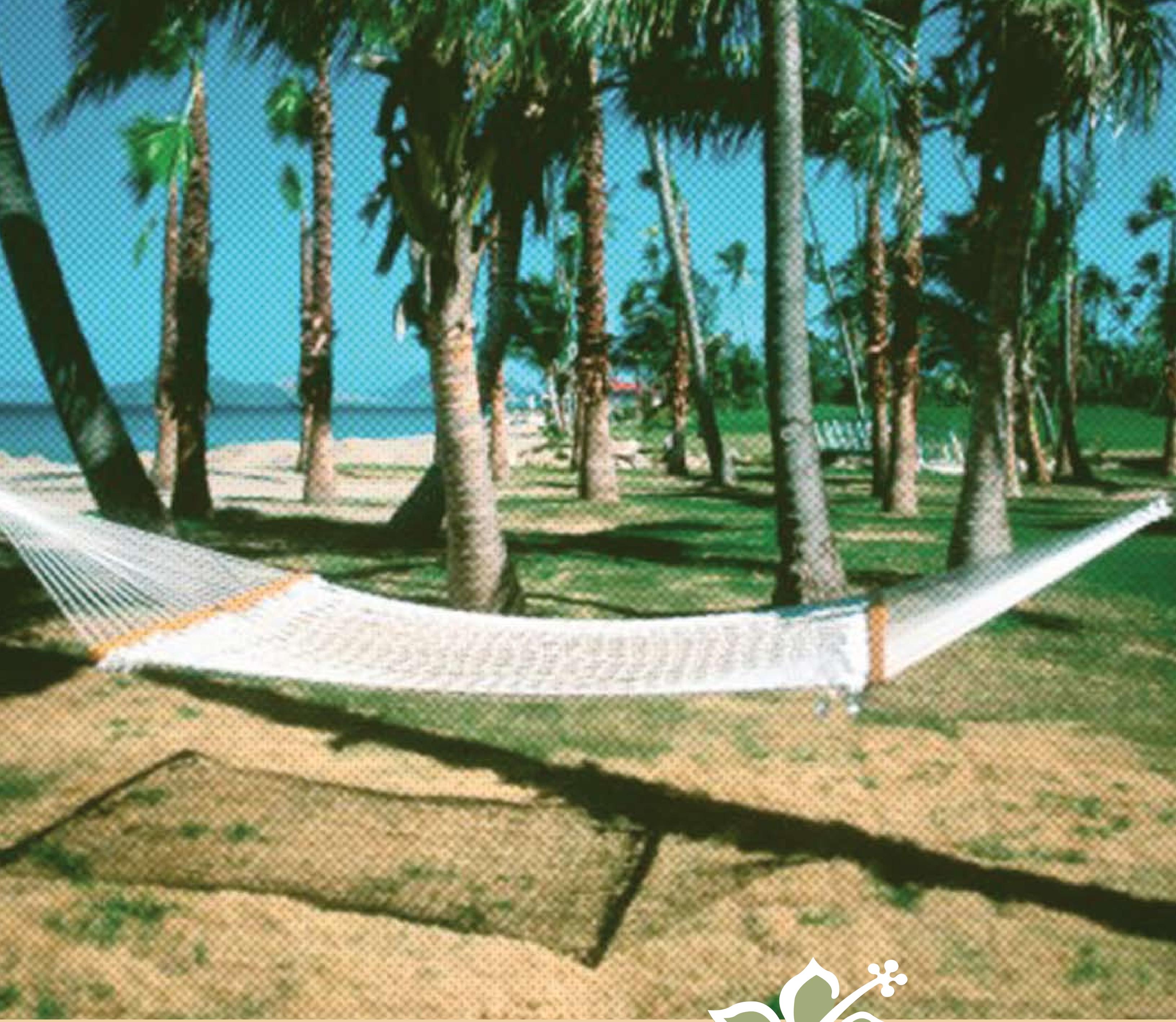


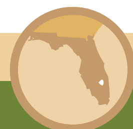
# Lessons From the SUNSHINE STATE

by Leyla Kokmen

HIGH COSTS, POOR PLANNING, AND HURRICANES ARE STARTING TO DAMPEN FLORIDA'S POSITION AS KING OF RETIREMENT DESTINATIONS. HERE'S WHAT OTHER COMMUNITIES NEED TO KNOW IN ORDER TO PLAN FOR THE COMING BOOM IN RETIREES.

When you think of retirement, your mind may immediately float to Florida—Northeastern transplants in Panama hats, soaking up the sun at the pool or on the golf course. For the better part of a century, Florida and retirement have been almost synonymous.

No state income tax, warm weather, plenty of land, a low cost of living, and beautiful coastline all contributed to the state's allure. But recently, the tide has been turning for Florida. With more destination choices—and with some states actively trying to attract the 60 and older set—Florida has faced increasing competition. Combined with rising housing costs, skyrocketing property taxes, devastating hurricanes (and the subsequent hike in home-insurance costs), and out-of-control growth, the Sunshine State's luster has started to dim.



FOR THE BETTER PART OF A CENTURY, FLORIDA AND RETIREMENT HAVE BEEN ALMOST SYNONYMOUS.

A recent slew of local and national news coverage has highlighted the disillusionment retirees and longtime residents have about Florida. "Sunshine Doesn't Pay the Bills," part of a June series in the *St. Petersburg Times*, revealed signs of an exodus from the state. An October article in *The Wall Street Journal* provocatively asked, "Is Florida Over?" The piece cited high costs as one reason why fewer Americans are choosing to move to Florida and instead opting to pursue their retirement dreams in Tennessee or North Carolina.

By sheer numbers, Florida still remains the prime destination for retirees today, leading the pack of destination states like Arizona, Texas, Nevada, and the Carolinas. But there is no question that the landscape is changing in the United States, as retirees have more choices. Communities across the country see this new crop of retirees as an economic boon and are expanding efforts to lure them. And as they do so, they can learn some valuable lessons from the issues raised in Florida.

Retirees have been moving to the Sun Belt since the end of the 19th century, explains Warren R. Bland, a professor of geography at California State University, Northridge. The pace picked up after World War II, as Americans became more affluent. That's why the late 1940s and 1950s saw people moving to Florida in droves, says Bland, who authored the book *Retire in Style: 60 Outstanding Places Across the USA and Canada* (Next Decade, Inc., 2005).

By 1970, almost one-third of all older Americans who moved out of state ended up in Florida, says Ronald Manheimer, executive director of the North Carolina Center for Creative Retirement at the University of North Carolina at Asheville.

"That was the Mecca," Manheimer explains. "That's what people knew about. They knew people who had gone there, and Florida was set up to welcome them."

That's changing today. Manheimer and his colleague Bill Haas, a professor of sociology at UNC Asheville, have been using data from the U.S. Census and American Community Survey to look at year-by-year trends in retirement migration.

In 1980, 26 percent of all migrants age 60 and older moved to Florida. In 2000, that dropped to 19 percent, and it dropped again to 17 percent in 2005.

"It's losing some of that traction," says Haas.

But the study shows that 102,300 people age 60 and older moved to Florida in 2004–05—more than twice the migration rate of the number two state, Texas (41,683), or third-ranked Arizona (40,625).

Yet the number of people moving to Florida is only part of the story. To provide an even more telling picture of retirement trends, the study looked at both the influx of people age 60 and older and the exodus of the same age group. These "net" migration numbers showed that Florida was still the leading state in 2004–05 with 37,140 people. But Arizona came in a much-closer second, with 24,610 migrants, while Texas was third with 18,290.

Rounding out the top 10 "net migration" states were Tennessee, Georgia, North Carolina, South Carolina, Arkansas, Washington, and Oregon.

In other words, while lots of folks in their older years were still moving to Florida, a lot more were leaving Florida than other states.

"The downward trend is very clear and will continue," Manheimer says. "People are saying, 'Let's look somewhere else.'"

## The 'half-backer' phenomenon

Some of those retirees who moved to Florida have grown disillusioned in their new surroundings. Many who are frustrated with high property taxes and insurance rates, the increasing crowds, traffic, and crime problems have chosen to move "halfway back" home, explains D. Kenneth Patton, dean of New York University's Real Estate Institute.

Photo courtesy of D. Kenneth Patton

"THE SUN BELT MOVEMENT HAS NOT ENDED, BUT PEOPLE ARE MOVING OUT OF FLORIDA, TO GEORGIA OR THE CAROLINAS."

*—D. Kenneth Patton, dean of New York University's Real Estate Institute*

"The Sun Belt movement has not ended, but people are moving out of Florida, to Georgia or the Carolinas," Patton explains.

Part of their motivation is to remain in a temperate climate, but be closer to family or return to a place that experiences all four seasons.

"The Florida problems are gone, and the lifestyle is maybe of a different sort," Patton continues. "Less shuffleboard, more hunting or boating. The leaves change. The cultural activities are growing and improving."

Patton has also noticed that more and more retirees are drawn to urban environments—both "new urbanist" developments and older urban communities. Communities that develop main streets and concentrated housing seem to appeal to today's retirees.

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Patton studied housing trends in one such community, Brunswick, Georgia, and discovered some of the elements that retirees find attractive. The seaside community is rich with tradition and has an established town center, a large public square surrounded by towering oak trees that exemplifies the type of intelligent urban layout that many retirees are looking for.

Part of the reason for the "half-backer" trend is that people are generally fit and active later in life today, Patton notes. A 70- or 80-year-old today may be more active than a 60-year-old was 20 years ago, and that reality changes retirees' expectations and interests considerably.

"What he's not interested in is mowing the lawn or shoveling a walk," Patton says. "But he's also not interested in shuffleboard and sitting by the pool in the Sun Belt."

In fact, the coming bump of retiring Baby Boomers is spurring all sorts of innovation when it comes to retirement living. Cities and states are experimenting to find the key that will attract Boomers. There's no question that there are many more choices out there today than there used to be.

"More people are moving to locations we didn't think of years ago," says geographer Bland. While he cites Portland, Oregon, and Boulder, Colorado, as two excellent places to retire, he notes that there is no single answer. "People have different wants and needs."

UNC Asheville's Manheimer points out that some states are actively trying to woo retirees who, in an earlier decade, might have opted for Florida. Alabama, Arkansas, Mississippi, and West Virginia all have retiree attraction programs.

Other mini-trends are also starting to pop up, he says, such as retiree havens near college towns. One developer is building an urban retirement community in Chicago. The idea is to appeal to people who want to stay in the metro area, who are attracted to an urban lifestyle, but who want the amenities of a retirement community.

Photo courtesy of Steven Slon

"MORE AND MORE PEOPLE ARE CHOOSING TO AGE IN PLACE OR LIVE CLOSER TO THE COMMUNITY THEY'VE ALWAYS BEEN IN."

—*Steven Slon, editor of* AARP The Magazine

In fact, says Steven Slon, editor of *AARP The Magazine*, "More and more people are choosing to age in place or live closer to the community they've always been in," he says.

According to census data, he notes, less than 5 percent of people older than age 55 actually move in any given year. Almost half of those stay in the same county. Only a quarter actually move to a different state. (UNC Asheville's Haas points out that when using the yearly American Community Survey data, the number of retirees who move across state lines is more likely to be 6.5 percent.)

Those who do move across state lines are looking less at reasons like better weather or beneficial tax breaks, Slon says. "People say they want to be connected to family, friends—to people they like."

Slon also points out the diversity of today's retiree populations: some have children who haven't entered college yet, while others have great-grandchildren.

These new retirees may choose to sell the family home but stay close by, Slon says. Maybe they'll move closer to the waterfront, or to a home that's all on one level, anticipating future frailty or health concerns. Others choose to move to an urban area, where plentiful public transportation means they won't need a car, and there are an abundance of cultural activities and good restaurants.

A BIG INFLUX OF RETIREES CAN STIMULATE JOB GROWTH IN AN AREA, FROM LANDSCAPING PERSONNEL TO DOCTORS AND NURSES.

## The mailbox economy

So why are so many communities trying to woo retirees? Economics.

UNC Asheville's study looked at the billions of dollars in retirement income that come from Social Security, pensions, and investments, dubbed the "mailbox economy." A state that attracts retirees stands to earn a windfall in spending by people moving in—especially because retirees often don't work or send children to school, yet still pay a full share of state and local taxes.

The study looked at net gains from the mailbox economy and found that in 2004–05, Florida captured $894 million from the mailbox economy, compared to $454 million in Arizona and $347 million in Texas.

Because those retirees who move across state lines tend to be better educated and more affluent than their peers, they often have economic clout in their new communities. By buying homes or condos in their adopted home states, they can invigorate the real estate market. They often volunteer at a higher rate than their peers. A big influx of retirees can stimulate job growth in an area, from landscaping personnel to doctors and nurses.

But if states and cities are trying to pull in retirees, they also need to be aware that population growth could have a downside. As retirees age, they may face more health problems or disabilities, requiring a much higher level of health care and related services. And, if retirees do buy a lot of new homes, price inflation can occur. Moreover, if there's a big building boom, it can strain the natural environment.

"One of my concerns would be that retirement migration is good in terms of money flowing in, but it has an impact on infrastructure," Haas points out. "Florida couldn't keep up."

Cal State Northridge's Bland also notes that some of Florida's problems should serve as lessons for other states.

"A state growing as fast as Florida in population needs to grow its infrastructure commensurately, and they're not doing that," he says. "Florida has experienced runaway growth. It's destroyed the natural beauty and taxed public services."

That's partly why the West has grabbed an increasing share of retiree transplants, he notes. But that region, he says, should learn from the Florida example and pay attention to its own planning needs.

"Arizona in particular and the Southwest in general are going to continue to grow for some time," he says. "But they are going to run up against an absolute limit on growth based on the availability and cost of water." He continues, "Arizona has had quite a run, but I'm wondering how much longer it will last."

The balance between forward-thinking, long-term planning, and the short-term goal of luring retirees can be tricky to strike. Much of that planning requires regulation, Manheimer points out. And changes in regulation usually provoke big battles.

## Planning for an aging population

Comprehensive planning for retirees, and the aging population in general, isn't being done enough, says Sandy Markwood, chief executive officer of the Washington, DC-based National Association of Area Agencies on Aging. The organization, an umbrella for some 650 aging agencies across the country, did a study in 2006 on the "aging-readiness" of America.

The study, entitled *The Maturing of America—Getting Communities on Track for an Aging Population,* found that just 46 percent of American communities had begun planning to address the needs of aging Baby Boomers.

Markwood points out that by the year 2030, one in five Americans will be over age 65. In some communities, she adds, that's already true.

"There weren't very many communities planning comprehensively," Markwood says. "But there were some communities looking at the aging population in terms of housing or transportation. That's great, but I hope they'll take that and move to a more comprehensive approach."

That comprehensive approach includes planning not just for housing and transportation, but for health care, parks and recreation facilities, emergency preparedness, and workforce development. She notes that communities that are attracting older adults, like Asheville, North Carolina, and Gatlinburg, Tennessee, may find that having enough services in place is an issue.

Communities that plan to have a large retiree population need to have adequate housing that's both affordable and amenable to aging residents. They need to promote home modification or repair programs so that aging homeowners can make sure their homes remain livable, Markwood says.

Zoning codes need to be revised with an eye toward land-use planning. Markwood describes an example in Stratham, New Hampshire, which has created an "Affordable Senior Housing" zone that encourages development of smaller homes suitable for older residents. Communities must also look at developing affordable assisted-living options.

On the transportation front, communities need to think about aging populations. By the year 2030, Markwood says, up to one-quarter of all licensed drivers in the United States will be over age 65. Not only should communities make road signs larger and improve lighting on roads, but they need to "come up with transportation options when people can't drive," Markwood says. "We don't want to have isolated older adults."

The study showed that some communities are trying innovative transportation programs for older adults. Buncombe County, North Carolina, has a senior bus-pass program to encourage older adults to use public transportation. And Peachtree, Georgia, is expanding its multi-use paths to connect all city areas, so citizens can get around without a car.

"We need to do holistic planning," Markwood says, noting that people 60 to 65 need a different level of support than those 75, 85, or 95. "An active adult community on the outskirts of town where you need a car and there's no health care may work for someone who is a healthy 65-year-old. It might not work so well when you're 85."

The aging population is dynamic, and the Baby Boom generation, in particular, will likely spur innovations in housing and other areas that haven't even been conceived of yet, Markwood says.

"These people are creative, entrepreneurial; more likely to stay in urban and suburban areas," she notes. "It will be interesting to see the differences in the course of the next five to 10 years between what their choices are and [the choices of] their parents."

## The new active retiree

One difference in where—and how—Boomers spend their retirement will likely revolve around work.

Some 79 percent of Boomers plan to work in some capacity in their retirement, says Slon of *AARP The Magazine*. "So you can't just move to someplace that's completely out of touch with work possibilities," he says. "That's a big change from past generations."

One group in Florida is trying to capture that active retiree and change the perception of retirement in the Sunshine State. In Broward County, Florida, the Community Foundation of Broward recently did focus groups and surveys of 250 people to figure out how to engage retirees in the community—and potentially draw Baby Boomers as they retire.

"They want meaningful volunteer opportunities. They need benefits, or they may need to work," explains Linda Carter, the Fort Lauderdale-based foundation's president and chief executive officer. The study called *Re-engAGE for Good* looked at opportunities that exist in the community, as well as barriers to retired Boomers' participation. The goal was to bring city planners, nonprofit organizations, and corporations together to change the way the community works with new retirees.

"We want to stimulate all the various sectors in the community to think about strategies they can employ to embrace these retiring Boomers," says Sheri Brown, vice president of the foundation's grants and initiatives.

Some opportunities, Brown notes, could include helping retirees train to become teachers, to help fill a growing need in the public schools.

"Retirees will want to be involved," Carter says. "Destinations need to be designed. It's not just the physical properties of the community. It's the emotional, intellectual quality of life."

By 2010, Broward County will have a half a million retiring Baby Boomers, she notes. "Now is the time to plan," she says. "If we don't, they'll move somewhere else. If they're not welcomed, if they're not feeling involved, then they won't be in your community. They'll be someplace else."

And that, she stresses, would mean the community would lose the spending power of the retired Boomers, as well as potential philanthropy of the generation as it starts to think seriously about its legacy.

"If we continue to keep the perception of the old retiree as being somebody who's out there with white hair, sitting around the pool, we will miss the mark," Carter says.

*Leyla Kokmen is a freelance writer. She also teaches journalism at the University of Minnesota.*