



Mountain *Megas*

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

A Profile of **Greater Las Vegas**



Greater Las Vegas is one of the newest and least expected urban spaces in the country. It faces some of the most intense growth pressures of any area in the country, and even within the booming Intermountain West region. 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 **Greater Las Vegas** 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

Greater Las Vegas is the fourth-largest megapolitan area in the Intermountain West, with nearly 2.1 million residents in 2007. Its population is concentrated in Clark County, NV, but has spilled into Nye County, NV and Mohave County, AZ and looks now to be growing into Lincoln County, NV. The mega contains 80 percent of Nevada's population and generates 76 percent of its gross state product. In short, what happens in Las Vegas determines what happens in Nevada. And much is happening there:

Greater Las Vegas experienced by far the fastest population growth of any of the Western megapolitan areas from 1990 to 2007. So far this decade, the mega has grown by 31 percent, nearly five times faster than the nation as a whole. The mega's two "boomburbs"—North Las Vegas and Henderson—were among the 25 fastest growing cities in America from 2005 to 2006. North Las Vegas grew by nearly 12 percent in just that one year.

Greater Las Vegas is growing with surprising efficiency, in part because it is the most growth-constrained of any of the five "mountain megas." Federal and tribal lands make up more than 91 percent of the mega's total land area. Consequently, the mega has grown densely, converting to urban use no more than 0.0625 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).

Emerging challenges and opportunities

Looking forward, Greater Las Vegas is projected to more than *double* in size to reach a population of nearly 4.3 million residents by 2040. In accomplishing that, the area will need to produce upwards of 1.8 million new or replaced housing units to accommodate this change, meaning that in 2040 Greater Las Vegas will have added or replaced nearly *three times* as much housing stock as was on the ground in 2000. The area may also add 1.5 million new jobs, requiring 1.3 billion square feet of new or replaced commercial space.

Such projections point to a huge opportunity for Greater Las Vegas 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.

Greater Las Vegas leads the Intermountain West in the share of its jobs located in key export-oriented industry clusters. With 29 percent of its employment in the hospitality and tourism cluster alone, Las Vegas had more than 40 percent of its employment in export-oriented clusters in 2004 (vs. 29 percent nationally). Unfortunately, average annual wages in the export hospitality cluster remain low (although these jobs are often tip-dependent and wages do not reflect tip earnings). Greater Las Vegas also lags the other mountain megas in the share of its employment in "knowledge" clusters, such as financial services, information technology, health care, and knowledge creation, at 9 percent (vs. 16 percent nationally).

Average labor productivity and recent productivity growth in Greater Las Vegas fell just short of the national average. On these measures and on per capita income, Greater Las Vegas lags behind the high-flying Front Range, but surpasses the other mountain megas.

Californians and immigrants are flocking to Greater Las Vegas. Nearly 43 percent of domestic arrivals to Las Vegas in 2005 moved from California. Las Vegas also now has the largest share of foreign-born residents in the megapolitan West at 18.4 percent, which draw mainly from Mexico and Latin America. This compares to only 12.4 percent nationally.

INFRASTRUCTURE

Greater Las Vegas is struggling to build out its transportation network fast enough to keep up with past growth and to accommodate new growth. No direct interstate connection links Phoenix and Las Vegas, and the existing two-lane highway (U.S. 93) is inadequate, especially as it services passengers and freight moving across the Hoover Dam. The region's main airport (McCarran International) may soon reach capacity. The region's transit system is relatively young, though a new rapid transit system is under construction. The first line in the ACE Rapid Transit system will open in the fall of 2009. Two large park-and-ride facilities will also open in the next two years and a newly approved plan will redeploy the existing transit system to provide more commuter-friendly routes and roughly two dozen new park-and-ride facilities that will be developed with private firms.

Greater Las Vegas's share of Colorado River water is a tiny fraction of its potential needs. The area is also the only mountain mega without an agricultural base from which to draw water in the future for urban uses. Fortunately, Las Vegas has made important strides to decrease water demand and make the best use of the water it has.

INNOVATION

Greater Las Vegas' first challenge is to defend and enhance its world-famous hospitality and tourist industries. Clearly, the region has an important competitive advantage here. Looking forward, Las Vegas should look to "move up the value chain" by capitalizing even more on its world-class convening facilities and support services. This diversification looks particularly critical, as the current economic downturn appears to have finally hit the entertainment industry.

Less auspiciously, meanwhile, Las Vegas faces a wage issue. Greater Las Vegas, in this respect, started as the most prosperous of the region's mountain megas but experienced substantial erosion in its (reported) per capita wages and income relative to U.S. levels from 1969 to 2005. Even though inflation-adjusted average per capita wages increased from \$18,000 to \$19,800 over this period, Greater Las Vegas' average wages dropped from 34 percent higher than U.S. levels to only 4 percent higher than U.S. levels.

Greater Las Vegas has the weakest university-based research capacity of all five mountain megas. Its only major university—the University of Nevada-Las Vegas—has increased research expenditures but conducts much less R&D than universities in the other megapolitan areas. It has also seen the least return on its R&D investment in terms of invention disclosures such as patents, with nearly \$14 million per disclosure in 2004–06 (vs. U.S. average of \$2 million).

HUMAN CAPITAL

In part because of its heavy immigration, human capital—as evidenced by education levels—is relatively low in Greater Las Vegas. The mega has the highest proportion of residents with poor English proficiency (14.2 percent of 18–64 year olds vs. 5.5 percent nationally). It also has the highest proportion of residents without a high school diploma (18.1 percent vs. 15.8 percent nationally) and the smallest proportion with a graduate or professional degree (19.2 percent vs. 27.2 percent nationally).

Greater Las Vegas also experienced substantially faster growth in poverty than the other mountain megas, at more than 130 percent growth since 1990 (compared to 21 percent nationally). In 2005, more than 215,000 persons in Greater Las Vegas lived in poverty and contributed to an 11.6 percent poverty rate, still lower than the national rate of 13.3 percent but approaching it.

The human capital challenges faced by Greater Las Vegas are pressing. For one, its explosive growth means that funding for basic services and education always lags behind population. Greater Las Vegas is so busy just trying to keep up with growth that there is little time for thoughtful K–16 coordination, and little feedback between "lower" and "higher" education to fill the skills gaps of students entering college. In addition, economic diversification depends on the mega's ability to produce undergraduate and graduate students in science, technology, health, IT and other critical areas of new economies, but the pipeline is "leaky," and the mega is struggling to attract and grow knowledge industries to the region. Recent collaborations to promote better math and science training are promising, but the mega needs a sustained presence and committed leadership in this arena to meet the challenges of the 21st century megacity.

QUALITY PLACES

Severe growth constraints in Greater Las Vegas have led to compact, high density development. The Las Vegas Strip, for example, boasts one of the highest employment densities anywhere in the country, and the region's major airport is within only a few miles from the mega's major employment centers. Still, the region has struggled with urban design choices that make it auto-dependent, single use, and are not linked up well to accommodate future public transportation. Several new developments are embracing transit-oriented development and improved designs for pedestrian and bicycle amenities. MGM Mirage is also building what may become the largest LEED-certified project in the world (City Center).

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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.

Toward a New Federal-Mega Agenda for the Intermountain West

As 2009 approaches, the moment is ripe for Las Vegas 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 compact, Brookings is working with Las Vegas 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 to which only it can attend, while otherwise empowering and supporting regional leaders and their decisionmaking. Limited but substantive and strategic federal engagement will be particularly important in helping Greater Las Vegas secure its standing on the key drivers of prosperity: infrastructure, innovation, human capital, and quality places.

INFRASTRUCTURE

Bring the transportation network to scale, smartly. In particular, Greater Las Vegas needs assistance finishing its beltway, creating better highway and rail links to Los Angeles and Phoenix, and building out its public transportation system.

Enhance global connectivity, which will help the region better leverage its world-class convening facilities. With appropriate support from its federal partner, the region must invest in expanding runway capacity or strategically developing a secondary airport (i.e., Ivanpah) to alleviate bottlenecks, both in passenger and freight travel. In addition, the federal government must invest in upgrading the antiquated air-traffic-control system. Washington can also play a critical role in facilitating relationships with international destinations, especially in Asia and Europe. Finally, the region also needs high-quality surface transportation links between airports and regional job and distribution centers, and it should not have to invest in them alone.

Proactively address enormous resource needs, especially on water and energy. In addition, Greater Las Vegas will need water and energy for an additional 2.4 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, wa-

ter, 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 guarantees for alternative energy generation and adoption.

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.

Stimulate the growth and innovation of strong industry clusters, such as those in the region's convening and tourism sectors. 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 should 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. In a rapidly expanding urban environment driven primarily by one dominant industry, it is critical that educational programs build a highly qualified work force and create upward mobility for new residents seeking a better life. 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.

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, such as those within the Las Vegas disposal area.

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 Greater Las Vegas keep pace with on-the-ground realities, 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 Greater Las Vegas leaders to make Las Vegas one of the best connected, most prosperous model 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

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

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

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