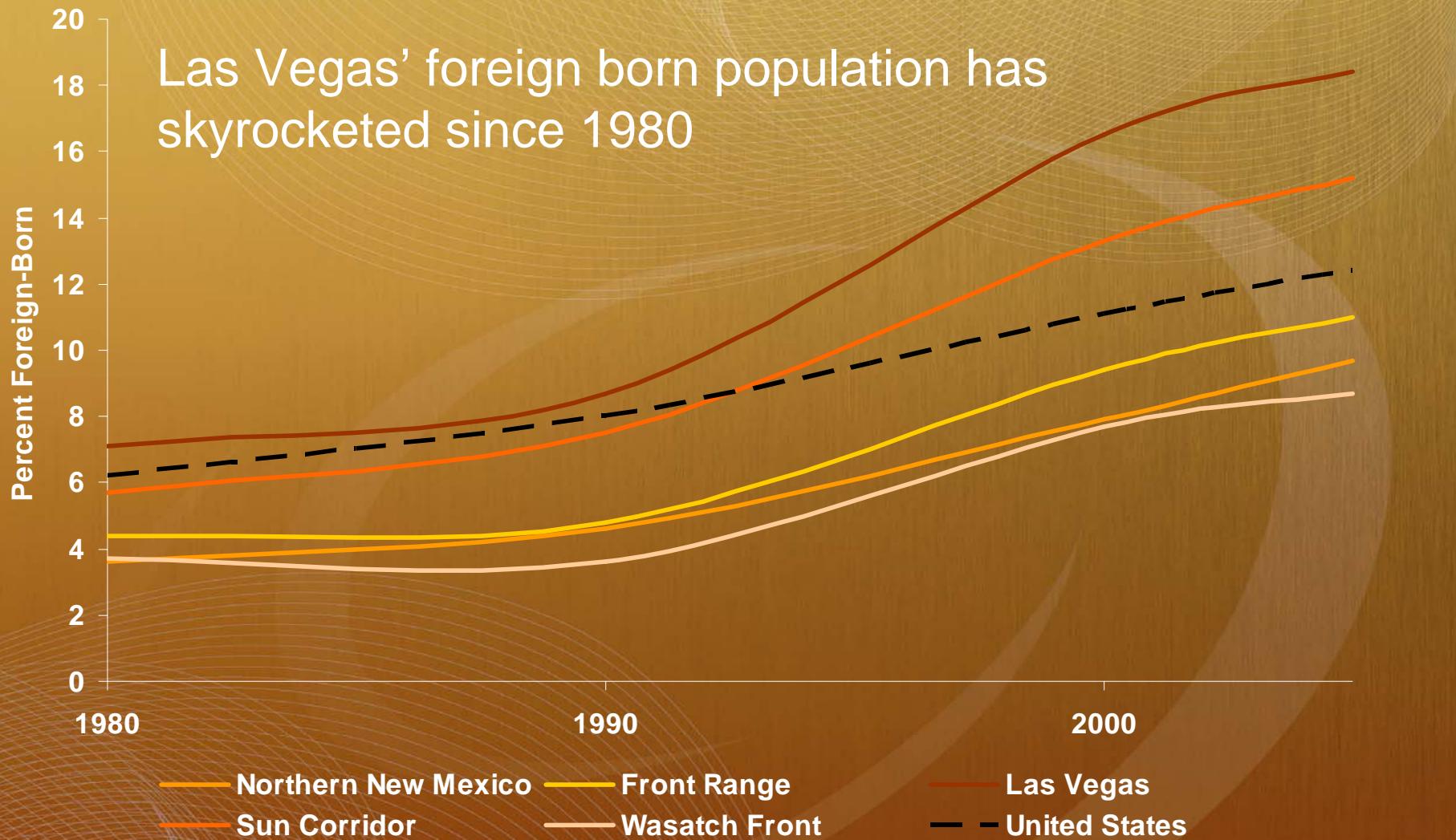
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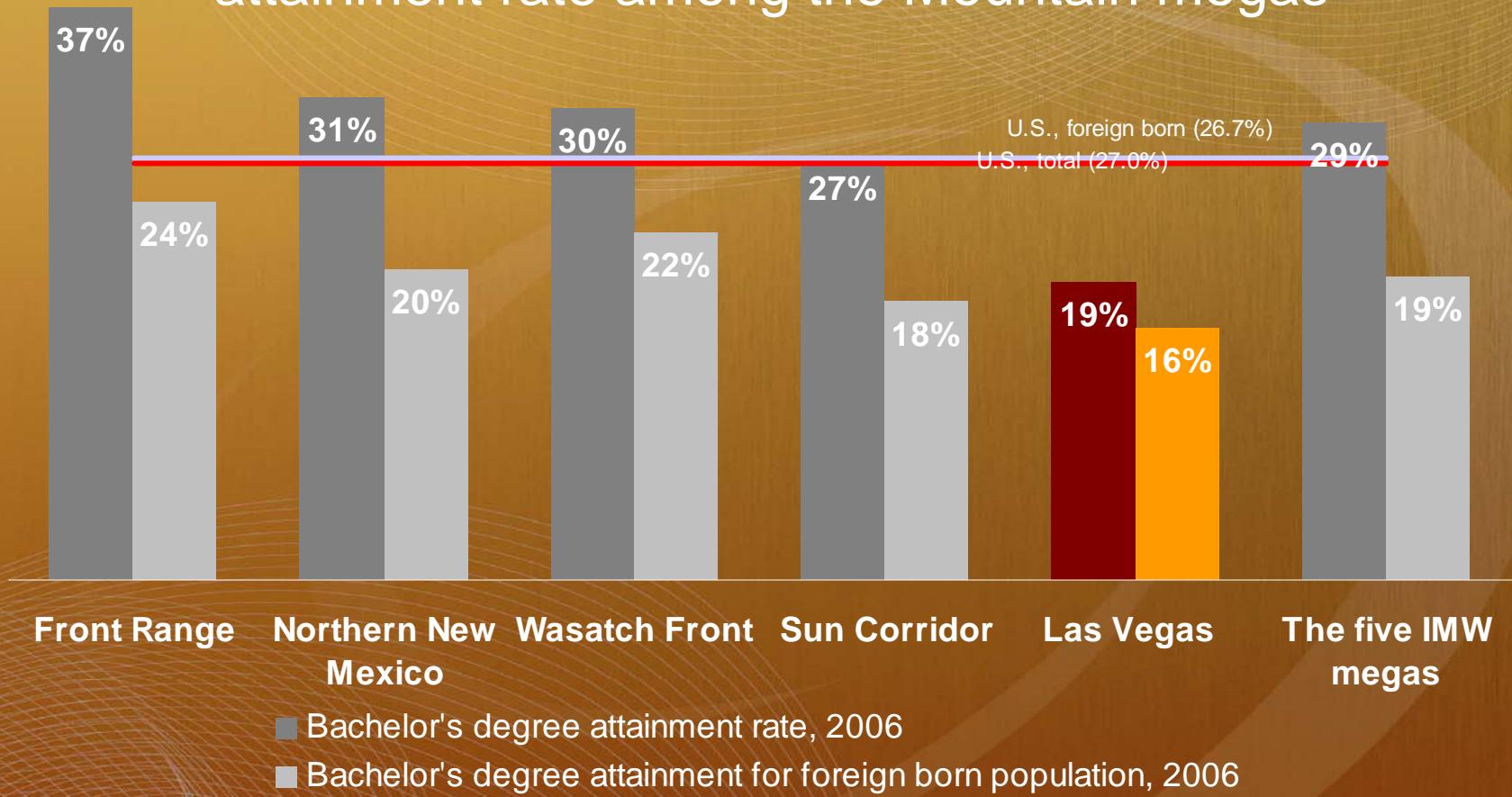
Immigration is increasing the share of foreign-born residents



Source: U.S. Census Bureau

And those immigrants have the worst rate of college attainment in the Intermountain West

Las Vegas also has the lowest overall college attainment rate among the Mountain megas



Source: U.S. Census Bureau

Challenges

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Innovation

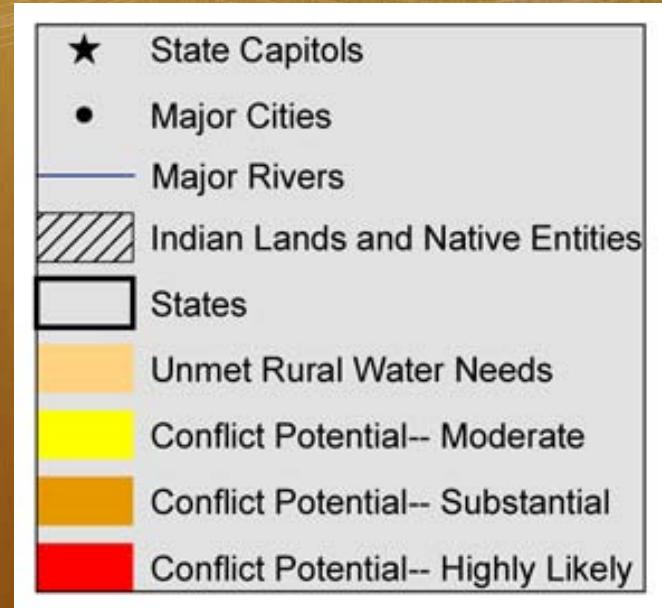
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Water conflicts in the Las Vegas region are deemed highly likely by the U.S. Bureau of Reclamation



Source: U.S. Bureau of Reclamation

Progress continues on the ACE Rapid Transit system, but the region still lacks abundant transit options



And while natural growth constraints have fueled high density development, some choices have left the region auto-dependent and poorly linked



Challenges

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Effective Governance

The region faces governance challenges

Incohesive planning leads to periodic less-than optimal outcomes



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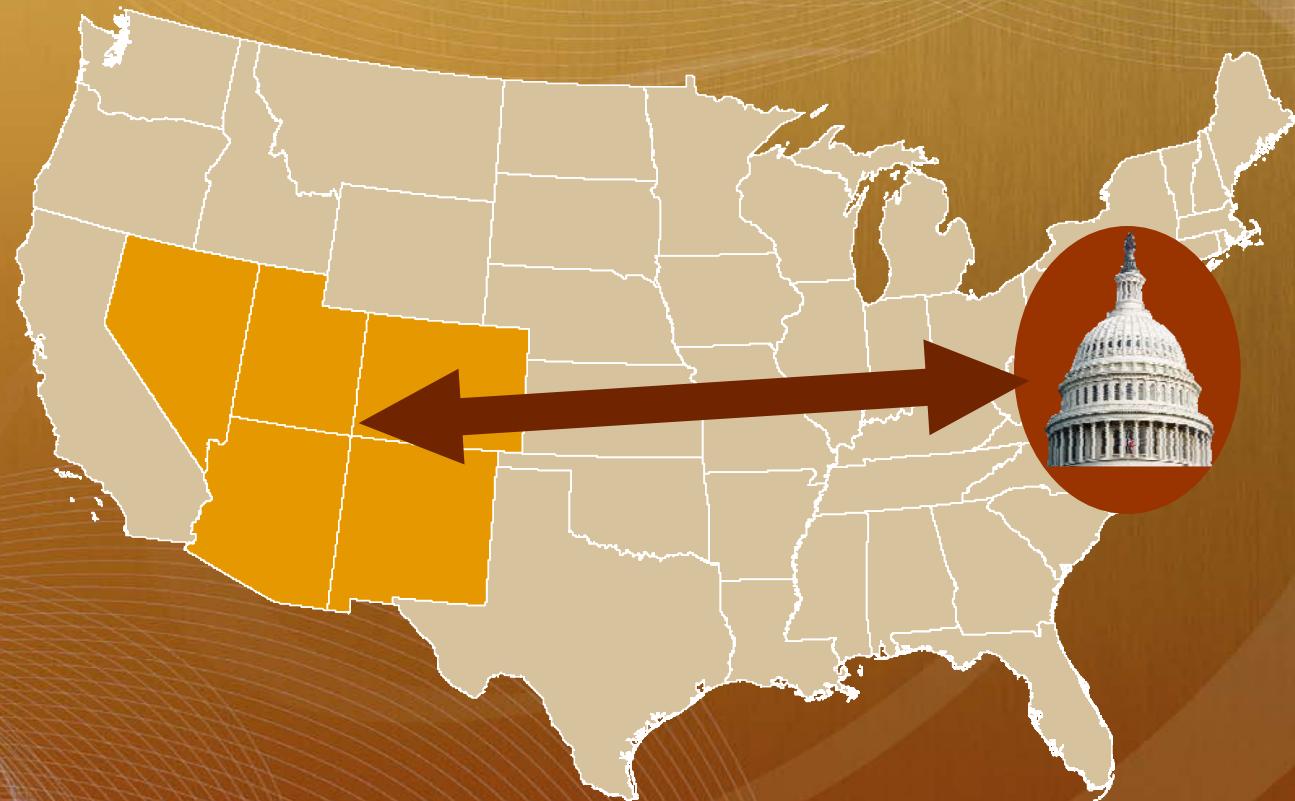
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The time is right

With a new president and Congress set to take office, the time is right to forge a new partnership with Washington



Upcoming legislative junctures offer openings



*Stimulus
package(s)*



*Transportation
bill reauthorization*



*Major energy
bill(s)*



*Climate
change bill*

To be sure, megapolitan leaders can and must do a lot on their own. And you have:

The Bruce Woodbury Beltway (I-215) was the first U.S. interstate almost completely overseen by a county (Clark County) and paid for with few state or federal dollars



The region has made important strides in reducing its per-capita water consumption



Sen. Reid and UNLV hosted the **National Clean Energy Summit**, partly to generate opportunities in their renewable-resource-rich state



However, no matter how much Las Vegas innovates, it does not have the resources, powers, or flexibilities to “go it alone”

Like all mega regions, Las Vegas contends with:

Limited jurisdictional reach

Limited resources

Cross-boundary problems



Examples: Interstate freight corridors, R&D, immigration, climate change

At the same time, there will always be a critical role for Washington in unleashing prosperity

Washington can and must:

Ensure adequate provision of public goods that wouldn't be provided otherwise

Bring large-scale federal resources to bear

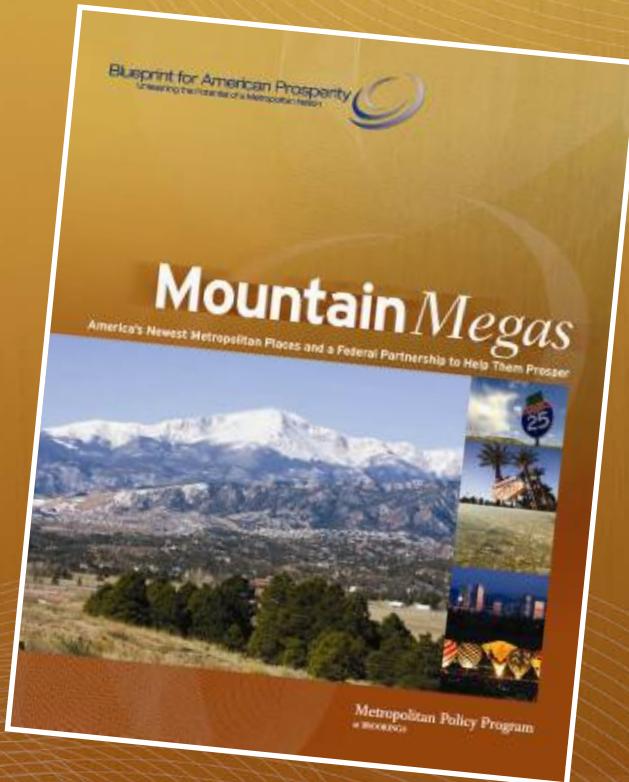
Provide appropriate rules and flexibility

Facilitate information and idea exchange



Therefore, we are working to help regions' leaders develop a new federal-state-mega partnership

In such a partnership, Washington must:



Lead

Empower

***Maximize
performance***

A new federal-state-mega partnership

Infrastructure



Build out between-mega passenger and freight networks

Support within-mega networks, especially with transit

Provide metros and megas more discretion

Put rail on same footing as highways

Capitalize a national infrastructure bank

A new federal-state-mega partnership

Innovation



Fully fund AmericaCOMPETES to bolster regions R&D activities

Help the region build up its megapolitan export clusters

Provide longer-term alternative energy tax credits and loan guarantees

Experiment with new energy research paradigms

A new federal-mega partnership

Human Capital



Provide balanced, comprehensive, effective immigration reform

Provide catalytic R&D on urban immigrant education

A new federal-state-mega partnership

Sustainable, Quality Places



Provide a national framework for climate change research and carbon emissions reduction

Invest in supportive public transportation

Incentivize energy- and resource-efficient land use and building design

Issue a sustainability challenge

A new federal-state-mega partnership

Governance

Establish broad “regionalism steer” to key categorical, block, and other grants

Issue a governance challenge



In sum...



...the time has come to make America's emerging New Heartland in the West a prime test-bed for the nation's next generation of pragmatic, far-sighted metropolitan policies

For More Information

Robert Lang- (571) 296-1033, rlang@vt.edu

Mark Muro- (202) 797-6315, mmuro@brookings.edu

www.brookings.edu/metro/intermountain_west.aspx