If substantial retiree inmigration occurs, the entire character of the community can change. Retirees' lifestyles may conflict with those of current residents. For instance, retirees may oppose hunting on their property, or they may object to agricultural and industrial noises and odors that are accepted by long-term residents. Retirees may become politically active and fight the local power structure to effect changes in community policies, such as land-use issues and local government spending and taxing (Reeder et al., 1993).

Policies can be implemented to avoid or minimize these problems, but this requires planning and action before problems become severe. For example, many growth-related strains, such as road congestion and lack of water/sewer capacity, can be mitigated by expanding the necessary infrastructure before it becomes strained. Similarly, communities can initiate projects to provide low- to moderate-income housing to help long-time residents find homes in the community. Zoning and impact fees can also help deal with many of these problems.

Some potential social conflicts can be avoided by enlisting retirees in volunteer programs that give them the chance to help local schools, hospitals, and public services. Retirees may be sought as advisors or participants in local government, providing expertise and input reflecting their abilities and needs. In addition, some potential conflicts, such as those involving land use, can be avoided by providing both retirees and long-time residents with alternatives that satisfy both parties.

In sum, researchers have begun examining the economic consequences of retiree movements in recent years. Most avoid making definitive conclusions about longrun implications, due to uncertainty about future trends in Social Security and health care programs. But, those who have looked at communities that already have a track record of attracting retirees generally conclude that retiree attraction has been, on net, a positive development for most rural areas (Haas and Serow, 1990; Bennett, 1990; Wiseman, 1991; Fagan and Longino, 1993). When deciding whether or not to attract retirees, though, local officials should recognize that problems will arise, and the community should be prepared to deal with them.

Places That Might Benefit From Retiree Attraction

Retiree-attraction policies are not for every community. At one extreme are high-amenity places that are already attracting so many people (retirees and others) that they have little need for policies to attract more people. At the other extreme are remote, sparsely settled places with few public or private services and minimal natural amenities; these places probably have little potential to attract retirees and would be better off employing other economic development policies rather than wasting their resources on retiree attraction.

Between these extremes are the places for which retiree attraction strategies seem best suited—places with both the *need* for retiree attraction and the *potential* to attract retirees. One way to identify such places is to examine recent population growth rates and rates of net inmigration of the elderly. Lack of population growth can be used to indicate *need* for retiree-attraction policies. Net inmigration of the elderly can be used to indicate *potential* to attract retirees.

Population Growth in the Early 1990's

The first half of the 1990's saw population revival for many rural areas that had declined during the 1980's. By 1995, demographers had coined the term "rural rebound" to describe this phenomenon (Johnson and Beale, 1995). The most recent data suggest that retirees, though contributing to the growth in the 1990's, are not really responsible for the rebound, which has been led by heavy inmigration of nonelderly people from metro areas (Fuguitt et al., 1996).

The general revival of rural population growth in the 1990's may reduce the benefits of (or need for) retiree attraction in some rural areas, but population growth rates continue to vary widely across rural America. Much of the population growth is in rapid-growth areas, while most other areas tend to be growing slowly or declining (Beale, 1996).

Four population growth categories (fig. 4) are defined here:

- rapid = population growth greater than 10 percent,
- moderate = population growth between 5 and 10 percent,
- slow = population growth between 0 and 5 percent,
- negative = population decline.

Rapid growth has been a problem in parts of the Rocky Mountains and the West. Pockets of rapid population growth are also apparent in eastern Texas; the Ozarks; northern Michigan, Wisconsin, and Minnesota; central Tennessee and Kentucky; northern Georgia; Florida; and parts of other Southeastern and Midwestern States. Most of these areas have little need for attracting more people and may even be hurt by a retiree-attraction policy.

Places with moderate population growth tend to be scattered across the country. They are most prevalent in mountainous areas in the West; in Wisconsin, Minnesota, and Michigan; in or near the Ozarks; in southern Appalachian and Piedmont areas; and in northern New York and southeastern Pennsylvania. Most of these places also seem to have little need for retiree attraction. Exceptions include places that experienced extensive outmigration in the past and remain underpopulated, or places with high levels of unemployment that might benefit from retiree-generated job growth.

Places with slow population growth are more likely to benefit from retiree-attraction policies, since they are more likely to be having trouble finding new jobs for youths and losing their main-street businesses to regional service centers. These places are also scattered widely across the country, but they tend to be concentrated in northern Appalachia; along parts of the Mississippi and Ohio Rivers; in the Black Belt in the South; near the Texas border with Oklahoma, Louisiana, and Arkansas; and in the Western Plains.

Places with negative population growth (population decline) probably have the greatest need for retiree-attraction strategies, particularly those places that are already so small and depopulated that they risk losing their schools, hospitals, and other institutions if they lose many more residents. Population decline is concentrated in the Great Plains area, in some farming areas in the Midwest, in the lower Mississippi Delta, in northern Appalachia, and in Alabama.

Other Factors Affecting Desirability of Retiree Attraction

Recent population growth or decline is only a crude indicator of the desirability or need for adopting a retiree-attraction strategy. Other factors—such as the income levels of local residents and inmigrants, housing conditions, the level of local congestion, unemployment, community stability, and the community's potential for other forms of development—should be considered in deciding if a place might want to attract retirees.

For example, some rural recreation or exurban communities may be attracting large numbers of mostly younger, lower income individuals who add more to local government costs than to the local tax base. Such places may alter the inflow of migrants through selective retiree-attraction policies targeting high-income retirees. This approach has certain advantages because high-income retirees demand goods and services, creating jobs for some of the younger inmigrants. They also add to the tax base so the community can afford better public services for its lower income population. Such an approach might also make sense for rapidly growing areas that are already attracting significant numbers of retirees but where most of the retirees have relatively low incomes.

In contrast, some places that are currently experiencing little or no population growth might decide against retiree-attraction policies if they already have a fairly high standard of living, a stable economy, a tight housing market, and/or significant congestion problems. Even though they may be growing slowly, many such communities may be close to optimal population size and density. In such places, attracting retirees could add more to local problems than the benefits would justify.

Among places that would benefit from additional growth, some might benefit more from nonretirement development than from retirement development. For example, in places with good potential to attract high-wage, high-tech firms, some sites that could serve as retirement communities might be worth more to the community as high-tech industrial parks. In such cases, where alternative development approaches exist and are viewed as incompatible with retirement development, decisions between retirement and other approaches should be based on which approach best meets the community's needs and capabilities.[2]

For example, places characterized by a low-skilled labor force with many high-school dropouts, substantial unemployment, and discouraged workers who have dropped out of the labor force might benefit little from high-tech development that brings in skilled workers from outside the area. The same places might benefit significantly from the low-skilled service and retail sector jobs associated with retiree attraction. Conversely, places with low unemployment but with significant underemployment (i.e., many high-school and college graduates in search of better jobs and higher incomes) might benefit more from the high-wage jobs produced by high-tech development or some other high-wage industry.

Many people fear that attracting retirees from outside the community might create undesirable community change. For example, an influx of retirees might upset a delicately balanced local political coalition, increasing the level of political conflict in the community. Some fear that inmigrating retirees would raise property values enough to drive out long-time residents with low incomes or marginal businesses and prevent young people from buying houses. Additional concerns about land use sometimes arise, such as when retirees take exclusive possession of property that used to be available to local hunters or fishermen, or when retirees object to the sights and smells of industrial uses of their neighbors' land.

Where communities are concerned about losing their rural character, some may worry that inmigrants from cities will vote to raise taxes to pave the dirt roads and otherwise change the community to make it look more like the places they left. In other places, local residents may worry that those who choose to retire in a rural setting will oppose paving roads or other changes that might lead to economic development.

[2] If the two approaches are not incompatible, however, there is no need to choose between the two approaches, making it preferable to adopt both strategies.

In addition, some may be concerned that inmigrating retirees with no family ties to the local community will vote against local school improvements that do not directly benefit retirees.

Some of these problems can be avoided or mitigated by focusing retirement development policies on the retention of current residents and the attraction of former residents. Other mitigation policies can also be employed with some success. But where such approaches are not very promising, communities that want to avoid potentially undesirable community changes might seek other forms of development.

Past Elderly Inmigration Reveals Retiree-Attraction Potential

Not all communities that desire to attract retirees will succeed. One indicator of a community's potential to attract retirees is net inmigration of the elderly.[3] Four categories (fig. 5), varying in the extent of retiree attraction during the 1980's, are defined as follows:

- rapid = greater than 15 percent net inmigration of the elderly,[4]
- moderate = between 5 and 15 percent net inmigration of the elderly,
- slow = between 0 and 5 percent net inmigration of the elderly,
- negative = net outmigration of the elderly.

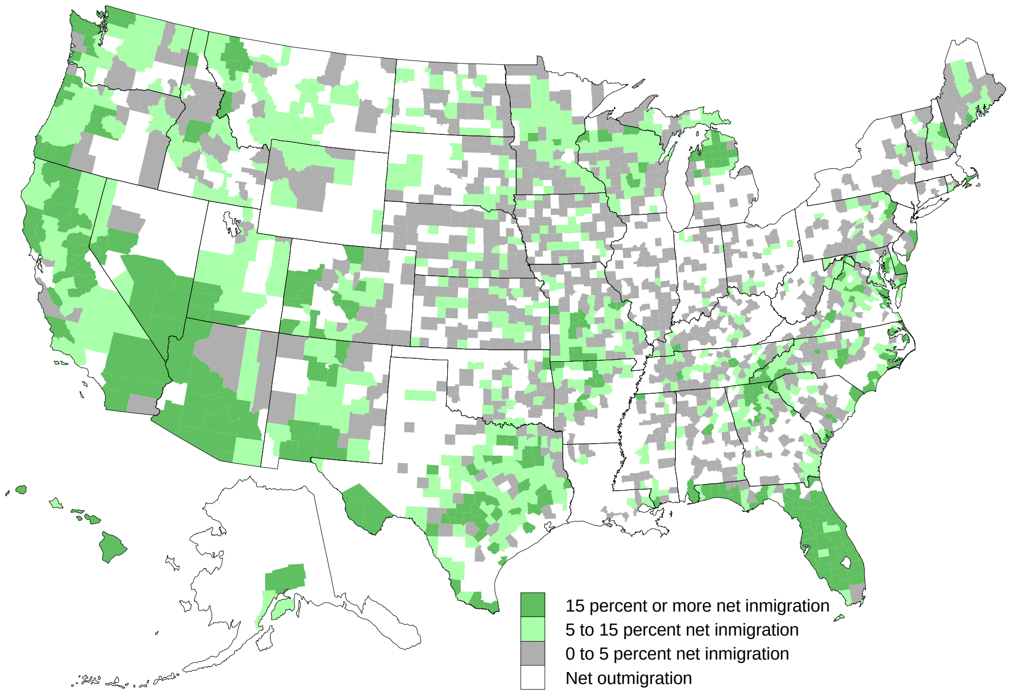
The greatest potential to attract retirees is clearly in the rapid net-inmigration category. Most of these places, however, would not benefit much from policies to attract more elderly for two reasons. First, they are already attracting lots of the elderly. Second, the large majority of these counties experienced rapid population growth in the early 1990's, suggesting that they may, if anything, be experiencing growth-related problems. A handful of excep-

[3] ERS calculated net inmigration for each county by estimating the number of elderly (age 60+) residents that would be expected in the county in 1990 based on the aging of the population present in 1980. This estimate was then subtracted from the actual number of residents age 60+ in 1990, and the difference became the estimate of net inmigration of the elderly. This difference was then expressed in percentage terms (percent of estimated 1990 population 60 and over) to produce an indicator of the relative extent of inmigration of retirees.

[4] The cutoff for the rapid net inmigration category was the same as that selected by ERS to define retirement counties during the 1970's: 15 percent or more net inmigration of the elderly.

Figure 5

Many counties had net inmigration of the elderly in the 1980's



Note: Percent net inmigration computed as the net inmigration of population age 60 and over in the 1980's as a percentage of population age 60 and over in 1990.
Source: USDA, Economic Research Service.

tions to this pattern—having rapid inmigration of the elderly without experiencing rapid population growth—are widely scattered, including a few counties in northern California, southeastern Nevada, southern New Mexico, Maine, New Hampshire, Florida, and Texas.

Places with moderate inmigration of the elderly during the 1980's also appear to have considerable potential to attract retirees. Unlike the rapid inmigration category, many of these places did not experience rapid or even moderate population growth in the early 1990's, suggesting they might benefit from retiree-attraction policies. Places that have both moderate net inmigration of the elderly and little or no population growth are concentrated in the Great Plains and the Farm Belt in the Midwest, with fewer, more widely scattered places in the West, Southeast, and Northeast. However, these elderly inmigration estimates probably overstate the inmigration in places like the Great Plains and the Farm Belt where life expectancies tend to be longer than the national average, thus exaggerating the potential for attracting retirees to these places.

Places with slow net inmigration appear to have some retiree-attraction potential. These places are widely scattered, with no obvious pattern. Some of these places have benefited little from population growth in recent years and may have unrealized potential to attract retirees. Others either have little potential to attract retirees or have little need to do so, having benefited from population growth in recent years.

Places with elderly net outmigration in recent years would appear to have the least retiree-attraction potential. They are a little more concentrated than the slow net-inmigration group, including parts of Oregon, Nevada, Montana, Wyoming, western Texas and Oklahoma, and the Gulf Coast of Texas; almost all of the lower Mississippi Delta; much of the Midwest and Great Lakes coastal area; and parts of the Southeast. Many of these places experienced overall population decline in recent years, suggesting that even if they do not have much potential to attract retirees, they might benefit by retaining more of their retirees. However, ERS's elderly migration estimates probably overstate the outmigration of the elderly in places with low life expectancies, such as in the lower Mississippi Delta, suggesting that some of these places may have more potential to attract retirees than is indicated by the migration estimates.

Have migration patterns changed any in the 1990's? This is difficult to answer. While some rural areas appear to be attracting more retirees than in the past, a recent study concluded that the overall net inmigration of the elderly slowed considerably for nonmetro areas in 1990-95 (Fuguitt et al., 1996). The authors caution that the Medicare data they used to count the elderly in 1995 might significantly undercount the nonmetro elderly, possibly overstating their observed decline in nonmetro elderly net inmigration. However, if true, this trend might indicate that many nonmetro areas may have to more aggressively attract and retain retirees if they are to continue to benefit significantly from retiree attraction in the near future.

Factors Contributing to Retiree-Attraction Potential

Recent migration trends provide only a crude indicator for identifying places that might benefit from retiree-attraction policies. As noted earlier, elderly inmigration rates are expected to pick up considerably in the next 10-15 years as the baby boom retires. As more and more future retirees begin looking for and investing in retirement destinations, some of the places currently attracting retirees may become unattractive future retirement destinations due to rising costs and congestion. Other, less popular places may become popular retirement destinations as their advantages become better known.

Because retiree attraction is largely a word-of-mouth phenomenon, unless a place is next to a major population center or near a tourism attraction, its potential advantages for retirees may go unnoticed for many years. Aggressive retiree-attraction policies can turn such latent retiree-attraction potential into a significant and growing inflow of retirees. Thus, the decision to attract retirees should consider whether or not such potential exists.

Some places may not be aware that they have amenities that many retirees like, such as a mild climate with four seasons (not all retirees opt for hot places) and attractive natural amenities such as forests, rivers, lakes, views of mountains, deserts, or coastal settings. Even places without impressive natural amenities may be able to attract retirees if they have inexpensive housing and land, a small-town lifestyle, and proximity to metropolitan areas and attendant urban amenities. Retirees prefer places with convenient access to a variety of goods and services, including entertainment, shopping, medical facilities, and airports. Many retirees also seek places with good recreational opportunities—such as boating, fishing, golf, and gambling—that can occur in man-made settings.

To better understand which areas are likely to attract retirees, one must understand why the elderly migrate and what factors might influence when the baby boom elderly retire. First, most elderly do not migrate, and many who migrate do so for nonretirement reasons. Those who enjoy working or cannot afford to retire sometimes move for jobs. Those in poor health sometimes move for health reasons, such as to a nursing home. Many of the elderly move to stay near their families. When families move, the elderly often move with them. This is particularly common for medically dependent retirees who tend to be relatively old, single, in poor health, and need a family support system. Other retirees may consider moving back to their hometowns or to some other location to be near friends and family.

Most people who move, including the elderly, move only short distances, such as those who move out of high-cost cities and suburbs and into lower-cost suburban or exurban settings where they can retire with more financial security. For the retiree, such short moves preserve long-time friends and familiar settings.

Thus, many rural places will receive inmigration of the elderly not so much because of their attractive natural settings, recreation, or amenities, but because they are low-cost places conveniently located near the retirees' current or past homes or near some other place where the retiree's friends and family reside. This suggests that both exurban areas and other rural communities that have been in existence for at least

50 or 60 years (that is, are capable of being hometowns to baby boom retirees) probably have latent retiree-attraction potential.

Many wealthier retirees will select retirement destinations with abundant manmade and natural amenities (these are generally referred to as amenity retirees). Many, no doubt, will continue to opt for traditional, warm-weather retirement destinations with good golfing and/or boating opportunities, such as Arizona and Florida. However, many in the baby boom generation identify with rural areas, perhaps more so than their parents. For example, many of the "hippie" generation left the cities for rural areas in the early 1970's, espousing the simple virtues of country living. Although these individuals may have later moved to find jobs and start families, they may still have a preference for rural settings in their retirement. Many have grown attached to rural recreational areas with hiking, mountain biking, skiing, or camping, and many are drawn more to the mountains and desert than to the beach. This might induce many baby boomers to retire in highly rural settings or in towns within a short drive of such settings.

In addition, many baby boomers have moved around the country a lot while getting their college educations, working for branch plants of large corporations, and on vacations. Thus, baby boomers may be familiar with more distant places than their parents' generation, encouraging proportionately more baby boomers to make the leap and move long distances to retire. Consequently, in the coming years, a higher percentage of the elderly may become return migrants to a former residence (either their hometown or where they went to school or worked) or vacation site.

Creative State Initiatives

The 1990's have seen the advent of innovative strategies promoting retiree attraction throughout a State or a region within a State. According to a recent newspaper account, nine or more States already are actively trying to attract retirees, including North and South Carolina, Alabama, Louisiana, Mississippi, Arkansas, New Mexico, Florida, and Pennsylvania—and four more States (Idaho, Texas, Washington, and Tennessee) are considering marketing to seniors (El Nasser, 1996). These strategies typically require the active participation and leadership of State government, though local governments and real estate companies often play a major role. The strategies are experimental because they have not been in effect long enough to judge their success. No formal program evaluations have been made to assess their effectiveness. But anecdotal evidence suggests some positive results. If these strategies turn out to be successful, they may serve as good models for other States seeking to attract retirees.

Alabama Advantage Model

Alabama's attempt to attract retirees into rural communities has been one of the most aggressive and wide-ranging strategies adopted thus far. The Alabama model entails State assistance to rural communities in all phases of retiree attraction, including planning and technical assistance, literature development, coordinated marketing efforts, financial assistance, and amenity development.

Beginning in the late 1980's, the Alabama Department of Economic and Community Affairs (ADECA) began working with the retiree-attraction expert, Mark Fagan, at Jacksonville State University, to create a State program to help rural communities attract retirees. According to Fagan, these were the key components of this initiative, known as the "Alabama Advantage for Retirees":

(1) The State's 1989 "Alabama Reunion," which attracted many former Alabamans back to visit the State, was used as a vehicle to promote retiree attraction.

(2) A statewide survey identified communities interested in joining a new program to attract retirees to rural communities and collected infrastructure data in each participating community.

(3) The State produced color brochures promoting retirement in Alabama. These were distributed at welcome centers on major highways entering Alabama, and the Bureau of Tourism and Travel sent them to people requesting information on retirement opportunities in the State. Those who received the brochure and requested more information received a guidebook to retirement in Alabama, including descriptions of each of the communities in the State program.