

# Economic Impact Assessment Metropolitan Redevelopment Agency

20 Year Assessment: 2000 to 2020  
Prepared by the Mid-Region Council of Governments  
July 2020

## Introduction

The City of Albuquerque Metropolitan Redevelopment Agency (MRA) works to promote redevelopment and economic revitalization in distressed neighborhoods in Albuquerque. This is accomplished through strategic planning, creating metropolitan redevelopment areas, working with community groups and leaders to establish their priorities, purchasing property for projects that can act as an anchor for other new development in the area, issuing requests for proposals (RFPs) to develop the City owned property and then setting up public/private partnerships where the private sector is the developer. At the request of the City of Albuquerque, the Mid-Region Council of Governments (MRCOG) has performed an economic assessment of the projects the MRA has facilitated over the last 20 years.

The MRA invested 49.3<sup>1</sup> million dollars since 2000 in order to leverage 471.9 million dollars of private, state and federal investment for a total of 521.2 million dollars of investment of new commercial and residential buildings in Albuquerque. The MRA facilitated development projects from 2000 to 2020 consisting of 1,920 residential units, 550 hotel rooms, 271,000 square feet of retail space and 433,000 square feet of office space.

Table 1

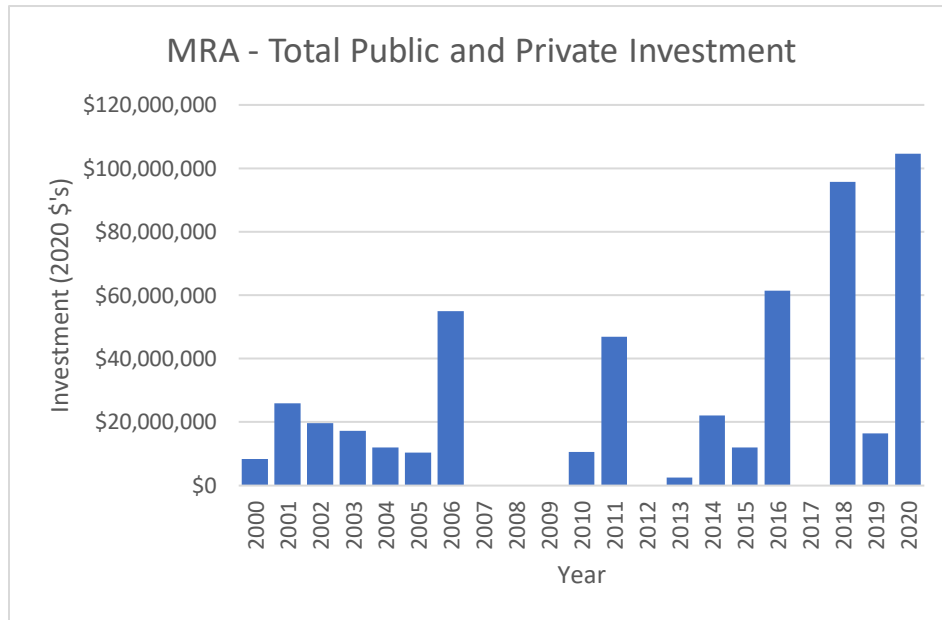
<b>Total Investment 2000 - 2020</b>			
	Millions of Nominal \$'s	Inflation Adjusted Millions of 2020 \$'s <sup>2</sup>	% of Funding
Federal	\$3.1	\$3.5	0.7%
State	\$8.9	\$9.9	1.9%
City	\$44.1	\$49.3	9.5%
Private	\$410.3	\$458.5	88.0%
<b>Total Investment</b>	<b>\$466.4</b>	<b>\$521.2</b>	<b>100%</b>

<sup>1</sup> All dollar amounts are 2020 inflation adjusted dollars unless otherwise noted.

<sup>2</sup> The nominal investment amounts were tracked by year and for this analysis they were first adjusted to 2020 dollar amounts using the Bureau of Labor Statistics Consumer Price Index (CPI). The CPI is a measure of the average change over time in the prices paid by consumers for a market basket of consumer goods and services.

Figure 1 shows the investment by year, which on average, was about \$25 million per year.

Figure 1



## Methodology

MRCOG employs the Regional Economic Models, Inc (REMI) model to produce the numbers presented in this report. The REMI model is updated annually by REMI staff and is calibrated specifically to the MRCOG region (which includes the extent of Bernalillo, Sandoval, Tarrant, and Valencia Counties, and a small portion of southern Santa Fe County). REMI allows users to quantify the economic impacts associated with a specific policy or investment, or the role a business or industry plays within the local economy.

MRCOG has operated REMI since 1999 for the purpose of long-range employment forecasting and for analyzing economic activity in central New Mexico. The REMI models are well respected and used by organizations throughout the world for economic impact analyses. REMI accepts inputs regarding projects of economic interest. These inputs are used to calculate, or to simulate, resulting economic impacts. At its core, REMI is an input-output computational general equilibrium model. The model uses information specific to the region collected from various agencies including the Bureau of Labor Statistics and the U.S. Department of Commerce. Inputs, from MRA, are then used to create a simulation which can be compared to the regional control and estimate economic impacts of the public and private investment in MRA projects.

There are a few key points that should be considered when reviewing the data contained in this report.

- The MRA assumes that all of the private investment in these projects was contingent on their public investment in these projects. The MRA works mainly with national developers who would invest elsewhere in the country without the MRA facilitating these projects.
- The investment was entered into the REMI model as construction of commercial structures. Although many of the MRA projects contain residential components, most are mixed use or large commercial scale multifamily developments and built to commercial construction standards; on average costing \$206 per square foot<sup>3</sup>, meaning the impact will be most similar to commercial construction. REMI does not have an input variable for multifamily structures, only commercial or residential. The majority of the residential construction in the region is single family homes, so using that variable would have underestimated the impact because single family construction in Albuquerque, on average, only costs \$114 per square foot<sup>4</sup>.
- The REMI model splits the MRCOG region into several geographies. In this analysis, the investment was added to East Albuquerque and all of the results shown are the impact on East and West Albuquerque combined.

Inputs to the REMI model were provided by the MRA and included total investment by year, as well as investment by source; private, federal, state and city. City and state funding was reallocated within each respective budget in the simulation because the funds would have been spent elsewhere within the City or State budgets had the MRA projects not occurred. Private and federal funding was considered new funds to the region.

## Economic Indicators

When estimating the total impact on the larger economy, several indicators are of particular interest.

Employment: Total employment is made up of direct employment and indirect employment. Direct employment includes the people employed in construction, engineering or real estate who directly work on the MRA projects. Indirect employment includes the jobs created that would not have existed without the direct employment. Indirect jobs are explained through what is known as the multiplier effect.

Gross Regional Product (GRP): GRP is the total value of consumption, investment, and government spending in the region. Investments and government spending not only impact GRP directly, but also help create jobs and spur further consumption. GRP can

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<sup>3</sup> Cost per square foot is estimated using an average residential unit size of 800 square feet. All dollar amounts are 2020 inflation adjusted dollars.

<sup>4</sup> Single family residential construction cost \$114/sqft in 2016 in Albuquerque according to RSMeans

also be seen as the total value of final goods and services produced within the regional economy.

Wage and Salary Disbursements: Wage and Salary Disbursements are the monetary remuneration of employees, including the compensation of corporate officers; commissions, tips, and bonuses; voluntary employer contributions to certain deferred compensation plans, such as 401(k) plans; and receipts in kind that constitute income.

Personal Income: Personal Income is comprised of wages and salary disbursements plus income from investments, proprietor’s income and government transfer payments.

Personal Consumption: Personal Consumption is the dollar amount of disposable income spent on goods and services by individuals. Higher wages lead to higher disposable income and generally higher levels of consumption.

**Results**

Private and public investment in the MRA projects from 2000 to 2020 accounted for a cumulative economic impact to Albuquerque’s economy of 444.3 million dollars in increased Gross Regional Product (GRP), shown in table 2. Incomes were increased by a total of 244.6 million dollars, 213.9 million of that increase in incomes came from increased wages and salaries. Increases in income lead to an additional 199.7 million dollars being spent in Albuquerque on consumption of goods and services that would not have occurred without the investment in MRA projects. The largest increase in wages and salaries was paid to workers in the construction industry who built the MRA projects. The wages paid out to workers have a large impact on Albuquerque’s economy as the income gets spent on goods and services throughout the city. Construction projects also have an impact on intermediate companies and suppliers of construction materials and equipment, as well as architects and engineers who are in the professional, scientific and technical services sector. The public and private investment in the construction of new buildings, facilitated by the MRA, has a direct impact on the construction industry and as those wages as well as the money to supplier companies cycles through the rest of the economy, the overall impact is significant.

Table 2

<b>Cumulative Economic Impact of MRA Projects on Albuquerque 2000-2020 (millions of 2020 \$'s)</b>	
Increase in Gross Regional Product (GRP)	\$444.3
Increase in Personal Income	\$244.6
Increase in Total Wages and Salaries	\$213.9
Construction	\$87.2
Professional, scientific, and technical services	\$44.5
Increase in Personal Consumption Expenditures	\$199.7

The peak year of investment by MRA projects is 2020 and is estimated to create 688 jobs this year. Table 3 shows the impact of the peak year and how many jobs will be created by the projects in 2020. The majority of the jobs that will be created in 2020 are in the construction sector since the investment is primarily used for construction of new buildings. The professional services sector, which includes architects and engineers, will be directly employed to complete these projects and accounts for 70 additional jobs in 2020. The real estate sector is directly affected as well as these projects create new employment opportunities for real estate professionals such as leasing or property managers. The increases in employment in the remaining sectors are a result of indirect or induced demand created as a byproduct of the increased economic activity as construction workers and other workers who are directly employed by these projects go on to spend their money in retail, food service and other establishments. The new jobs and increased economic activity are responsible for 380 additional people coming to Albuquerque this year, as workers and their families come to fill these new positions.

Table 3

<b>Peak* 2020 Economic Impact of MRA Projects on Albuquerque</b>	
Increase in Total Employment	688
Construction	297
Professional, scientific, and technical services	70
Real estate and rental and leasing	27
Retail trade	77
Health care and social assistance	56
All other sectors	161
Increase in Population	380

*\* The MRA has their highest levels of investment in 2020. The 'peak number of jobs' presented in this table reflect estimated employment impacts for this year.*

The MRA has facilitated significant investment and redevelopment in Albuquerque's core, resulting in large economic impacts to the entire city over the last 20 years. This investment directly supports the construction and related industries and indirectly impacts all industries. From 2000 to 2020, Albuquerque's economy grew by about 10 billion dollars<sup>5</sup> while the estimated cumulative impacts of MRA's projects was 444.4 million dollars, or accounts for about 4 percent of the growth of Albuquerque's economy.

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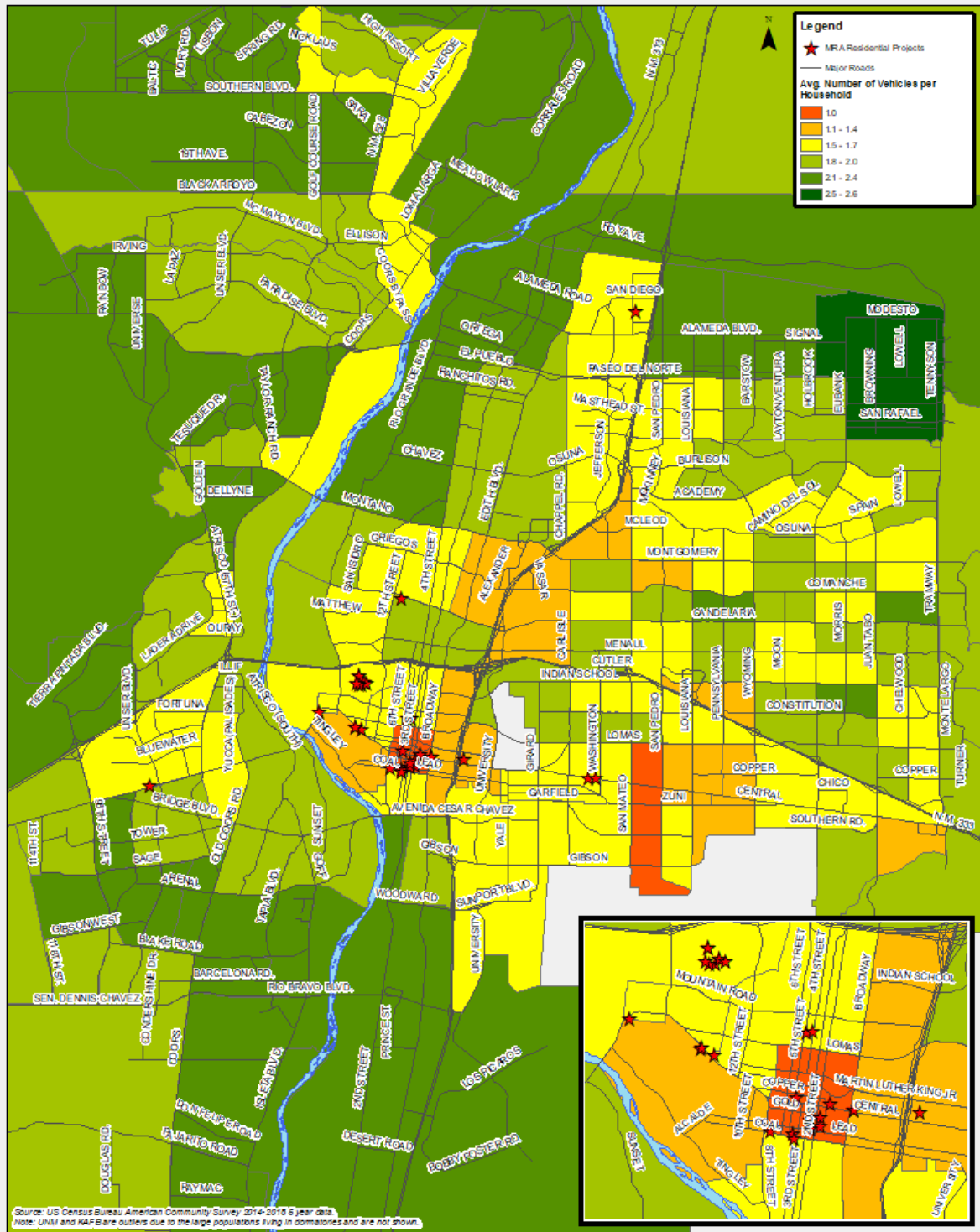
<sup>5</sup> Growth refers to the change in Gross Regional Product, source: REMI, all dollar amounts in 2020 inflation adjusted dollars.

## **Neighborhood Economic Impact**

The REMI analysis has shown that the MRA has created a significant economic impact for Albuquerque as a whole and the projects also have an impact on the neighborhoods around them. The additional residents added to a neighborhood when apartments are added, generates business for the nearby restaurants and retailers. Many MRA residential projects are near Downtown, a job center, which means the residents who are now able to live closer to their jobs will save on commuting and vehicle ownership costs which in turn frees up income to be spent at local businesses. Downtown residents, on average, have fewer cars than the rest of Albuquerque (averaging one car per household). Figure 2 shows the location of residential MRA projects and the average number of cars owned per household.

Figure 2

### Average Number of Vehicles per Household

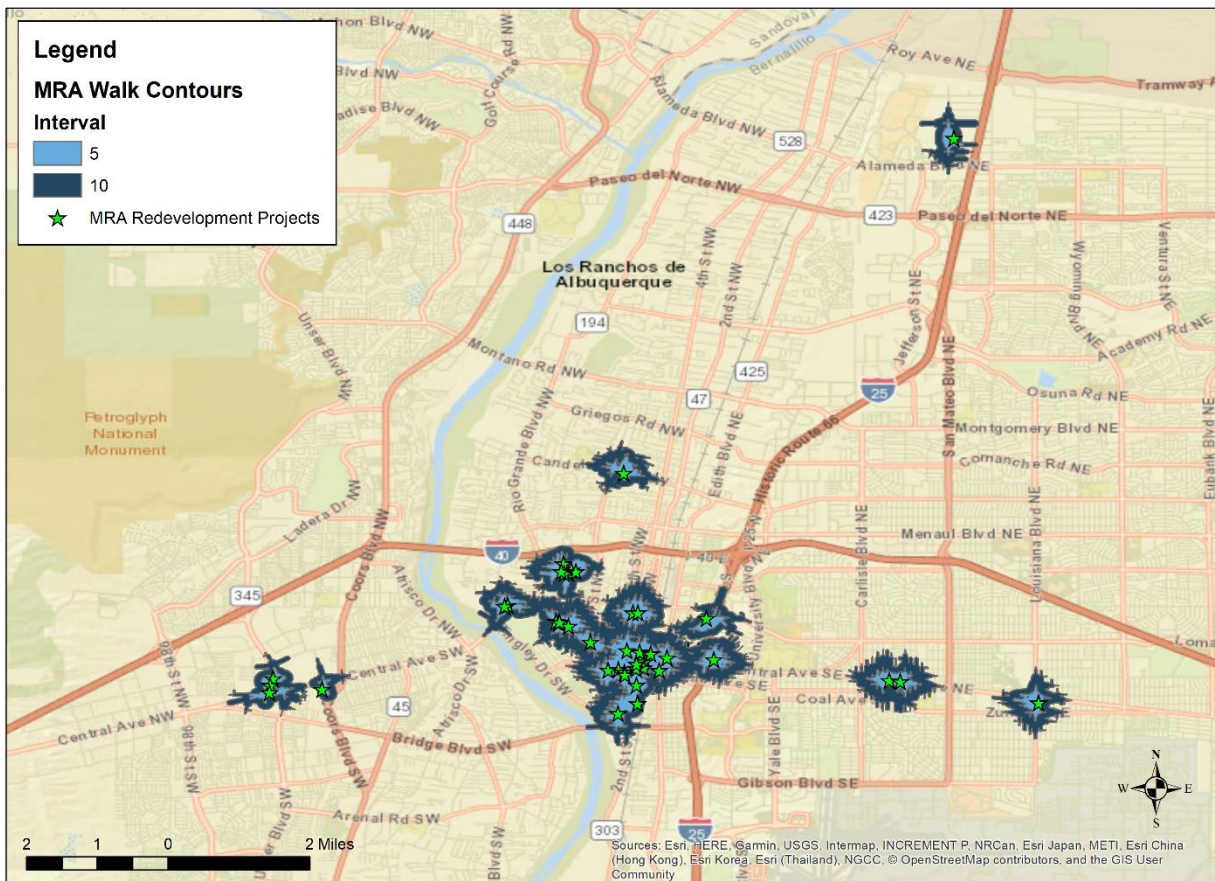


## MRA Redevelopment Locations

The Transportation Accessibility Model (TRAM) was used to perform an access analysis of MRA developments. TRAM is a tool that allows us to model accessibility to and from a point by different modes. In this analysis, we modeled how far an average person can walk in 10 minutes from the MRA redevelopment locations given the constraints of the roadway network.

Figure 3

5 and 10 Minute Walk Contours From MRA Redevelopment Sites



Source: MRCOG

We can use TRAM to measure how many jobs and households fall within the contours generated.



Table 4

<b>Population, Households and Jobs within a 10 minute walk of all 51 MRA projects</b>				
<b>Distance</b>	<b>Population</b>	<b>Households</b>	<b>Jobs</b>	<b>Square miles</b>
<b>10 Minute Walk</b>	26,181	12,645	46,398	5.4
<b>Albuquerque Region</b>	890,898	347,583	403,133	3039.1
<b>Portion w/in 10 min walk</b>	3%	4%	12%	0.18%

Source: MRCOG, 2016 Socioeconomic Estimate

The MRA redevelopment projects, collectively, are within a 10 minute walk of 12,645 households and 46,398 jobs. The MRA redevelopment sites are clearly placed in extremely job rich areas as 46,398 jobs represents 12% of the region’s total jobs.

### **Access to Transit**

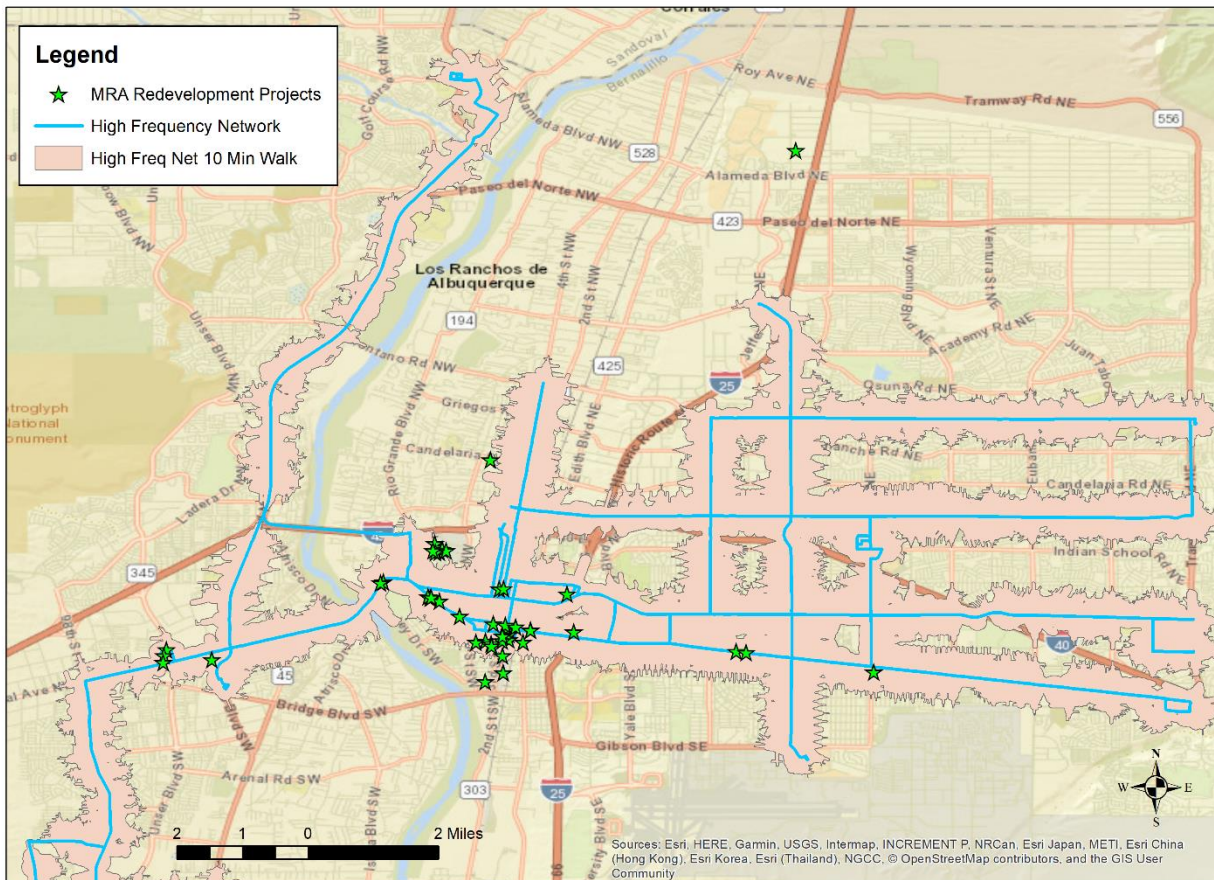
41 of the 51 (80%) MRA redevelopment locations are within a 10-minute walk of a bus stop along the region’s “High Frequency Transit Network,” which represents transit lines that have service at least every half hour on weekdays and have weekend service as well. For comparison, only 25% of the population in the Albuquerque Metropolitan Planning Area<sup>6</sup> lives within a 10-minute walk of the High Frequency Network. Given that 171,722 of the region’s roughly 403,133 (43%) jobs are within a 10-minute walk of the High Frequency Network, this means that residents along this network are able to access 43% of the region’s jobs via transit.

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<sup>6</sup> The Albuquerque Metropolitan Planning Area (AMPA) refers to the area made up of Bernalillo County, Southern Sandoval County (largely Rio Rancho), and Valencia County

Figure 4

MRA Redevelopment Sites and Access to High Frequency Transit



Source: MRCOG, ABQ Ride

## Conclusion

The investment, construction and redevelopment facilitated by the MRA over the last 20 years has had a significant impact on Albuquerque's economy. It has created jobs and increased the incomes of workers, not only in the construction industry, but in every sector and across the city geographically. The MRA has successfully leveraged private investment to accomplish their goal of redeveloping and reinvesting in distressed neighborhoods. The investment has also been targeted in areas near existing job centers and areas with access to high frequency transit, meaning the investment has also had direct impacts to the residents who benefit from this access and job opportunities that otherwise may have been out of reach. Creating better access to workers increases the productivity of businesses and increases the pool of workers available to hire.