

advertising cost per inquiry in deciding whether to place such ads again. This has been a successful form of marketing for Texas, but not all State advertising efforts are successful. In Michigan, for example, an effort was recently made to promote the northern Michigan retirement area to seniors in Wisconsin by advertising in Wisconsin publications, but it generated few inquiries.

In some cases, poor marketing results may reflect lack of knowledge about where and what the market is for any particular retirement destination. In an effort to produce better information for its proposed marketing effort, the Mississippi Governor's Task Force on Retirement Development (1994) recommended that the State conduct an extensive data-gathering effort through the use of market surveys, information obtained from the Department of Motor Vehicles on applications for new licenses, and random surveys at welcome centers.

This is just one part of Mississippi's new initiative, which is, in many ways, patterned after the Alabama and Washington models. Like Alabama, Mississippi has embarked on an aggressive State marketing program, plus State technical assistance to communities participating in a new State "Community Certification" program set up for places that are serious about attracting retirees. In its first year of operation, Mississippi's ad campaign generated over 36,000 out-of-State information requests (El Nasser, 1996). Like Washington, Mississippi has produced and distributed copies of a community self-help retiree attraction manual, *Developing a Retirement Industry in Your Community* (Mississippi Department of Economic and Community Development, 1994). Although a half dozen communities have already produced strategic plans for this effort, this initiative is only just beginning and it is too early to evaluate.

Other States—including Georgia, North Carolina, Pennsylvania, South Carolina, Oklahoma, Arkansas, and Tennessee—have sponsored special studies and conferences examining the economic development potential of retiree attraction. Most are States that have already benefited from retiree attraction and want to benefit more. Pennsylvania is an exception. After having lost retirees to southern locations for years, Pennsylvania recently decided it needed to halt the flow, so in 1993 it started the *Silver and Gold*

magazine to promote the advantages of the State as a place of retirement. The target of this effort includes not only Pennsylvania residents but potential immigrants from New York, Ohio, and New Jersey (El Nasser, 1996).

## Conclusions

The retirement of the baby boom generation could provide significant opportunities and challenges for rural development in the coming years. Some baby boomers are already making retirement decisions and acquiring land and housing in preparation for their retirement. For rural communities interested in getting a head start in participating in this form of development, now is the time for States and communities to learn how retirees might affect them and to design policies to attract or retain retirees.

### Retiree Attraction Has Both Advantages and Disadvantages

A fair amount of research has examined retiree impacts, including both the advantages (benefits) and disadvantages (costs) of retirement-based development. This research generally indicates that immigrating retirees usually add to local economies, raise median family incomes, reduce local unemployment, and add to economic diversity. Retiree attraction boosts local populations and tax bases, which can be important for maintaining Main Street businesses and key public services like schools and hospitals in rural communities. Immigrating retirees can also provide a boost to local churches, charities, volunteerism, and other civic activities.

Not all retiree impacts are positive. Among the negative aspects of retiree attraction are strains associated with excessive population growth. In places that are growing too rapidly or that have little room for further growth, retiree attraction can result in undesirable congestion and environmental strain and drive up housing prices and property taxes so that some long-time residents are forced to move out. Many of the jobs created by retirees are low-wage service jobs that may attract low-income workers into the area, an unintended consequence of which can be a drain on public services, such as schools and jails. Not all retirees are wealthy, and, depending on which type of

retiree is attracted, the economic effects could vary significantly. As retirees age, they may become an increasing burden on the local tax base as their incomes erode with inflation and they demand more in health-related services. In addition, demographic changes can create community conflicts since retirees sometimes have different views about public policies like land use, economic development, schools, and taxes.

### **Retiree Attraction Works Better for Some Places Than Others**

Because there are both advantages and disadvantages associated with retiree attraction, the net result may vary, depending on the community. For example, communities that have suffered significant outmigration in recent years may find the growth-related advantages of retiree attraction to outweigh any disadvantages. Communities with relatively low incomes and low tax bases may also find retiree attraction advantageous, figuring the influx of wealth and jobs associated with retirees outweighs the additional difficulties associated with growth. This may be particularly the case with high-poverty communities having difficulty adjusting to welfare reform and the related need to find jobs for poor unemployed residents.

At the other end of the spectrum, communities that are already congested and environmentally strained may not be capable of absorbing many retirees, hence they may want to look to other, more environmentally friendly development strategies. Some middle- or high-income communities that lack the need for additional economic stimulus may also want to avoid policies that attract retirees and their associated growth problems.

Retiree attraction as a strategy for development has great potential in places with desirable natural amenities such as beaches, mountains, forests, rivers, and lakes. However, many other rural places are capable of attracting retirees, including communities near metro areas with relatively low land and housing prices. While it is probably true that some places simply lack what it takes to attract retirees, many communities that do not now think of themselves as being good retirement places may have significant latent retiree-attraction potential. If they actively engage in policies that help them to take advantage

of this potential, they might attract enough retirees to make a real difference in their economic development.

### **Attraction Strategies Vary From State to State**

This report has examined the retiree-attraction strategies that are currently being implemented in a dozen or more States. A wide variety of approaches are represented. Some, as in Washington State, are largely passive approaches that provide information to local communities to enable them, if they so desire, to design and implement local retiree attraction strategies. Some, as in Alabama, involve the State government as an active agent for attracting retirees, including State marketing and retiree-related development investments. In others, as in Arkansas, the private sector (in the form of real estate associations) has taken the lead in developing a comprehensive attraction strategy.

The character of retirement development varies significantly. In South Carolina, new residential developments, including planned retirement communities, play a major role in attracting retirees. In North Dakota, one retiree-attraction effort is aimed at filling existing vacant housing by attracting former residents back into the community. Some States, such as Pennsylvania, have lost many retirees to other States, and are focusing more on retaining their own retirees rather than attracting out-of-State retirees.

Some States, like North Carolina, can take advantage of the large number of travelers passing through on interstate highways to market their retirement locations at visitor centers. Others make more use of traditional marketing media, such as advertisements in newspapers, magazines, television, and radio. Some States—for example, Michigan and Mississippi—have recently eliminated income taxes on retirees in an attempt to attract the attention of retirees. The best marketing approach may involve word-of-mouth advertising, which favors places that start early in attracting retirees and do well to satisfy their retirees.

Although case studies indicate that at least some of these strategies, such as the planned retirement community approach, have proven successful in some places, it is still too early to judge how successful most of these strategies will be in attracting retirees.

More evaluative research is needed to help States and communities understand the advantages and disadvantages of alternative retiree-attraction strategies.

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