

A Research Paper by



Economic Challenges and Opportunities in Taos County, New Mexico



January 2018

Economic Challenges and Opportunities in Taos, New Mexico

January 2018

PUBLISHED ONLINE:
<<https://headwaterseconomics.org/>>

ABOUT HEADWATERS ECONOMICS

Headwaters Economics is an independent, nonprofit research group whose mission is to improve community development and land management decisions.

CONTACT INFORMATION

Megan Lawson | megan@headwaterseconomics.org | 406-570-7475

ACKNOWLEDGEMENTS

We would like to thank the LOR Foundation for their generous support of this project. Any errors or omissions are solely the responsibility of Headwaters Economics.



P.O. Box 7059
Bozeman, MT 59771
<https://headwaterseconomics.org/>

TABLE OF CONTENTS

I. EXECUTIVE SUMMARY.....	1
II. INTRODUCTION	2
III. ECONOMIC OVERVIEW OF TAOS COUNTY	2
Understanding Growth.....	3
Growing Industries.....	5
Despite Growth, It Is Harder to Earn a Living.....	6
IV. ECONOMIC STRENGTHS AND OPPORTUNITIES	10
Travel and Tourism.....	11
Agriculture	13
High Wage Services.....	15
V. SOCIOECONOMIC CHALLENGES	16
Poverty and Economic Hardship.....	16
Migration, Aging, and Inequality.....	18
Housing Affordability	20
VI. CONCLUSIONS.....	23
VII. REFERENCES	24

TABLE OF FIGURES

Figure 1. Taos County and peer community locator map.....	3
Figure 2. Population and employment growth in Taos County and peer communities, 1970-2016.....	4
Figure 3. Income growth and new jobs in Taos County, by sector, 2007-2016.	5
Table 1. Non-labor income in Taos County and peers, 2016.....	6
Figure 4. Average earnings per job in Taos County and peer communities, 1970-2016.....	7
Figure 5. Change in average earnings per job for Taos County and peers, 2001-2016.	8
Table 2. Economic sectors and change in average earnings over time, 2001-2016.....	9
Figure 6. Number of jobs per working person in Taos County, 2016.....	10
Figure 7. Share of jobs in travel and tourism-related industries, 1998-2015.	11
Figure 8. Average annual wages in travel and tourism-related sectors, 1998-2015 (2016\$).....	12
Table 3. Average annual wages in travel and tourism vs all private sector employment, 2015.	12
Figure 9. Growth in farming jobs in Taos County and peers, 1970-2016.....	13
Figure 10. Changes in farming in Taos County, 2007-2012.....	14
Figure 11. Share of total jobs in high wage services in Taos County and peers, 2001-2016.....	15
Figure 12. Average earnings per high wage service job in Taos County and peers, 2001-2016.	16
Figure 13. Counties with at least 20 percent of the population living in poverty, 1980-2011.....	17
Figure 14. Change in share of households living in poverty around Taos County, 2010-2015.*	18
Figure 15. Changes in age cohorts, 2010-2015.....	19
Figure 16. Average adjusted gross household income of existing and new residents, 2005-2016.	20
Figure 17. Share of households with unaffordable housing in Taos County and peers, 2015.	21
Figure 18. Median monthly mortgage and rent costs in Taos County and peers, 2015.....	22
Figure 19. Change in monthly rent costs in different parts of Taos County, 2010-2015.*	23

I. EXECUTIVE SUMMARY

Taos County is unique in that it is both a bustling mountain resort town with second homes around the county, and a rural community struggling with long-term socioeconomic challenges.

In many ways, parts of Taos County look like other resort communities in the intermountain West: it has natural and cultural amenities that draw visitors from around the world who support a sustaining tourism economy with many residents employed in tourism-related industries. Taos' popularity with visitors has led to numerous second homes and rising cost of living. The county is becoming increasingly more expensive for renters in particular.

While Taos faces these challenges typical of an affluent resort community, at the same time it has chronic poverty and declining earnings per job, more characteristic of rural communities in New Mexico and beyond that do not have a strong tourism draw. Unlike many of its resort peers, Taos has not yet been able to capitalize on its resort amenities, climate, and quality of life to attract high-paying jobs to the area.

Wealth and poverty are becoming increasingly concentrated in different parts of the county. New residents, on average, are wealthier than current residents. The wealth coming into Taos through tourism and second home ownership is concentrated in areas like downtown Taos, making these areas less affordable for less affluent renters and homeowners. Over time, concentrated wealth and poverty and growing inequality between these two groups will exacerbate existing problems of displacing a shrinking labor force and a lack of economic opportunity for all residents in the community. While personal income has risen steadily, 95 percent of this new money is coming mostly from non-labor income and not from new, well-paying jobs.

Because Taos does have a cultural and economic diversity that many resort communities lack, it has retained a vibrancy and character that is eroded in many tourism-dependent towns. As many residents described during the Strong at Heart meetings, this unique culture is something that draws long-time and new residents. Taos has economic strengths beyond tourism: it has sustained steady growth without the boom-bust cycle of many tourism-dependent places, it has widespread and vibrant small-scale agriculture, and high wage services are present but could be developed more.

Maintaining this unique culture will require residents to find opportunities to integrate affordable housing and other land use planning strategies into increasingly popular areas to avoid creating islands of wealth and poverty and to keep less affluent residents at the center of Taos cultural and economic hubs.

While Taos County's economy is performing reasonably well in terms of job creation, several areas could be developed more. [Recent research](#) on economic performance in rural communities finds that counties have better long-term economic performance when they: 1) leverage natural amenities; 2) take an active, collaborative approach to planning and are willing to adapt and embrace new economic opportunities; and 3) take advantage of nearby metro markets like Santa Fe and Albuquerque.

The tourism economy—a long-time backbone—has not been able to market the area as a good place for entrepreneurs and business owners. Identifying local success stories of entrepreneurs who moved their businesses to Taos could help turn tourists into committed residents.

The booming agricultural sector shows a widespread pursuit of small-scale farming. Building on the area's existing reputation for unique, high-quality food, agriculture has the potential to provide an economic boost for many households and create a way to connect new and current residents, and potentially Pueblo members and non-members. Training and mentoring programs for young adults in agriculture and other sectors could help retain young adults in the local labor force.

II. INTRODUCTION

Seventy miles north of Santa Fe, Taos County, New Mexico is a unique, rural community with a rich Native American and Hispano history, vibrant arts scene, and outdoor recreation amenities. The varied mountain and desert landscapes of Taos County have long attracted artists and outdoors enthusiasts, and the area is a popular retirement destination.

As Taos has grown in popularity for retirees and outdoor enthusiasts, the community and economy have begun to change. The purpose of this report is to better understand some long-term trends in the economy and demographics of the community, to help inform economic development efforts underway, such as the Taos Strong at Heart process. This report is intended to complement these ongoing efforts, to serve as a reference for residents who want to better understand the challenges and opportunities facing Taos County.

This report begins with an overview of the local economy, with a deeper investigation into three sectors of greatest interest: travel and tourism, high wage services, and agriculture. In the second half of the report we focus on social trends to illuminate the broad range of experiences for Taos residents in different parts of the county.

III. ECONOMIC OVERVIEW OF TAOS COUNTY

Taos County (pop. 33,065) is a rural community that is home to the Taos Pueblo, a UNESCO World Heritage Centre consisting of ceremonial buildings and facilities and multi-story adobe dwellings of the present-day Pueblo Indian people. Native American populations make up six percent of the county population; Hispanic residents are 56 percent of the population. Thirty-five percent of residents speak Spanish at home (compared to 25% of all non-metro New Mexico residents). Twenty-nine percent of residents have a bachelor's degree or greater (compared to 23% in other non-metro New Mexico counties).

Taos County has long been a destination for artists drawn to the area's light and natural beauty, while outdoors enthusiasts are drawn to Taos Ski Valley, the headwaters of the Rio Grande River, and surrounding public land. These visitors support strong real estate, construction, retail, food service, and accommodation sectors.

This tourism economy supplements a backbone of mining in the northern part of the county and agriculture across the county, dating back to the land grants of the 1800s. Today, mining makes up one percent of employment, but agriculture has grown rapidly, with five times the jobs in agriculture today than there were in 1970. The 243,000-acre Rio Grande del Norte National Monument, established in 2013, is a new attraction for visitors.

As the economy changes and more visitors come (and buy second homes or move to the area), Taosños see a need to remain connected with their history while anticipating and preparing for changes. One example of this shared concern is the Taos Strong at Heart process, a project to create a shared vision for downtown Taos, culminating in a Taos Downtown Strategy.

To provide context for understanding the Taos economy, we compare three peer communities: Gunnison County, Colorado (Gunnison and Crested Butte); Routt County, Colorado (Steamboat Springs); and non-metro (i.e., rural) New Mexico counties as a whole (see Figure 1).¹

¹ This report uses the most recent available economic and demographic data from the U.S. Bureau of Economic Analysis and the Census. Historical trends are provided as far back as data are consistently available; this varies

Figure 1. Taos County and peer community locator map.



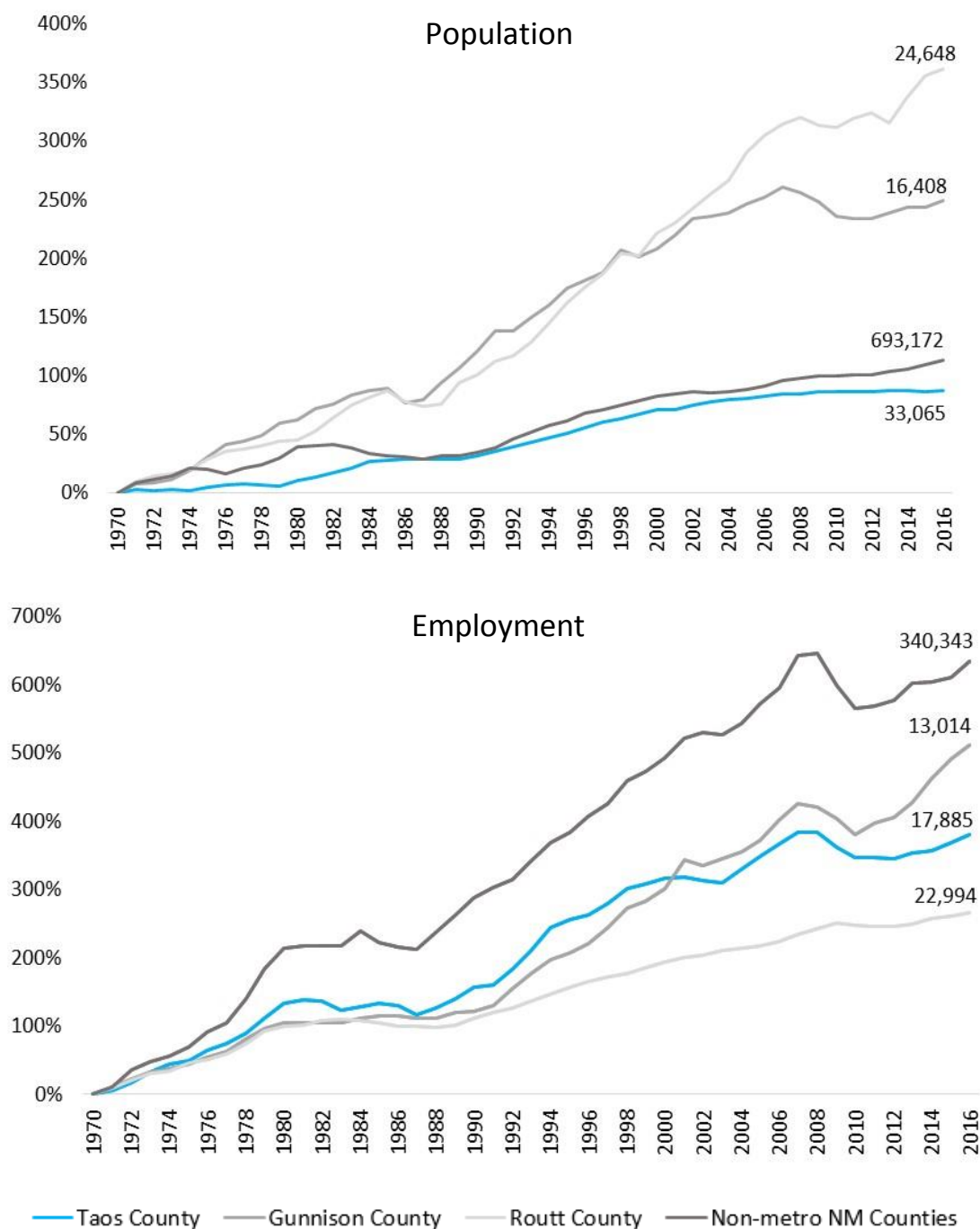
Routt and Gunnison Counties, like Taos, are communities with significant tourism and resort economies, but which also have a long tradition of agriculture and mining and have made efforts to diversify their economies. We include only non-metro New Mexico communities because they face similar economic challenges due to their relative isolation from larger markets.

Understanding Growth

By the simplest economic measures—population and employment growth—Taos has grown steadily and more quickly than other non-metro New Mexico counties, although not as quickly as the Colorado counties (Figure 2). Taos' employment has not quite regained its pre-recession peak in 2007, but this is also true of Gunnison and Routt counties and is common in the rural West.

depending on specific data source and the factor being measured. Data are available at <https://headwaterseconomics.org/eps> and <https://headwaterseconomics.org/par>.

Figure 2. Population and employment growth in Taos County and peer communities, 1970-2016.

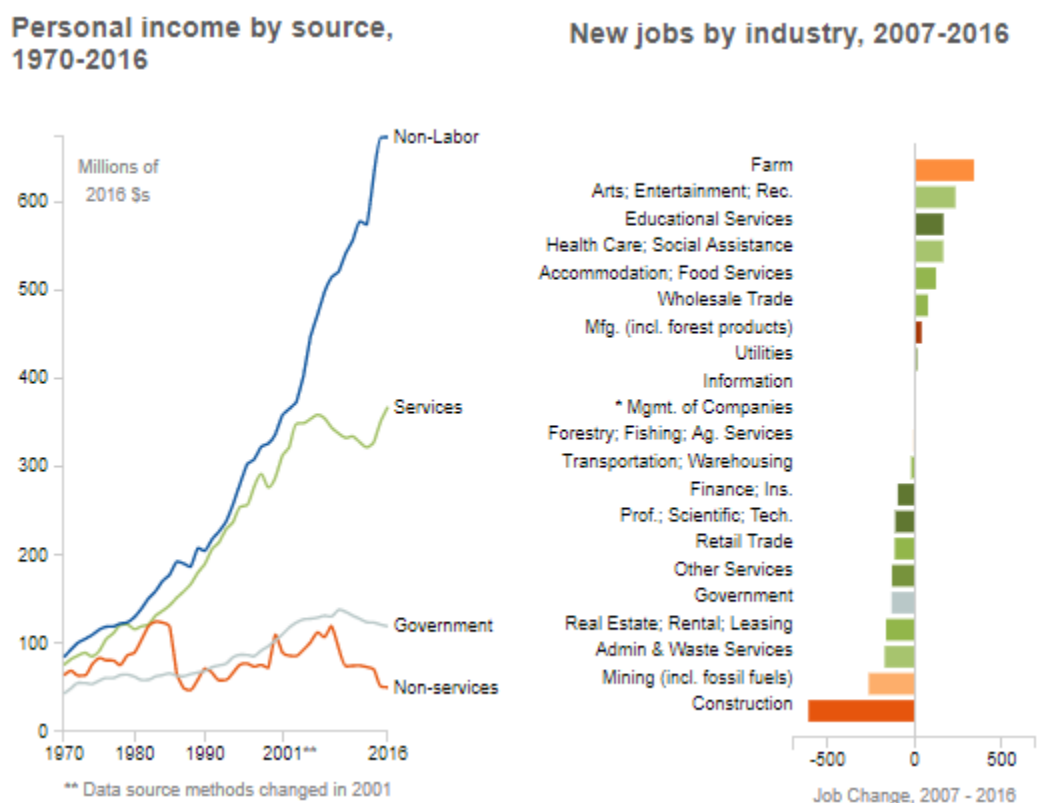


U.S. Department of Commerce. 2017. Bureau of Economic Analysis, Regional Economic Accounts, Washington, D.C. Table CA30.

Growing Industries

Since 2000, 95 percent of new personal income in the county comes from non-labor income, which includes investment income, aging-related payments like Medicare and Social Security, and hardship-related payments like Medicaid and welfare. The first panel in Figure 3 shows that while non-labor income has skyrocketed, services and government employment have been flat and non-services (e.g., construction and mining) have declined. Although employment in Taos County grew by 2,086 jobs between 2000 and 2016, due to [declining earnings per job](#) these new jobs are not adding substantial new income.

Figure 3. Income growth and new jobs in Taos County, by sector, 2007-2016.



Source: U.S. Department of Commerce. 2017. Bureau of Economic Analysis, Regional Economic Accounts, Washington, D.C. Available at <https://headwaterseconomics.org/dataviz/west-wide-atlas/>

When examining specific economic sectors, Taos County's economy is similar to the rest of non-metro New Mexico: health care is the fastest-growing and third-largest employer (after accommodation and food services and government). As Figure 3 shows, the sectors adding the most jobs in the county are farming; arts, entertainment and recreation; educational services; health care and social assistance; and accommodation and food services. Although retail is one of the larger employers in the county, it declined during the recession and has not yet recovered. Likewise, construction declined since the recession and has not yet recovered, down 611 jobs since 2007.

In general, the sectors with the greatest growth are relatively low-paying, such as farming; arts, entertainment, and recreation; and educational services. Of the seven sectors that have added jobs since the recession, five pay less than \$30,255 per year, the average annual earnings per job in 2016.

Not all income comes from jobs. In fact, in Taos County, 58 percent comes from “non-labor” sources such as investments, age-related payments (e.g., Social Security and Medicare), and hardship-related payments (e.g., welfare and Medicaid). Taos County’s share of total income from non-labor sources is much higher than non-metro New Mexico (46%), Gunnison County (43%), and Routt County (51%) (Table 1).

Table 1. Non-labor income in Taos County and peers, 2016.²

	Taos County	Gunnison County	Routt County	Non-Metro New Mexico
Non-Labor Income	57.7%	43.2%	51.4%	46.3%
Dividends, Interest, and Rent	24.9%	31.7%	44.1%	17.6%
Age-Related Transfer Payments	16.8%	7.0%	4.8%	13.0%
Hardship-Related Transfer Payments	13.0%	2.7%	1.5%	12.6%
Other Transfer Payments	3.0%	1.9%	1.0%	3.0%

Source: U.S. Department of Commerce. 2017. Bureau of Economic Analysis, Regional Economic Accounts, Washington, D.C. Tables CA05, CA05N & CA35.

Compared to its resort community peers, Taos County has an unusually high share of income from age- and hardship-related payments. In Taos County, 13 percent of all income comes from hardship-related sources, while in Gunnison and Routt counties three and two percent of income, respectively, are from these sources. This share is large and increasing, from seven percent of total personal income in 2000 to 13 percent in 2016.

While investment income is one-quarter of income in Taos County, this share is relatively low for a resort community. In this respect, Taos County is more similar to its New Mexico peers than to its resort peers.

The high share of income from age-related payments in Taos County (17 percent) points to the economic importance of its retirees, both long-time and new residents. The share of personal income from age-related payments rose from nine percent in 2000 to 17 percent in 2016. In 2015, 39 percent of households were receiving Social Security. As the county ages and [gains new retirees](#), these percentages are likely to grow even more.

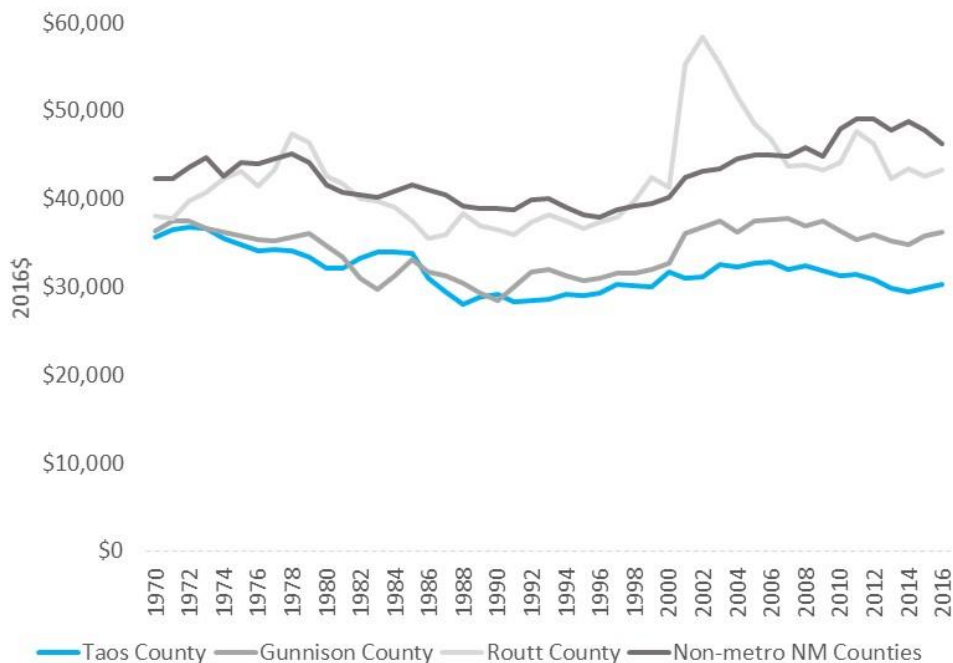
Despite Growth, It Is Harder to Earn a Living

This steady, long-term growth in the number of jobs, and significant growth in some sectors, hides the fact that it has become more difficult to earn a living in Taos County. This concern was brought up by

² Dividends, interest, and rent include personal dividend income, personal interest income, and rental income of persons with capital consumption adjustment that are sometimes referred to as "investment income" or "property income." Age-Related Transfer Payments includes Medicare and Social Security benefits. Hardship-Related Transfer Payments include Medicaid, Food Stamps (SNAP), Supplemental Security Income (SSI), Unemployment Insurance, and other income maintenance benefits. Other Transfer Payments include all other components of transfer payments not identified in age- and hardship-related categories including veterans benefits, education and training, Workers' Compensation Insurance, railroad retirement and disability, other government retirement and disability, and other receipts of individuals and nonprofits.

several participants in the Taos Strong at Heart meetings. Earnings per job, adjusted for inflation, dropped by 15 percent between 1970 and 2016, from \$35,732 to \$30,255 (Figure 4).

Figure 4. Average earnings per job in Taos County and peer communities, 1970-2016.

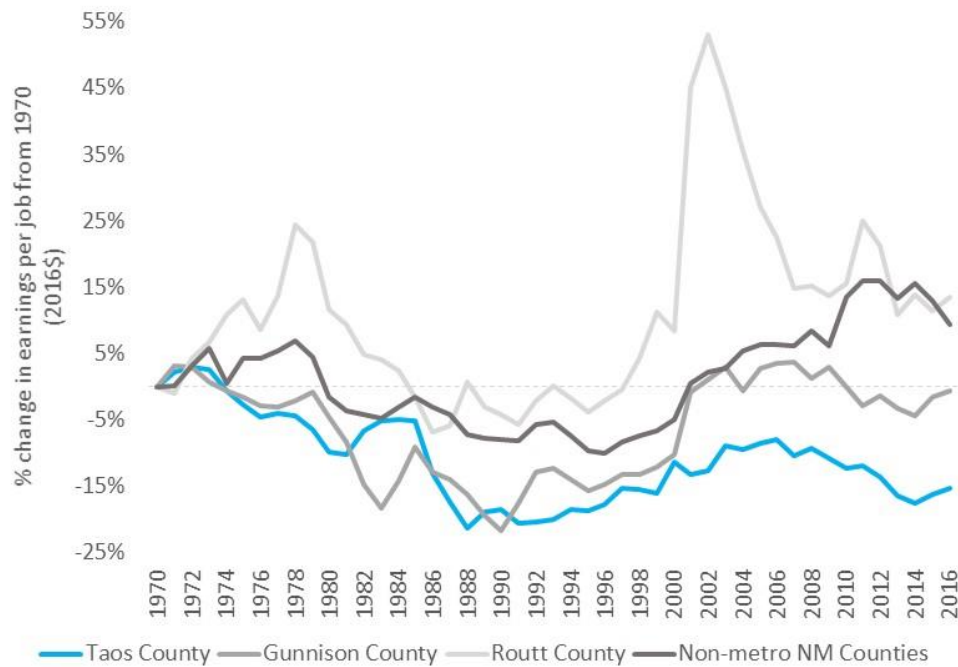


Source: U.S. Department of Commerce. 2017. Bureau of Economic Analysis, Regional Economic Accounts, Washington, D.C. Table CA30.

A good indicator of whether earnings are keeping pace with cost of living is to compare income to housing costs. Unaffordability is high around the county, particularly for renters (discussed in greater detail in the [Affordability](#) section). In 2015, 42 percent of Taos County households spent more than 30 percent of household income on their mortgage and 52 percent spent more than 30 percent of their household income on rent.

Growth in earnings per job in Taos County lags behind all three peer areas. Only Gunnison County also has experienced a drop in average earnings per job since 1970 (Figure 5).

Figure 5. Change in average earnings per job for Taos County and peers, 2001-2016.



U.S. Department of Commerce. 2016. Bureau of Economic Analysis, Regional Economic Accounts, Washington, D.C. Table CA30.

The decline in earnings is due to three factors: 1) a decline in the number of high-paying jobs in sectors like mining, construction, and government; 2) growth in low-paying sectors like arts, entertainment, and recreation; and 3) a decline in average earnings in large, already relatively low-paying sectors like accommodation and food services and retail trade. While the number of high-paying mining jobs declined significantly, from a high of 726 in 2008 to 218 in 2015, at their peak they were at most four percent of jobs in the county. These jobs were particularly important to the town of Questa, but alone do not account for this larger decline in wages. The sectors that have experienced a drop in average earnings per job make up 46 percent of all employment in the county (Table 2).

Table 2. Economic sectors and change in average earnings over time, 2001-2016.

Sector	Share of jobs in sector, 2016	Change in number of jobs, 2001-2016	Average annual earnings, 2016	Change in average annual earnings, 2001-2016
Arts, Entertainment, Recreation	14%	104	\$22,297	10%
Government	12%	-90	\$54,638	13%
Health Care, Social Assistance	12%	515	\$44,020	12%
Retail Trade	11%	-118	\$26,131	-7%
Accommodation, Food Services	9%	386	\$19,388	-32%
Construction	6%	-347	\$34,933	-1%
Professional, Scientific, Tech.	6%	264	\$34,197	10%
Farm	5%	366	-\$2,494	-117%
Other Services (excl. public admin.)	5%	-72	\$27,358	26%
Real estate, Rental, Leasing	5%	109	\$15,191	-21%
Admin., Waste Services	3%	-58	\$22,797	29%
Educational Services	2%	257	\$22,097	1%
Manufacturing (incl. forest products)	2%	4	\$18,581	0%
Finance, Insurance	2%	68	\$27,470	0%
Wholesale Trade	2%	51	\$33,339	-16%
Information	1%	-26	\$36,023	20%
Mining (incl. fossil fuels)	1%	-100	\$25,463	-61%
Utilities	1%	7	\$80,832	-2%
Transportation, Warehousing	1%	-6	\$36,102	302%
Agric. Services, Forestry, Fishing	0%	-16	\$9,518	-43%
Total	100%	1486	\$30,255	-2%

Source: U.S. Department of Commerce. 2016. Bureau of Economic Analysis, Regional Economic Accounts, Washington, D.C. Table CA05N.

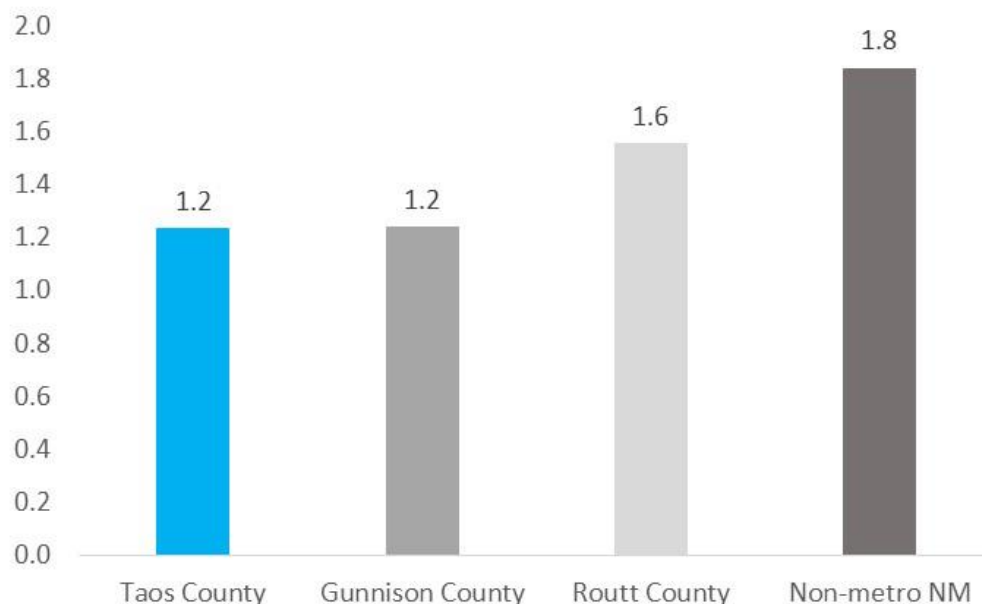
The dramatic drop in earnings per job in agriculture is attributable to the volatility of agriculture income, as well as growth in the number of small farms in the county (see the section on [Agriculture](#) for additional details).

Since 2001, average earnings have increased in several sectors, notably arts, entertainment, and recreation; government, and health care, which combined make up 38 percent of jobs in the county. But these increases have not been sufficient to offset the drop in earnings in other industries.

Seven of the 11 sectors that added jobs between 2001 and 2016 had a drop in average earnings per job. Not only have average earnings declined in Taos, but earnings in the county have been consistently lower than its peers, a gap that appears to be widening. The relative strength of non-metro New Mexico's earnings per job is likely due to expanding oil and gas development (jobs in this sector nearly doubled between 2001 and 2015), which tends to have high-paying jobs.

An analysis of the number of jobs and the number of people in the labor force indicates that many people in Taos County work more than one job. Figure 6 includes all jobs, both part-time and full-time. It is not possible to determine whether part-time jobs are replacing full-time jobs, or vice versa. We can see in Figure 6 that many people are working multiple jobs in Taos, although the number of jobs per working person is lower in Taos (1.23) than it is in Routt County (1.55) and non-metro New Mexico (1.84), but similar to the rate in Gunnison County (1.24).

Figure 6. Number of jobs per working person in Taos County, 2016.



Source: U.S. Department of Commerce. 2016. Bureau of Economic Analysis, Regional Economic Accounts, Washington, D.C. Table CA30 and U.S. Department of Commerce. 2016. Census Bureau, American Community Survey Office, Washington, D.C., reported by Headwaters Economics' Populations at Risk, <https://headwaterseconomics.org/par>.

These figures suggest there are fewer Taos residents working multiple jobs than in similar communities. It is unclear whether this is driven by more Taos residents having a full-time job that is sufficient to cover expenses, a lack of available jobs, or some other factors.

Residents also may be working a single full-time job and a part-time job, multiple part-time jobs, or a single part-time job.

IV. ECONOMIC STRENGTHS AND OPPORTUNITIES

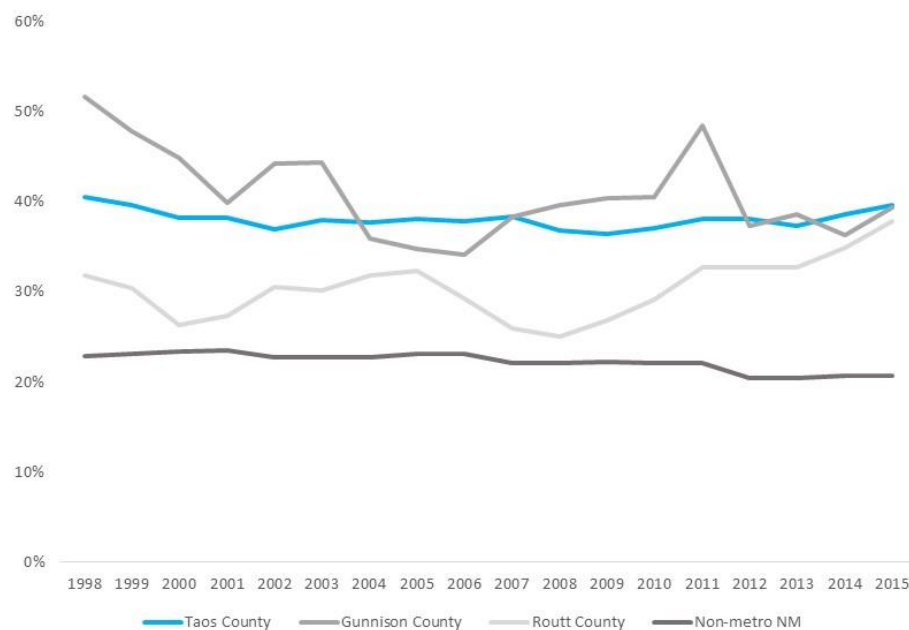
Three sectors merit in-depth attention due to their economic, cultural, or historical significance: travel and tourism, farming, and high wage services. The following section explores these areas in greater detail to better understand how they contribute to the economy, and the economic opportunities they present.

Travel and Tourism

Taos has long been a tourism destination, drawing visitors for its Native American and Hispano culture and history, arts, and natural beauty and outdoor recreation. Residents recognize that tourism plays an important role in creating local jobs, but there is ongoing concern identified in the Strong at Heart meetings that low-paying service jobs are dominating the economy and provide limited opportunities for residents.

Jobs in travel and tourism have consistently made up nearly 40 percent of the total jobs in Taos County during the past two decades (see Figure 7).³ This share is similar to the long-term average in Gunnison County (41 percent), but with much less volatility. Non-metro New Mexico has a much lower average share of jobs in travel and tourism, averaging 22 percent of total employment.

Figure 7. Share of jobs in travel and tourism-related industries, 1998-2015.

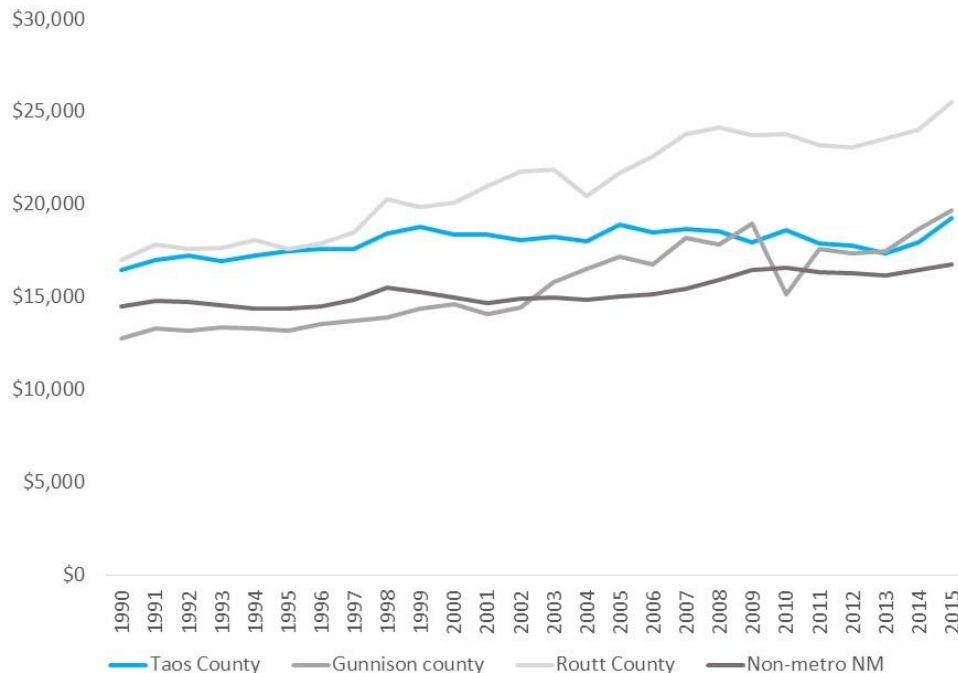


Source: U.S. Department of Commerce. 2017. Census Bureau, County Business Patterns, Washington, D.C.

Average annual wages in travel and tourism-related industries are higher in Taos County than in non-metro New Mexico. Compared to two similar resort towns, however, wages in Taos lag significantly behind Routt County and recently have been surpassed by wages in Gunnison County. Most importantly, wages in these industries in Taos have been relatively flat during the past 20 years, whereas they are growing in the other three peer comparisons.

³ Travel and tourism are not reported separately by federal data agencies. This report relies on estimates of travel and tourism-related industries that provide goods and services to visitors to the local economy, as well as to the local population. These industries include parts of: retail trade; passenger transportation; arts, entertainment, and recreation; and accommodation and food. Without knowing the precise share of money spent in these businesses by locals compared to visitors, we cannot pinpoint the precise contribution of tourism to the economy. These figures, however, can be used to provide an understanding of trends in this area and how Taos compares to its peers.

Figure 8. Average annual wages in travel and tourism-related sectors, 1998-2015 (2016\$).



Source: U.S. Department of Labor. 2017. Bureau of Labor Statistics, Quarterly Census of Employment and Wages, Washington, D.C.

Average annual wages in travel and tourism sectors do tend to be lower than other private sector jobs in Taos County. In 2015, private sector jobs averaged \$28,990, whereas travel and tourism averaged \$19,275 (U.S. Department of Labor, 2016). The gap is substantial, but smaller in Taos than in the other two counties. This reflects lower overall average wages in Taos, not relatively high travel and tourism average wages.

Table 3. Average annual wages in travel and tourism vs all private sector employment, 2015.

County	Average annual wages, all private sector jobs	Average annual wages, travel and tourism-related jobs
Taos County, NM	\$28,990	\$19,275
Gunnison County, CO	\$33,443	\$19,674
Routt County, CO	\$44,351	\$25,510
Non-Metro New Mexico counties	\$41,207	\$16,741

Source: U.S. Department of Labor. 2016. Bureau of Labor Statistics, Quarterly Census of Employment and Wages, Washington, D.C.

Comparatively low wages in travel and tourism-related jobs will make it more difficult for businesses to recruit employees to fill these positions. This could be good news for local workers who will face less competition for these jobs. Businesses may have difficulty operating long term if they consistently have difficulty staffing.

Travel and tourism provide a steady economic backbone for the community, consistently supporting a large share of jobs in the community. Even through national recessions, the number of jobs has varied relatively little, unlike some other resort communities. Wages in this industry also are relatively steady,

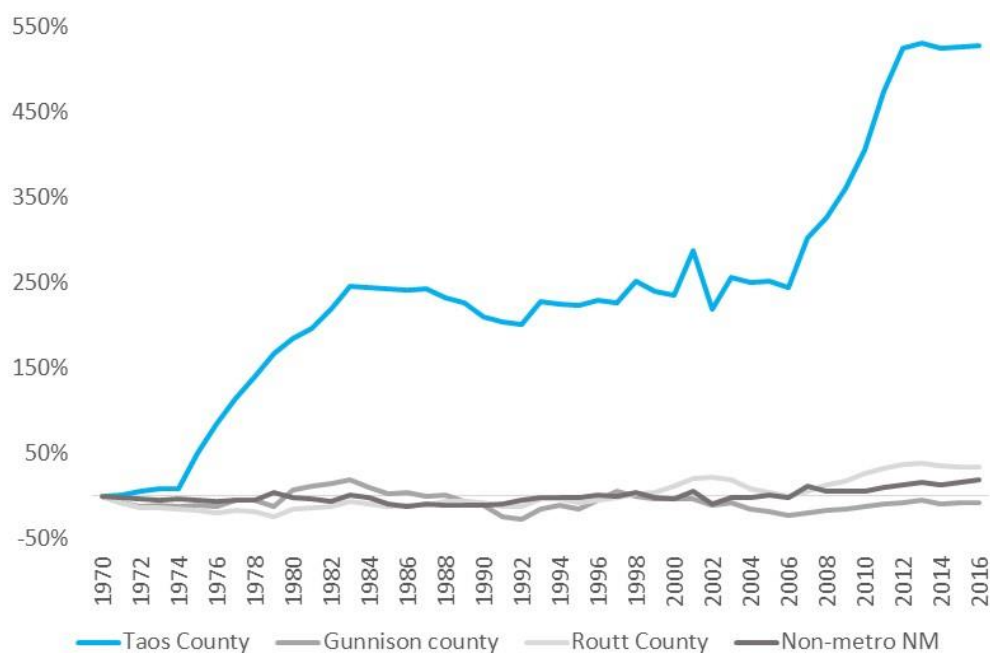
albeit low. In a time when overall wages are declining in many sectors, this steady predictability and lack of volatility in number of jobs is a valuable asset.

Agriculture

In Taos County roughly 22 percent, or 1.4 million acres, of land is in farms. Forty-eight percent of these farms are associated with livestock production—largely beef cattle—and the remainder is in crop production, largely “other crop farming” (U.S. Department of Agriculture, 2014).

The farming sector added 358 jobs between 2001 and 2015, an increase of more than 500 percent. In an era of increasingly automated agricultural production, this substantial employment growth is highly unusual (see Figure 9).

Figure 9. Growth in farming jobs in Taos County and peers, 1970-2016.



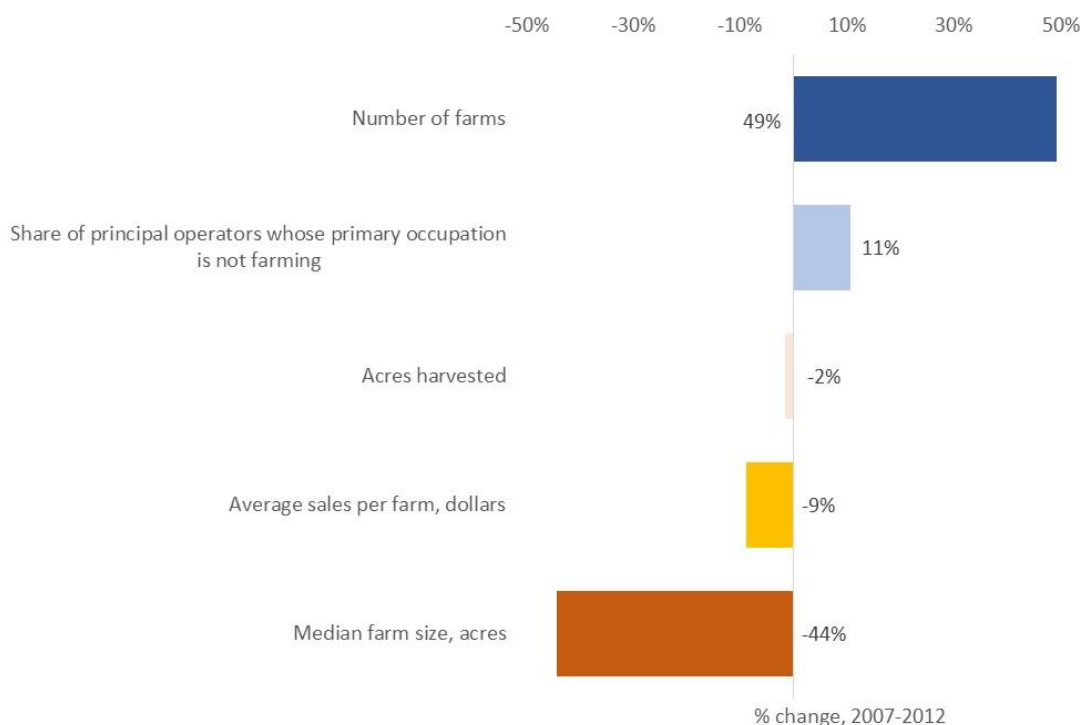
Source: U.S. Department of Commerce. 2014. Bureau of Economic Analysis, Regional Economic Accounts, Washington, D.C.

While farming employment is growing substantially, total earnings declined during the same time period, from \$8.7 million in 2001 to -\$2.4 million in 2016 (U.S. Department of Commerce, 2017). In other words, overall farming operations lost money in Taos County in 2016. Total earnings from farms have been negative in eight of the past 16 years.

Although employment in agriculture has grown rapidly, income from farming has not. This apparent paradox is being driven by a growth in the number of small farms, most of whose sales are valued at less than \$1,000 per year. Farms are defined as all forms of agricultural production, and likely include many “hobby farms” that may market some products but are not intended to generate income.

The number of these smallest farms nearly doubled between 2007 and 2012, from 280 to 542. Figure 10 highlights the change between 2007 and 2012 in the characteristics of farms in Taos County.

Figure 10. Changes in farming in Taos County, 2007-2012.



Source: U.S. Department of Agriculture. 2014. National Agricultural Statistics Service, Census of Agriculture, Washington, D.C.

This dramatic growth in small farms providing secondary income sources means agriculture is becoming increasingly important, both financially and as a way of life, for a broader base of residents. This may represent a valuable additional source of cash or bartering opportunities for many households, or tax deductions for those farms that lose income. For Taos Pueblo residents and others with long agricultural practices in the area, a revitalization of agriculture is an economic opportunity but also an opportunity to remain connected with these cultural traditions (Walker, 2012).

Rapid growth in the number of farms may mean infrastructure—such as markets for small producers and branding to highlight local products—has not kept up with producers’ needs.

As more households pursue small-scale agriculture, there may be opportunities to amplify its economic benefit for the community. Integrating small-farm operators into the Taos Food Center’s commercial kitchen to produce value-added products, including small-scale agriculture into the “Made in Taos” branding for local products, and developing food hubs or cooperatives for sellers may help make more operations viable sources of income. Coordinating branding and marketing efforts between the Pueblo and other parts of the county can help strengthen Taos agricultural products’ “brand.”

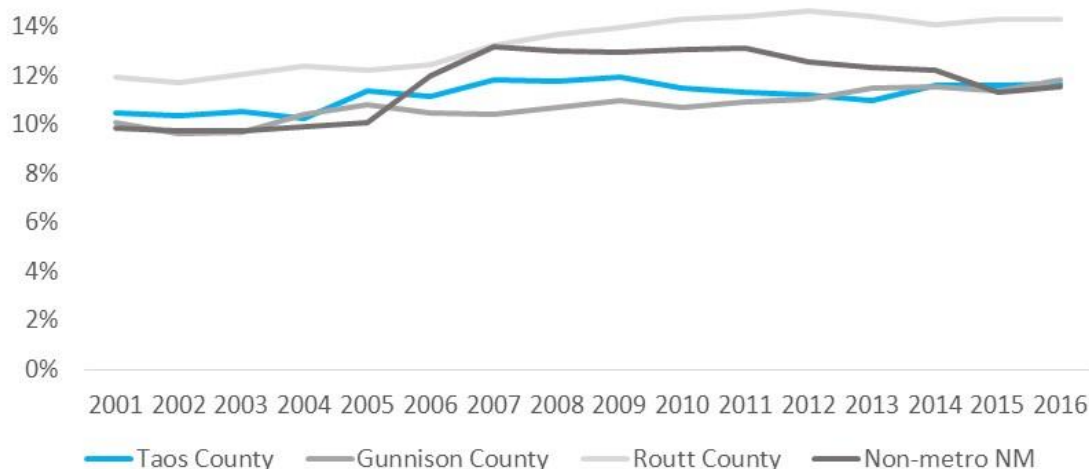
Additionally, recognizing the needs of small agriculture in land use planning and zoning decisions could help existing operations and make small agriculture more appealing to new operators. Improving local understanding of small agriculture’s role in the bartering and subsistence economy may help raise its profile for local decision-makers, adding to its legitimacy and recognition as an integral part of the economy and culture of Taos.

Small-scale agriculture also represents an opportunity to connect different Taos-area groups, a value supported by many participants in Taos Strong at Heart. Taos Pueblo members may be able to provide local knowledge to new residents aspiring to farm in the area.

High Wage Services

For many communities, attracting and sustaining high wage service jobs is a strategy to build a more resilient, prosperous local economy. These jobs include the following sectors: professional, scientific, and technical services; management of companies; finance and insurance; information; wholesale trade; and utilities. Since 2001, these jobs have made up about 10 percent of local employment, a share similar to Gunnison County and non-metro New Mexico, and less than Routt County which averages around 14 percent of jobs in high wage services (Figure 11).

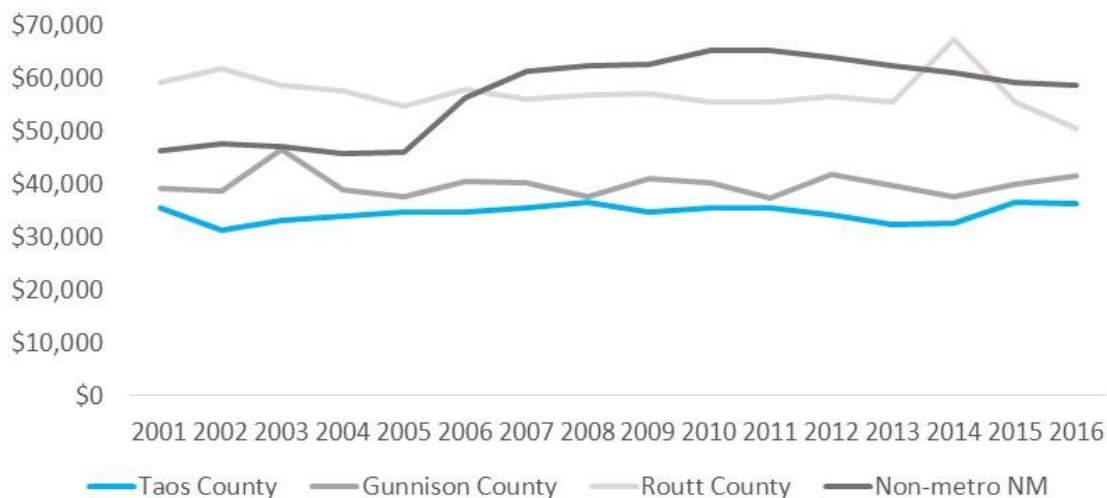
Figure 11. Share of total jobs in high wage services in Taos County and peers, 2001-2016.



Source: U.S. Department of Commerce. 2017. Bureau of Economic Analysis, Regional Economic Accounts, Washington, D.C. Table CA25N.

In Taos County, jobs in these sectors pay about \$37,000 per year, compared to the \$30,000-per-year average earnings per job across all sectors. Figure 12 shows average earnings per job in the high wage service sector in Taos County and its peers. High wage service jobs in Taos tend to pay much less than its peers. High wage service jobs in non-metro New Mexico counties pay around \$58,000 per year, 60 percent higher than comparable jobs in Taos County.

Figure 12. Average earnings per high wage service job in Taos County and peers, 2001-2016.



Source: U.S. Department of Commerce. 2017. Bureau of Economic Analysis, Regional Economic Accounts, Washington, D.C. Table CA05N.

Growing these sectors and increasing the share of jobs in high wage service sectors will require fostering entrepreneurship locally and supporting well-educated residents. This sector also could benefit from recruiting entrepreneurs and employees from outside the area. Jobs in these sectors could include high tech entrepreneurs who can be enticed to Taos for its high quality of life and amenities. Attracting employees to move to or stay in the area, however, will be difficult as long as earnings per job are lower than earnings in comparable communities.

V. SOCIOECONOMIC CHALLENGES

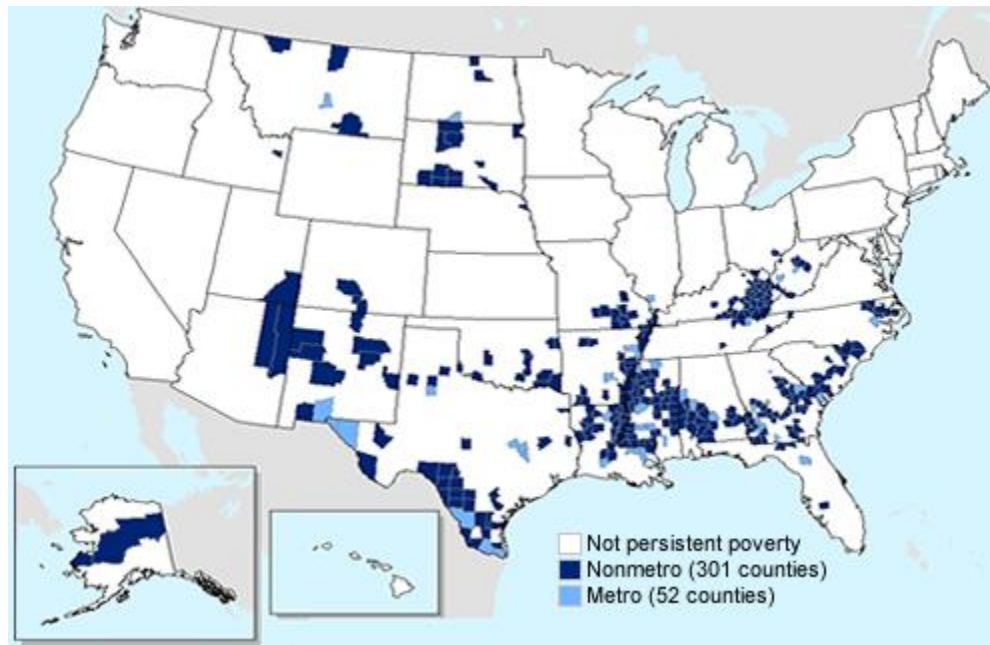
While Taos is attractive to visitors, retirees, and new residents, significant, persistent economic challenges make prosperity elusive for many long-time residents. The trends in earnings per job show that it has become more difficult to earn a living in the county. Tourism-related jobs support many families, as do small farm side jobs. Many residents depend on a patchwork of part-time jobs, subsistence, and bartering to make ends meet. While this points to the resilience and resourcefulness of residents, it also presents a threat as inequality increases.

This section presents socioeconomic data for Taos County and its peers, as well as data for different parts of the county, to better understand the context and trends behind some of the social challenges Taos faces.

Poverty and Economic Hardship

Poverty is a persistent concern for Taos County. The following map by the U.S. Department of Agriculture's Economic Research Service (2017) highlights the counties in which 20 percent or more of their population has lived below the poverty line at each decennial census during the past 30 years and the data collection for the 2007-2011 American Community Survey. Taos is one of 301 non-metro counties around the country that meets these criteria.

Figure 13. Counties with at least 20 percent of the population living in poverty, 1980-2011.



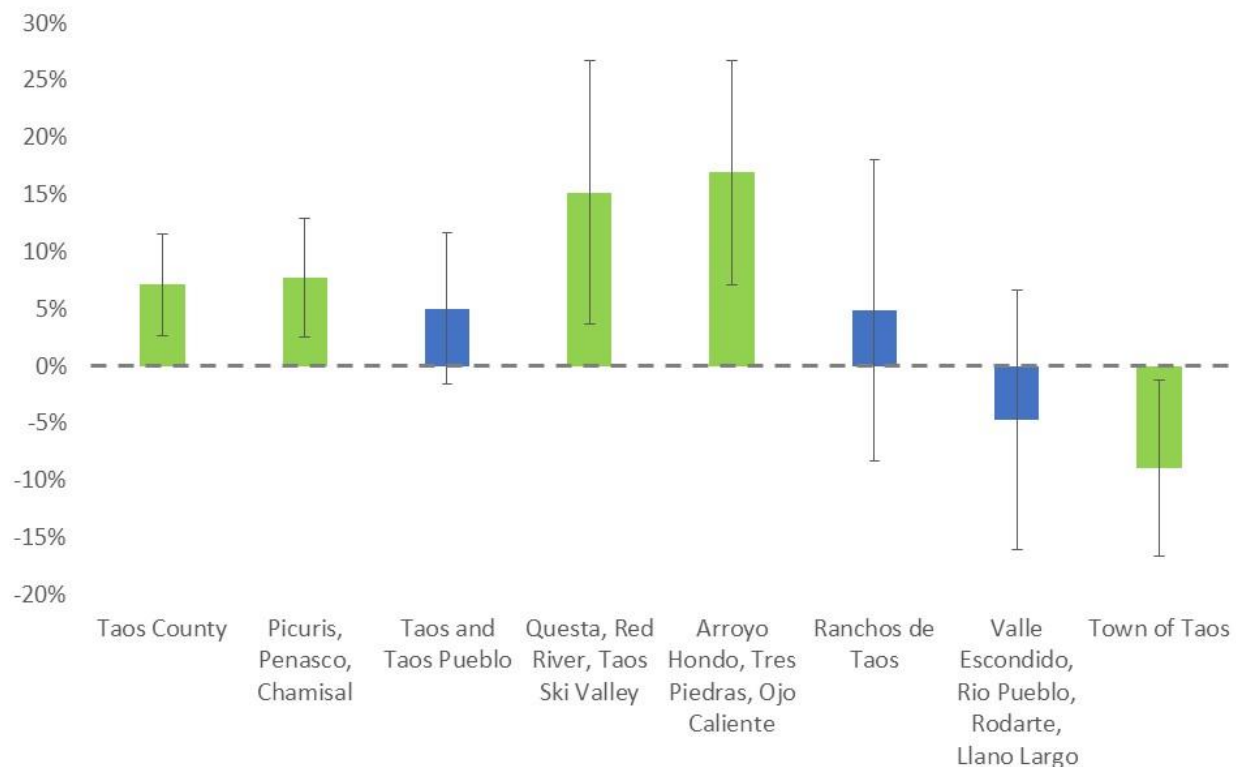
Source: USDA, Economic Research Service. 2017. <https://www.ers.usda.gov/topics/rural-economy-population/rural-poverty-well-being/geography-of-poverty.aspx>

Poverty is not consistently high in all parts of the county, varying substantially from a high of 31 percent of households in the Questa, Red River, and Taos Ski Valley area, to a low of 20 percent in Taos and Taos Pueblo (U.S. Department of Commerce, 2016c). Poverty also is increasing significantly in three areas of the county: Picuris, Penasco, and Chamisal; Questa, Red River, and Taos Ski Valley; and Arroyo Hondo, Tres Piedras, and Ojo Caliente (see Figure 14). In the Town of Taos, the poverty rate has decreased significantly since 2010, by about eight percent.

Because these data are estimated using a survey of residents, the estimates have an associated margin of error. In the following charts we present both the mid-point and the range. We have a high confidence that a change has occurred when both the mid-point and range are greater than zero or less than zero (i.e., do not overlap zero). These significant changes are color-coded as green in Figure 14.

Poverty is high and rising around the county, but has declined significantly since 2010 within the Town of Taos (Figure 14).

Figure 14. Change in share of households living in poverty around Taos County, 2010-2015.*



*Green bars denote locations with a statistically significant change in poverty rates. Blue bars are not statistically significant.

Source: U.S. Department of Commerce. 2016. Census Bureau, American Community Survey Office, Washington, D.C., reported by Headwaters Economics' Populations at Risk, headwaterseconomics.org/par.

In Taos County, overall personal income and many households depend on hardship-related payments like Medicaid, welfare, and unemployment insurance. In Taos County 13 percent of total household income comes from hardship-related transfer payments. This is a somewhat higher share than other non-metro New Mexico counties (12.6%), and much higher than Gunnison (2.8%) and Routt (1.7%) counties. Nineteen percent of households are receiving food stamp benefits, compared to 15 percent of households in non-metro New Mexico counties, three percent of households in Routt County, and six percent of households in Gunnison County.

Migration, Aging, and Inequality

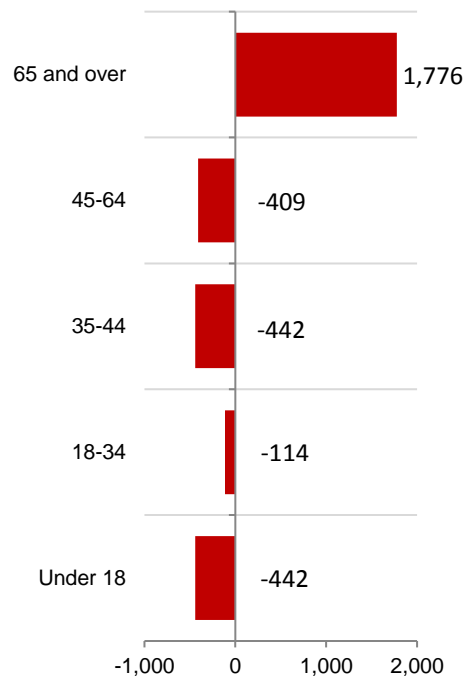
Taos County is a desirable place to live with its arts, culture, recreation, natural beauty, and climate. As in other places with similar attributes, Taos County is attracting new residents.

Taos County's steady population growth comes from both a relatively high birth rate and more people moving into the county than leaving. Between 2000 and 2016, population grew by 107 people; 69 percent of this growth was from births in the county, the remainder was from people moving into the county.

Many people moving to Taos are 65 and older. Between 2010 and 2015, people 65 and older was the only age cohort that grew; all others shrank significantly. Figure 15 includes natural change (births and deaths)

and net migration (people moving in and out). It also includes people who aged into an older cohort; for example, they may have been 60 in 2010 but who are now 65 and in the older cohort.

Figure 15. Changes in age cohorts, 2010-2015.



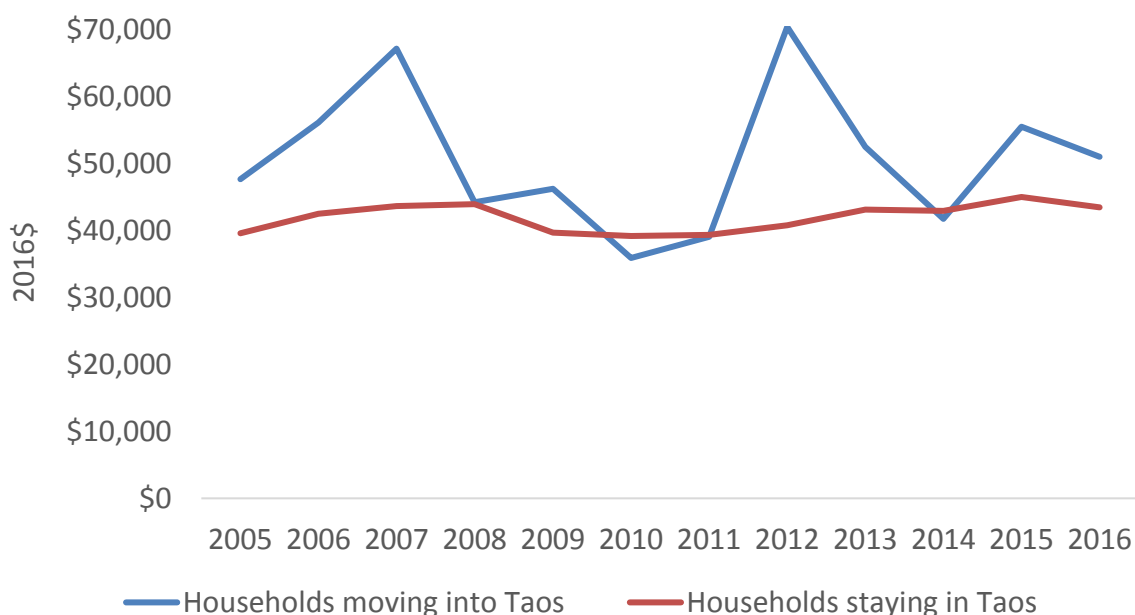
Source: U.S. Department of Commerce. 2016. Census Bureau, American Community Survey Office, Washington, D.C.

The loss of prime working-age residents points to a more concerning problem: relatively limited job and continuing education opportunities make it difficult to earn a living, build skills, or shift careers. People are moving away to find these opportunities and may not be moving back.

For the long term, losing these younger cohorts can lead to further erosion of economic opportunities, making it difficult to recruit entrepreneurs and small businesses as the workforce shrinks. Young families leaving makes it more difficult to sustain high-quality schools, another vital component of building a qualified workforce and attracting talented newcomers.

Figure 16 shows the average adjusted household income of those moving into Taos County compared to those who are stayed in the community in a given year. Households moving into the county had a higher income than households that stayed in nine of the past 12 years. On average, households moving into the county made \$8,700 more per year than current households.

Figure 16. Average adjusted gross household income of existing and new residents, 2005-2016.



Source: U.S. Internal Revenue Service. 2017. SOI Tax Stats – Migration Data. <https://www.irs.gov/statistics/soi-tax-stats-migration-data>

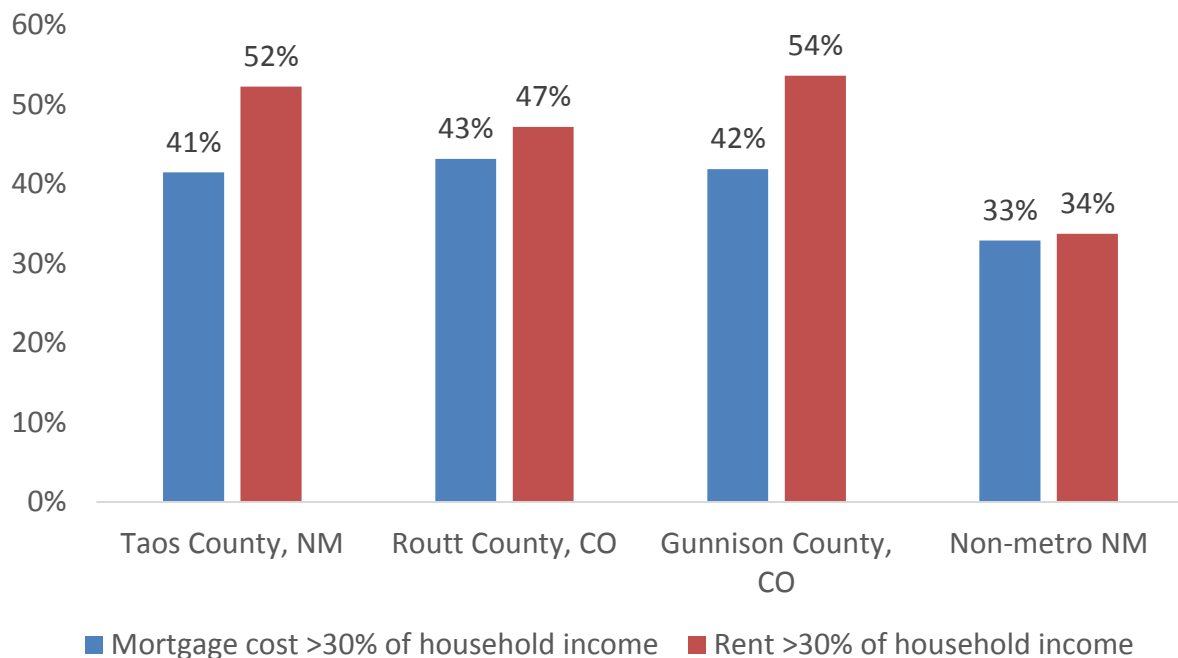
Given the changes in age cohorts seen in Figure 15, we know that many of these newcomers are retirees. Retirees bring their retirement nest eggs, support local businesses, and can drive an expanded health care industry (Lawson, Rasker and Gude, 2014).

If these new residents are moving to particular neighborhoods in the county, over time this increasing concentration of wealth will lead to greater income and cultural separation within the county. Economic and sociological research finds that the more wealth and poverty are segregated within a community, the fewer economic opportunities will be available for the lowest-income residents (Federal Reserve Bank, 2016). In other words, an influx of wealth can benefit the broader community, but only if it is not in isolated pockets.

Housing Affordability

Rising housing costs are one of Taos County residents' greatest concerns. Figure 17 (below) shows the median mortgage and rent cost in Taos County and its peers. Taos County households pay approximately the same as Routt and Gunnison county households for rent and mortgage costs, relative to their income. Compared to other rural New Mexico communities, a much larger share of Taos County households' housing is unaffordable.

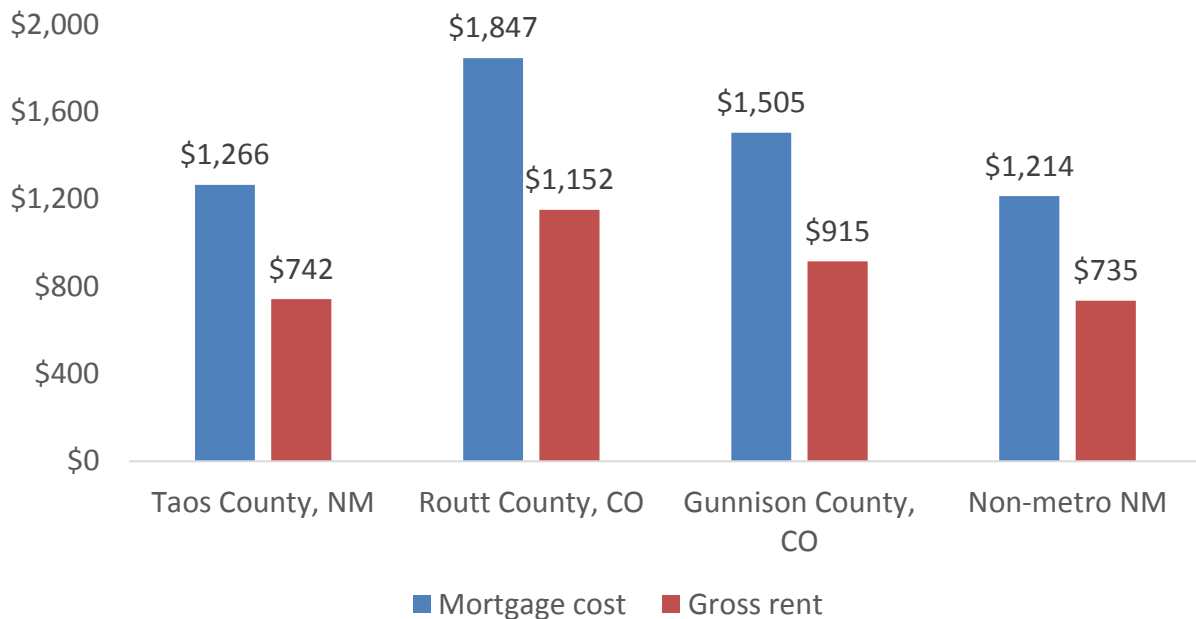
Figure 17. Share of households with unaffordable housing in Taos County and peers, 2015.



Source: U.S. Department of Commerce. 2016. Census Bureau, American Community Survey Office, Washington, D.C., reported by Headwaters Economics' Populations at Risk, headwaterseconomics.org/par.

In terms of actual cost, median rents and mortgages in Taos are similar to other non-metro New Mexico counties (Figure 18 below). Taos County is less affordable not because of the absolute cost of rent and mortgage, but because income is relatively low in Taos, meaning a larger share of household income goes to paying housing costs. Therefore, despite the higher cost of housing in Routt and Gunnison counties, they have similar unaffordability as Taos because of their higher household income.

Figure 18. Median monthly mortgage and rent costs in Taos County and peers, 2015.



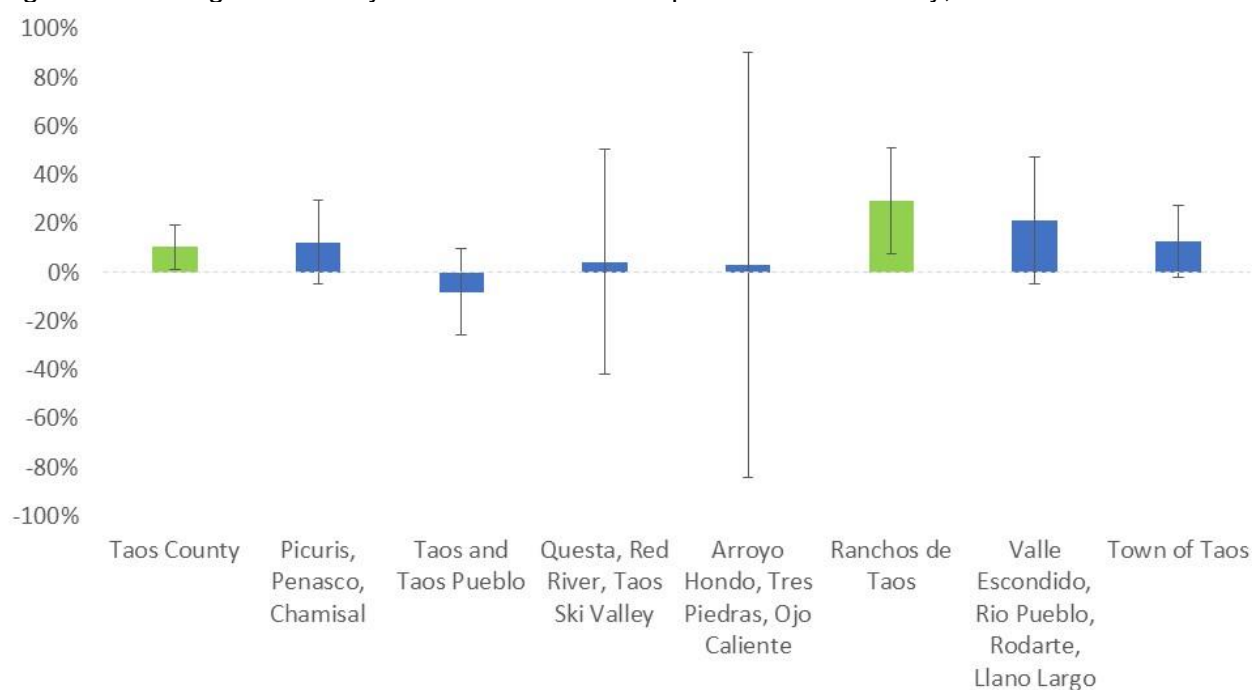
Source: U.S. Department of Commerce. 2016. Census Bureau, American Community Survey Office, Washington, D.C., reported by Headwaters Economics' Populations at Risk, headwaterseconomics.org/par.

These data suggest that housing affordability challenges in Taos County may be worse than other rural New Mexico counties, but are much better than similar resort communities.

Across Taos County as a whole, the absolute amount that homeowners and renters pay each month has not changed significantly since 2010.

Housing is becoming less affordable for renters: between 2010 and 2015 the share of households paying more than 30 percent of their income in rent grew by 10 percent, from 42 to 52 percent of households. This problem is most acute in the Ranchos de Taos area, where 65 percent of households are paying more than 30 percent of their income on rent. In 2010 approximately 35 percent of residents had unaffordable rent and now 65 percent of households have unaffordable rent, relative to income (see Figure 19). In the Town of Taos, rent is becoming somewhat less affordable

Figure 19. Change in monthly rent costs in different parts of Taos County, 2010-2015.*



*Green bars denote locations with a statistically significant change in poverty rates. Blue bars are not statistically significant.

Source: U.S. Department of Commerce. 2016. Census Bureau, American Community Survey Office, Washington, D.C., reported by Headwaters Economics' Populations at Risk, headwaterseconomics.org/par.

The absolute costs of mortgages and rents have been relatively stable without a significant change between 2010 and 2015, so the affordability problem largely is being driven by declining incomes, not necessarily rising housing costs.

VI. CONCLUSIONS

Taos County is unique in that it is both a bustling mountain resort town with second homes around the county, and a rural community struggling with long-term socioeconomic challenges. In many ways, parts of Taos County look like other resort communities in the intermountain West: it has natural and cultural amenities that draw visitors from around the world who support a sustaining tourism economy with many residents employed in tourism-related industries. Taos' popularity with visitors has led to numerous second homes and rising cost of living. The county is becoming increasingly more expensive for renters in particular. While Taos faces these challenges typical of an affluent resort community, at the same time it has chronic poverty and declining earnings per job, which are more characteristic of rural communities in New Mexico and beyond that do not have a strong tourism draw. Unlike many of its resort peers, Taos has not yet been able to capitalize on its resort amenities, climate, and quality of life to attract high paying jobs to the area.

Wealth and poverty are becoming increasingly concentrated in different parts of the county. New residents, on average, are wealthier than current residents. The wealth coming into Taos County through tourism and second home ownership is concentrated in areas like downtown Taos, making these areas less affordable for less affluent renters and homeowners.

Over time, concentrated wealth and poverty and growing inequality between these two groups will exacerbate existing problems of displacing a shrinking labor force and a lack of economic opportunity for all residents in the community. While personal income has risen steadily, 95 percent of this new money is coming mostly from non-labor income and not from new, well-paying jobs.

Because Taos County does have a cultural and economic diversity that many resort communities lack, it has retained a vibrancy and character that is eroded in many tourism-dependent towns. As many residents described during the Strong at Heart meetings, this unique culture draws long-time and new residents.

Maintaining this unique culture will require residents to find opportunities to integrate affordable housing and other land use planning strategies into increasingly popular areas to avoid creating islands of wealth and poverty and to keep less affluent residents at the center of Taos cultural and economic hubs.

While Taos County's economy is performing reasonably well in terms of job creation, several areas could be developed more.

[Recent research](#) on economic performance in rural communities finds that counties have better long-term economic performance when they: 1) leverage natural amenities; 2) take an active, collaborative approach to planning and are willing to adapt and embrace new economic opportunities; and 3) take advantage of nearby metro markets like Santa Fe and Albuquerque.

The tourism economy—a long-time backbone—has not been able to market the area as a good place for entrepreneurs and business owners. Identifying local success stories of entrepreneurs who moved their businesses to Taos could help turn tourists into committed residents. Communities like Gallup, NM have been able to leverage public land to develop trail-based mountain biking and running events that have brought significant new money into the community.

The booming agricultural sector shows a widespread pursuit of small-scale farming. Building on the area's existing reputation for unique, high-quality food, agriculture has the potential to provide an economic boost for many households and create a way to connect new and current residents, and potentially Pueblo members and non-members. Training and mentoring programs for young adults in agriculture and other sectors could help retain young adults in the local labor force.

Finally, as the population ages and incoming retirees bring their retirement nest eggs and other non-labor income, how well is the local economy retaining these dollars? When these residents seek medical care or other services elsewhere, the county loses a valuable economic opportunity. If seniors move from the area because they need a higher level of service, the community loses culturally and economically. A close look at the needs of the community's senior population, including medical care, assisted living, and social services programs, could help ensure that seniors are well-served and able to stay in the community as their need for care increases.

VII. REFERENCES

Federal Reserve Bank of St. Louis and the Board of Governors of the Federal Reserve System. 2016. Economic Mobility.

https://www.stlouisfed.org/~media/Files/PDFs/Community%20Development/EconMobilityPapers/EconMobility_Book_508.pdf

Lawson, M.M., R. Rasker, and P.H. Gude. 2014. The importance of non-labor income: an analysis of socioeconomic performance in western counties by type of non-labor income. *Journal of Regional Analysis and Policy* 44(2): 175-190.

U.S. Department of Agriculture. 2014. National Agricultural Statistics Service, Census of Agriculture, Washington, D.C.

U.S. Department of Commerce. 2016a. Bureau of Economic Analysis, Regional Economic Accounts, Washington, D.C. Table CA05N.

U.S. Department of Commerce. 2016b. Bureau of Economic Analysis, Regional Economic Accounts, Washington, D.C. Table CA30.

U.S. Department of Commerce. 2016c. Census Bureau, American Community Survey Office, Washington, D.C., reported by Headwaters Economics' Populations at Risk, headwaterseconomics.org/par.

U.S. Department of Labor. 2016. Bureau of Labor Statistics, Quarterly Census of Employment and Wages, Washington, D.C.

Walker, H. 2012. Group helps revive agriculture at Taos Pueblo. *Taos News*. 28 September 2012. <http://www.taosnews.com/stories/group-helps-revive-agriculture-at-taos-pueblo,6192>

