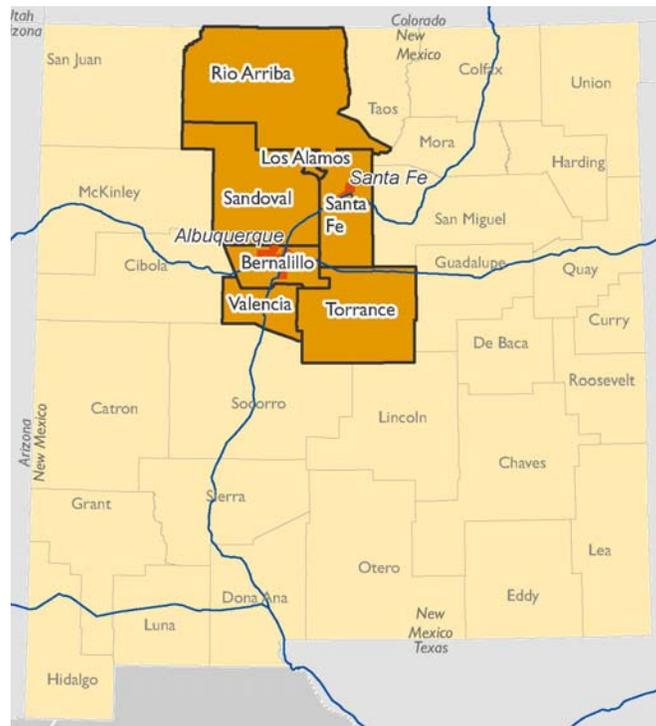




# Mountain *Megas*

America's Newest Metropolitan Places and a Federal Partnership to Help Them Prosper

## A Profile of **Northern New Mexico**



Northern New Mexico is home to some of the oldest urban places in the Intermountain West. The region has grown to more than one million residents, but is smaller and has seen slower growth than its mountain mega peers. This profile—a snapshot associated with the Brookings Institution report, “Mountain Megas: America’s Newest Metropolitan Places and a Federal Partnership to Help Them Prosper”—describes some of the key trends facing **Northern New Mexico** as well as the critical challenges it must surmount in order to attain sustainable, robust, and inclusive growth. It also highlights a few areas of particular need for a more supportive, constructive partnership with the federal government.

## Trends in America's Fastest Growing, Most Urban Region

Northern New Mexico is the smallest of the Mountain West megapolitan areas, with just over 1 million residents in 2007. About 75 percent of its population is concentrated in Bernalillo and Santa Fe Counties—where Albuquerque and Santa Fe are located. It contains 53 percent of New Mexico's population and generates 86 percent of its gross state product. In short, what happens in Northern New Mexico shapes what happens in New Mexico. And much is happening there:

**Northern New Mexico has added 287,000 new residents since 1990.** Compared to its booming Sun Corridor (Phoenix-Tucson) neighbor, Northern New Mexico has grown more slowly. Still, the mega has grown by more than 2 percent per year since 2000, over 1 percentage point per year faster than the national average. The city of Albuquerque ranked 44<sup>th</sup> out of the 50 fastest growing U.S. cities between 2005 and 2006.

**Northern New Mexico is growing relatively efficiently.** Federal and tribal lands make up 36 percent of its total land area. Consequently, the mega has grown relatively densely, converting to urban use no more than 0.75 acres of rural land for every new housing unit constructed between 1980 and 2000 (vs. more than two rural acres for every new unit built in the lower 48 states as a whole).

**Northern New Mexico lags the nation in the share of its jobs located in key export-oriented industry clusters.** With 25 percent of its employment in traded clusters,

Northern New Mexico trails behind the national average of 29 percent. And with 15.3 percent of its employment in knowledge industries, the region also lags the U.S. average of 16.0 percent.

**Northern New Mexico's economy is not as productive as it could be but it's making good progress.** In 2005, average labor productivity in Northern New Mexico was almost 8 percent lower than the national average and lagged behind the Front Range, Greater Las Vegas, and the Sun Corridor. Fortunately, productivity growth in Northern New Mexico was strong, besting growth in its peer mountain megas and the national average by more than one percentage point between 2001 and 2005. Productivity growth in Northern New Mexico was driven primarily by gains in metro Albuquerque.

**Northern New Mexico is the most racially diverse of the mountain megas, and continues to attract immigrants and citizens from all over the country.** Almost 35 percent of domestic arrivals to Northern New Mexico in 2005 moved from California and Texas. Another 44 percent came from within the Intermountain West. The region's share of foreign-born residents doubled between 1990 and 2006, bringing the total to 104,000. The mega has the largest share of Hispanic residents among the mountain megas, owing to recent immigration plus descendants from early Spanish settlers. It also has a substantially larger share of Native American residents than the other mountain megas.

## Emerging challenges and opportunities

Looking forward, Northern New Mexico is projected to grow by another half a million residents to reach a population of 1.6 million residents by 2040. In accomplishing that, the area will need to produce 348,000 new or replaced housing units to accommodate this change; meaning that more than 20 percent of the region's housing units in 2040 will have been added or replaced since 2005. The area may also add 386,000 new jobs, requiring 553 million square feet of new or replaced commercial space.

Such projections point to an opportunity for Northern New Mexico to improve on its current level of prosperity. However, in order to seize that opportunity the region needs to surmount a number of challenges.

These challenges revolve around securing the region's standing on four sorts of assets that play crucial roles in driving true prosperity.

### INFRASTRUCTURE

**Rapid growth is placing a strain on Northern New Mexico's existing transportation infrastructure.** For instance, recent commercial growth on the urban fringe is placing pressure on existing highway interchanges (I-40). The I-25 corridor is congested and could benefit from more capacity from Albuquerque to Rio Rancho and Sandoval County, and north to Denver. Fortunately, the region is investing heavily in commuter rail and has bought the freight rail right-of-way north to the Colorado border. When fully-developed, these rail investments will help to shape the emerging megapolitan's form and reduce energy demands as the

mega adds another projected half million residents by 2040. So far the mega has made these investments largely without federal funds, limiting its reach and residents' access to public transportation.

**Northern New Mexico is not yet well connected into the global economy.** The mega retains strong domestic connections through Southwest Airlines to places like Baltimore, Seattle, Chicago, and Newark. Yet, its airports do not carry much global travel and its exports per capita (\$2,257 in 2006) trail the national average for metropolitan areas (\$4,191). In fact, the mega falls behind similarly-sized Charlotte and Nashville in global connectivity.

**Uncertainties remain with respect to water.** Northern New Mexico has limited snow pack and may become drier as a result of global warming. The mega has untapped aquifers, but some are federally-owned or high in salinity and do not meet drinking water standards. Nearly 80 percent of the mega's water is used for agriculture, and there will be conflicts over moving water into urban uses due to long-standing agricultural and tribal water rights. Yet, agricultural water use is relatively inefficient and water savings in this arid region could be achieved through better irrigation technology.

**Northern New Mexico has excellent alternative energy potential in wind and solar power.** Sandia Labs is investing in solar R&D. Transmission of new renewable energy may pose a challenge, as may the federal lapse in renewable tax credits (solar), which may put research into solar at risk. The mega also has a large contingent of its population that is eligible for low income home energy assistance program (LIHEAP) funding, but current funding tends to go to Eastern and Midwestern areas.

## INNOVATION

**Northern New Mexico has strong research capacity, especially given its smaller size, but commercialization is weak.** The University of New Mexico and New Mexico State University spent \$350 million on R&D in 2006, \$100 million more than they did in 1998. The mega hosts two large federally-funded national laboratories (Los Alamos and Sandia), with combined R&D spending of \$4.1 billion in FY 2006. Patenting activity in the mega, however, lagged the national average (39 patents per 100,000 workers in 2005 vs. 53 nationally) and lagged its Front Range, Sun Corridor, and Wasatch Front peers.

**Northern New Mexico's also faces below average productivity.** The economy in Northern New Mexico is closely linked to the federal government, especially through its two major research labs at Los Alamos and Sandia. This brings income to the region but not wealth. Fortunately,

average productivity in the mega is on the rise and metro Albuquerque has posted strong recent productivity gains.

## HUMAN CAPITAL

**Human capital—as evidenced by education levels—is higher than average in Northern New Mexico but reveals gaps.** The general population in Northern New Mexico is well educated with higher than average rates of bachelor's degree attainment (31 percent vs. 29.3 percent nationally). Yet educational attainment for the foreign-born population in Northern New Mexico lagged and only slightly bested the national average (19.9 percent vs. 19.3 percent nationally). More than 40 percent of the mega's foreign-born had not received a high-school diploma (vs. 32.4 percent nationally).

**Poverty rates are higher in Northern New Mexico than the other mountain megas but the income structure is stable.** In 2005, 14.2 percent of the mega's population lived in poverty (compared to 13.3 percent nationally). Northern New Mexico experienced substantially slower poverty growth than the other mountain megas, growing by only 15 percent since 1990 (compared to 21 percent nationally). The mega was the only mountain mega to retain a stable income structure between 1970 and 2005 and not lose a large share of its middle-class population, although it had a smaller middle-class to begin with in 1970.

## QUALITY PLACES

**Development in Northern New Mexico is moderately dense.** Yet, the region struggles with urban design choices that make it low-density, auto-dependent, single use, and not linked up well to accommodate future public transportation. Infill development is difficult. Higher density development is taking slowly hold, and bringing secondary benefits such as more efficient use of water and energy. For instance, Mesa del Sol is a large-scale innovative project south of downtown Albuquerque. If the project was connected up by light-rail to the airport and to downtown, it would help to form a critical parallel rail route to I-25. For now, the region is investing in bus rapid transit and improving rural bus linkages to urban and suburban jobs.

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While megapolitan leaders may want to promote mega-scale responses to mega-scale problems, they are frequently hobbled because they lack the super-scaled governance institutions and networks needed to shape their futures. Competition for revenue generating manufacturing and retail among municipalities is challenging the planning process of Northern New Mexico's regional planning organizations and resulting in large incentives being offered

to prospective employers. At the same time, the state economic development and transportation departments sit on the sidelines without the authority to resolve competitive

pressures. Previous efforts at regional governance, such as city-county consolidations, have failed.

## Toward a New Federal-Mega Agenda for the Intermountain West

As 2009 approaches, the moment is ripe for Northern New Mexico and other Intermountain West leaders to forge a partnership with the federal government that will ensure this mold-breaking New American Heartland is better understood in federal policy discussions and can grow in ways that enhance its sustainability, economic productivity, and social inclusiveness.

To help shape that partnership, Brookings is working with Northern New Mexico and other mountain mega leaders to explore a suite of federal policy options that will allow the megas to overcome their common challenges and assert their leadership in the nation and world. Ideally, this partnership will see Washington lead on the things only it can attend to, while otherwise empowering and supporting regional leaders and their decisionmaking. Limited but substantive and strategic federal engagement will be particularly important in helping Northern New Mexico secure its standing on the key drivers of prosperity: infrastructure, innovation, human capital, and quality places.

### INFRASTRUCTURE

**Bring the transportation network to scale, smartly.** As Northern New Mexico grows, it would benefit from better connectivity to big nearby cities, such as Denver and El Paso. The state of New Mexico already purchased the rail right-of-way north to the Colorado border for the new parallel corridor to Denver. The mega is also planning to extend its commuter rail service (Rail Runner) from Belen to Santa Fe, and will need support to extend it further into Rio Arriba county.

**Enhance global connectivity.** Northern New Mexico is fairly isolated and its air links are especially critical to developing an international presence. The mega also needs help developing export-oriented clusters of firms and industries that would help the mega compete in the global marketplace.

**Proactively address enormous resource needs, especially on water and energy.** Northern New Mexico will need water and energy for an additional half million residents by 2040, while preserving its air quality and reducing its carbon footprint. Washington will have to help by facilitating creative, collaborative regional water agreements and by investing in better data and models for climate, water, and energy. The federal government also needs to facilitate and support the expansion of the national energy transmission grid and extend federal tax credits and loan guaran-

tees for alternative energy generation and adoption (especially solar).

### INNOVATION

**Leverage sci-tech research capacities for economic development.** The Intermountain West is well situated to pursue cutting-edge research and development work and then spin off innovative new businesses and good jobs, whether in biotech and IT or new renewable energy technologies. The mega's two large national labs could be better leveraged for this purpose.

**Stimulate the growth and innovation of strong industry clusters, such as Albuquerque's analytical instruments cluster.** On this front, the federal government should not be in the business of "picking winners." However, the federal government must support local efforts to boost and expand competitive industry clusters—a crucial seedbed of innovation, productivity, and quality jobs.

### HUMAN CAPITAL

**Deliver balanced, workable immigration reform.** The federal government needs to aid the region by passing comprehensive immigration reform. States and localities need to be reimbursed for some of the costs of failed federal policy. Efforts are also needed at the community level to improve integration for legal immigrants.

**Support the creation of a capable, productive, and diverse middle-class workforce.** The federal government should take on research and development on immigrant education as a core function of its education policies. The federal government should also do more to secure the pipeline to post-secondary education. Finally, the federal government should boost the wages of lower income workers and their families by expanding and modernizing the earned income tax credit (EITC).

### QUALITY PLACES

**Invest in and encourage supportive public transportation.** Federal transportation policy must remove the policy and funding bias in favor of highways and loosen the purse strings for transit. The federal government should refine existing performance standards to ensure pedestrian-oriented design and multi-modal connectivity. These policy

reforms will be especially helpful as the region continues to extend its commuter rail and bus rapid transit systems.

***Incentivize energy- and resource-efficient land use and building design.*** Federal transportation funding should be conditioned on appropriate state and local building codes, zoning, groundwater, and wildlife protection plans. Federal standards for resource sustainability should also be applied to federal land transfers.

***Issue a sustainability challenge.*** This challenge, delivered in a competitive grant offer would challenge all regions to figure out—in exchange for added reward money and/or increased rule flexibility—the boldest, most creative, and effective new ways to better link up disparate housing, transportation, environmental, energy, and land use policies to achieve sustainability goals, such as a reduced carbon footprint.

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Finally, to help megapolitan governance innovation in Northern New Mexico keep pace with on-the-ground reali-

ties, the federal government should provide a tactful mix of information and encouragement to help catalyze the emergence of more cross-boundary and mega-scaled problem-solving within and across U.S. megas. It could also lay down—in partnership with state government—a “governance challenge” analogous to the sustainability challenge aimed at inspiring megapolitan-area leaders to attempt deep-going experiments in organizing themselves to provide the most effective possible super-regional governance networks.

In sum, the time has come to make America’s emerging new Heartland in the West the test-bed for the nation’s next generation of supportive, far-sighted metropolitan policies.

Washington should work with Northern New Mexico leaders to make Northern New Mexico one of the best connected, most prosperous megas.

## About the Metropolitan Policy Program at Brookings

Created in 1996, the Metropolitan Policy Program provides decisionmakers with cutting edge research and policy ideas for improving the health and prosperity of metropolitan areas including their component cities, suburbs, and rural areas. To learn more visit [www.brookings.edu/metro](http://www.brookings.edu/metro)

## The Blueprint for American Prosperity

The *Blueprint for American Prosperity* is a multi-year initiative to promote an economic agenda for the nation that builds on the assets and centrality of America’s metropolitan areas. Grounded in empirical research and analysis, the Blueprint offers an integrated policy agenda and specific federal reforms designed to give metropolitan areas the tools they need to generate economically productive growth, to build a strong and diverse middle class, and to grow in environmentally sustainable ways. Learn more at [www.blueprintprosperity.org](http://www.blueprintprosperity.org)

## About *Mountain Megas: America’s Newest Metropolitan Places and A Federal Partnership to Help Them Prosper*

Prepared as part of the Brookings Institution’s *Blueprint for American Prosperity* initiative, “Mountain Megas” describes and assess the new super-sized reality of the Intermountain West and proposes a more helpful role for the federal government in empowering leaders’ efforts to build a uniquely Western brand of prosperity that is at once more sustainable, productive, and inclusive than past eras of boom and bust.

“Mountain Megas” studies five emerging megapolitan areas in the Intermountain West: the Sun Corridor (metropolitan Phoenix, Tucson, and Prescott), the Front Range (metropolitan Boulder, Colorado Springs, Denver, Fort Collins, and Greeley), the Wasatch Front (metropolitan Logan, Ogden, Provo, and Salt Lake City), Greater Las Vegas (metropolitan Las Vegas, plus Nye County, NV and Mohave County, AZ), and Northern New Mexico (metropolitan Albuquerque and Santa Fe, plus Los Alamos and Rio Arriba counties).

Learn more at [www.brookings.edu/metro/intermountain\\_west.aspx](http://www.brookings.edu/metro/intermountain_west.aspx)

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