

Pondering Albuquerque's Future

Can the Planned Growth Strategy and Downtown revitalization finally point the Duke City toward economic prosperity?



By Jeremy Vesbach photos by Singeli Angew

Thirty-seven percent of people living in the Atlanta suburbs wish they could move to a more urban home where they could walk to restaurants, maybe walk to work and generally experience what Albuquerque real estate and business developer Chris Leinberger calls "the excitement of urbanity."

Leinberger follows housing preference studies closely and says it's not just the Atlanta suburbs where people yearn for more housing options. A survey funded by Leinberger's Arcadia Land Company found nearly the same statistics hold true for Albuquerque. The bottom line: There's much more demand for walkable urban living in the Duke City than there is supply.

While supporters of the recently passed Planned Growth Strategy Ordinance are beginning to sound a little weary fending off critics who say the legislation is "anti-growth" or "a no-growth policy" (read: some fringe developers and the two real estate professionals on the City Council who voted against it, Tina Cummins and Sally Mayer), infill developers like Leinberger literally bounce with energy arguing that the very same ordinance will energize this city's economy.

"In this post-industrial world, quality of life is economic growth," says Leinberger. "If we can't provide a full spectrum of housing choices, we can't compete for high-wage jobs with cities like Austin, San Francisco or Boston."

But why then, from a free-marketer's perspective, isn't this happening? If, as Leinberger says, there is tremendous pent-up demand for walkable urban living, then developers should happily make a profit providing it—no government intervention needed. At least, that's been the argument against the Planned Growth Strategy coming from folks like Cummins and Mayer. Why not let the invisible hand of the market work its efficient magic and give people the kinds of housing they desire?

Because there is no such thing as a local government that doesn't influence the housing market; at least not when water, sewer, public transportation, roads, schools and parks are part of the government agenda. Additionally, according to Leinberger, housing studies routinely show that for the past few decades government policies regarding roads, sewers and the like have inadvertently encouraged sprawling development beyond what the market alone would dictate, both here in Albuquerque and in most other cities around the country.

For this reason, Leinberger sees "huge opportunity" for the Planned Growth Strategy to set Albuquerque on a new path, seeing as an estimated 100,000 people in the greater metro area want walkable urban living. In fact, his company is a major investor in the Historic District Improvement Company that is putting its time and money where his mouth is and is taking advantage of the "tremendous pent-up demand" for this type of housing (see sidebar).

Subsidizing sprawl development

Albuquerque charges \$1,250 for a new residence to hook up to city water and sewer. The pricing method sounds fair because every new residence is charged the same amount. But not every new residence costs the same to hook up. A developer who tears down an abandoned building and builds new apartments on the lot (where water and sewer lines already exist) will pay \$1,250 per apartment unit, the same amount charged to extend brand-new water and sewer lines to a house built on the city fringes.

It cost the city about \$100 per apartment unit to hook up utilities in a project recently developed on an infill lot by Arcadia Land Company. The other \$1,150 per apartment unit, Leinberger says, subsidizes the expansion of utilities to new developments on the fringes.

"Most studies show that sprawl development only covers 60 to 70 percent of infrastructure costs," says Leinberger. "The rest comes out of taxpayers' pockets and out of infill developers' pockets ... and it's only in the last ten years that we've begun to realize, 'Oh my God. We're subsidizing sprawl.'"

As soon as the end of this year, the 19-member Planned Growth Strategy Task Force (which includes Leinberger) will be making policy recommendations to the city council. Those recommendations could lean one of three ways: Continue the status quo with government policies that encourages sprawl development over infill, craft government policy so that neither sprawl nor infill is favored, or tilt the market in a new direction—towards revitalization and infill development.

Either way, the task force's recommendations will represent the hard work that went into eventually passing the Planned Growth Strategy Ordinance last year on a 7-2 council vote. Whatever direction the task force leans in, it would be foolhardy for anyone to call the ordinance a "no-growth" policy. There is simply no language in the bill, nor in the task force's mandate, to prohibit Albuquerque's population growth and future development.

"Builders don't really care where they build," says Jim Folkman, spokesman for the Homebuilders Association of Central New Mexico. "We just want to know the rules and have some predictability."

Although Folkman had warned against some of the legal aspects of early drafts of the Planned Growth Strategy Ordinance, especially any changes in impact fees charged to developers that could violate state laws, he also thinks Leinberger has a valid point.

"There is a market for infill," Folkman adds, "and I have good reason to believe the market could be bigger."

But, make no mistake, Folkman does not agree that residential developments on the outskirts of town are being subsidized by property taxes coming from Albuquerque's older neighborhoods.

"That's bunk," insists Folkman. "Developers and home owners within a new subdivision pay for all the infrastructure and give that money to the city. Then you hear the city funded sewer and roads, but developers have to pay for that as well because the city doesn't have the money. The best example is Ventana Ranch. Old neighborhoods don't subsidize the new neighborhoods, just the opposite is true, and I get angry when I hear that."

Subsidies aside, for proof of the "tremendous pent-up demand" for walkable urban living, look at the rents that recent Downtown re-developments are hauling in. New office and retail spaces in the 12-block redevelopment district (anchored by the Century-14 Downtown Theater on the corner of First Street and Central Avenue) are getting the highest rents in the city. Prices for new residential lofts in the redevelopment district have already jumped twice since they began selling five months ago, and they are now priced 2.5 times higher than average rent in other parts of the city for the same square footage.

When Leinberger was interviewed by National Public Radio in July 2000 for a "Morning Edition" segment on urban renewal and sprawl—back when it was still too early to say with absolute certainty that the Downtown redevelopment would succeed—he was asked if the point had come where he stopped waking up at night wondering: "Oh my God, what if this doesn't work?"

Leinberger suggested the reporter return and ask him again in two years. "Morning Edition" has yet to update the country, but Leinberger no longer loses sleep at night. In fact he now says with complete confidence: "There is tremendous opportunity here for developers."

Planning for growth

The first thing Jim Folkman does in an interview about future growth in Albuquerque is rename the Planned Growth Strategy Ordinance. Folkman prefers to call it "planning for growth," an important distinction because it drops all pretense of government control over the pace of growth.

For some, the renaming also drops all hope that the public at large, if it so desired, could do something to stop the middle Rio Grande Valley from becoming another vast and sprawling Phoenix—from becoming the sort of city that even from the vantage point of an airplane seems made of sprawling developments reproduced again and again by a cookie cutter. Regardless, *planning for growth* is an apt term for the strategy.

"It's neither pro- nor anti-growth," says City Councilor Michael Cadigan, who represents the Westside, and along with Councilors Eric Griego, Hess Yntema, Miguel Gómez and Vince Griego, was a strong supporter of the ordinance from its very beginning. "It is a sort of map of the city that says, 'This is where we are projected to grow,' so we can plan and budget roads and schools in advance in a rational way rather than always chasing development across the mesa."

Similar to Albuquerque today, 20 years ago Phoenix had

only a couple of freeways, and then in one five-year period, the city pumped its full transportation budget into a huge network of freeways that supercharged sprawl development.

During a Feb. 26 press conference held at the Downtown Alvarado Station, Mayor Chavez announced the city's plan to build a \$700 million light rail project due to begin construction in 2006 that hopes to help put Albuquerque growth on a path different from the Phoenix model. The project is scheduled to be completed in two phases, constructing the "Red Chile Line" first that will run from Central to the Westside, and then the "Green Chile Line" that will start at the airport, run along University and cover Central to Downtown, connecting riders to the city's "string of pearls" like the zoo, museums and entertainment corridor.

Chavez noted that Albuquerque is one of the few cities in the Western United States that hasn't moved aggressively toward light rail in the past decade, and called the project "an expression of the will of a great city."

Leinberger believes that Albuquerque's commitment to light rail will make a "huge difference" in development patterns—basically igniting new urban housing from Downtown along the corridors of the line. "In urban development, transportation drives development patterns and that's been the case for, oh, 5,000 years."

Water, polls and politics

A major concern of many Middle Rio Grande Valley residents, of course, is that Albuquerque will grow itself out of surface water supply in the coming decades just as it grew itself out of a groundwater supply in the previous decades. According to the newest science, the city is already too big, if growth stopped yesterday, for the ground water supply to last beyond the next 30 years. We now face a similar situation with San Juan/Chama water and those who claim it will support growth, not forever, but long enough that nobody needs to worry.

The pro-development side predicts that surface water will simply flow from farms to cities in the Rio Grande Valley supplying urban growth well into the future. However, as time goes on, more and more communities will be running out of ground water and turning to surface water. Also, there is still no resolution on how much water must be allocated to the Rio Grande to meet Federal Endangered Species Act requirements. On top of that, opinion polls show most of the public does not support the idea of fueling urban growth by buying up water from farms that are responsible for consuming the bulk of river water today.

Moreover, City Councilor Greg Payne last month polled 5,000 of his constituents in District Five and said he found that the largely Republican majority expressed that water resource management and increased urban sprawl topped their list of concerns.

Poll data released in August 2002 by Research and Polling, Inc. of Albuquerque and commissioned by 1,000 Friends of New Mexico reveals just how important a role water plays in the minds of local voters. The executive summary of the poll notes: "When given the choice, nearly two-thirds (63%) of voters



Chris Leinberger, a Downtown developer, is putting his time and money where his mouth is.

are more likely to support a candidate who promotes development of vacant lands within our cities and towns as opposed to a candidate who promotes development on the outskirts of our cities and towns (executive summary's emphasis)." The poll asked voters "in an unaided, open-ended manner what they feel are the biggest issues or problems facing New Mexico at this time," and water supply was listed at the top along with our educational system, and far ahead of issues like low wages, crime and availability of good jobs.

Nonetheless, at a luncheon sponsored by the League of Women Voters last month, Mayor Chavez sought to put down worries about outgrowing the water supply. He predicted that with increased conservation and a full supply of San Juan/Chama water, "Albuquerque will have enough water to continue to grow until 2080."

The official city modeling still predicts that San Juan/Chama water can support Albuquerque's anticipated rate of population growth only until 2040, and the mayor's new prediction of no worries until 2080, echoes, almost eerily, the old predictions claiming the aquifer would last—not forever—but close enough. A 1984 advertisement from *Albuquerque Living* magazine claimed the "vast underground lake" would support population growth "well into the twenty-first century."

The mayor's clear view of government's role related to population growth is government simply removing all obstacles, including worries about water supply.

And although the mayor signed the Planned Growth Strategy Ordinance last fall with great fanfare, he has publicly scorned city councilors such as Cadigan, Yntema and Eric Griego as "anti-business" for supporting it, as well as castigated some of the advocacy groups that lobbied on its behalf like 1,000 Friends of New Mexico, who he described as "1,000 enemies of New Mexico" recently.

As far as water is concerned, however, the Planned Growth Strategy probably won't do more to link growth with water supply. A provision in the original proposal was removed that would have required developers to prove sustainable water supplies exist before construction began. Still, proponents say the ordinance could open the way for the high-density urban growth that requires much less water than fringe development.

The Task Force

A Planned Growth Strategy Task Force comprised of 19 citizens (appointed by Mayor Chavez from a list of people nominated by city councilors) is charged with making recommendations to the City Council. The City Council will then debate, possibly change, and vote on the recommendations. It is not unreasonable, according to Councilor Cadigan, to expect the task force to start making recommendations by the end of this year.

As anybody who reads "Council Watch" in the *Alibi* knows, the nomination of task force members, which sounded straightforward enough in the ordinance, degraded into political warfare.

Mayor Chavez ignored the lists of a few councilors (namely Yntema, Griego and Michael Cadigan—who also happened to be his most vocal critics during the mayor's recent hearing before the city's board of ethics). And nobody denies that the mayor's appointments over represent development interests, beyond what the ordinance intended.

The ordinance specified four representatives from the real estate and development industry including one infill and one fringe developer; three representatives from civic, environmental, planning, religious or educational organizations; three members representing business and economic development; and nine representatives from neighborhood associations (one from each council district).

All the real estate and development slots and some of the other slots, as well, are filled with real estate agents and developers.

For instance, Trudy Jones was appointed to represent the interest of a neighborhood association in District Eight. She is actually part of a homeowners association. It is debatable whether a homeowners' association should qualify as a true neighborhood association, but there is no debate that Jones is a real estate agent. Bo Johnson, a business representative from District One works for Artistic Homes, a major fringe developer. The list goes on, as does the fight on the remaining few appointments.

Melinda Smith, executive director of 1,000 Friends of New Mexico has worked on the whole effort of developing a Planned Growth Strategy. "The mayor has from our perspective not complied with the letter or the spirit of the appointments outlined in the ordinance," says Smith. "It's exasperating, frankly. A lot of progressive governments operate much differently when they decide to build an inclusive, collaborative committee."

The mayor says his controversial appointments are nothing more than an effort to preserve the integrity of the executive branch of city government, because the City Charter gives the mayor the right to make appointments without considering nominees from councilors. According to Mayor Chavez, he was not attempting to overload the task force with development interests.

Jim Folkman acknowledges that people with interests in real estate and development have filled some of the nondevelopment slots, but he feels the appointments so far are fair. "My view is that I know these people, and I know they are going to be fair," Folkman says.

The task force must itself designate a smaller subgroup of members to come up with recommendations for "impact fees," or upfront payments that developers pay for the cost of city services. Impact fees are the true lightning-rod issue in the whole Planned Growth Strategy, as some would like to see the fees raised to include funding for new public schools. However, under current state law, such a provision is not legal.

And while some are becoming increasingly exasperated about the task force appointments and the mayor's disregard for the ordinance guidelines, Councilor Cadigan remains optimistic.

"The task force is more development and real estate heavy than the ordinance permitted," Cadigan acknowledges. "Will that cause the whole process to train wreck? I don't think so. Everything the task force does has to come back to the council as recommendations, and the council will just have to make sure that the interest of the public is represented."

Regardless of what comes of the Planned Growth Strategy, people who want more walkable urban living will eventually get it, Leinberger believes.

"You don't mess with Mother Nature and you don't mess with Mother Market," Leinberger says, "The market is eventually going to get what it wants."

The Historic District Improvement Company Profile

Before Chris Leinberger became an investor in Albuquerque's downtown revitalization efforts, he spent 20 years working as a land-use strategist and infill developer. He has advised cities from Chattanooga, Tenn. to St. Petersburg, Russia on how to revitalize their central downtown area. He is, in fact, considered to be one of the nation's foremost experts on urban renewal, and says he chose Albuquerque because the "stars all lined up" for tremendous opportunity, when "all the right people" started working towards revitalization during Mayor Jim Baca's term.

Leinberger's Arcadia Land Company partnered with the McGilvray Foundation of Santa Fe and the Downtown Action Team four years ago to form the Historic District Improvement Company (HDIC).

HDIC has various projects in conjunction with the city of Albuquerque that cover the 12-block area from the railroad tracks to Third Street, between Central and Coal.

Phase One of this joint venture began when the city contributed land, a parking deck and infrastructure to help build out the Central block between First and Second Street. HDIC owns the property, including the Century 14 movie theater, and will pay back the city for its investment in the project over the next 20 years. HDIC also leases its property holdings to Downtown businesses such as Maloney's, Banana Joe's, Tucano's and the Chamber of Commerce.

Phase Two of HDIC's Downtown investment plan continues with groundbreaking in June of lofts on Gold Avenue near Second Street—a \$10 million project, with 41 units for sale. Leinberger says half have already been presold. HDIC plans to build 150 more residential lofts and high-density apartments that will be both for rent and sale on Second and Third Streets between Silver and Lead later this year.

Phase 3 will include multiple buildings along Central

between Second and Third Streets with retail shops on the ground floor and residential apartments on top.

"You start with urban entertainment, restaurants, a movie theater, nightclubs and once that's there, you can start doing residential," says Leinberger. For more evidence, there are other residential projects like the San Felipe apartments along Coal and The Lofts at the old Albuquerque High School that have recently been completed.

"It takes five to seven years until you have enough bosses downtown, and then they move their businesses downtown," says Leinberger.

Phase Three is slated for 2006, when the city will tear down the Greyhound bus station at Second and Lead where HDIC plans to build a grocery store.

— Tim McGivern