

# Retirement Theater Profile:

## Introduction

Attendees at the Jobs Council meeting in Ruidoso on July 6, 2015, utilized an advance report prepared by sector experts on retirees as an economic base sector. They reached the following conclusions through a consensus process. Attendees were legislators, Council board members, state and local governmental agency staff, private industry representatives, and local citizens.

Note: Economic Base Retirees were not included in the Jobs Council calculus in years one and two because the Council was focused exclusively on traditional jobs.

## 1. Theater Definition

How is the Solowork program theater defined?

The Retirement Theater is focused on recruiting economic-base retirees (EBR). These are retirees who have a combination of net worth and retirement income in excess of 200% of the federal poverty guidelines. The rationale behind this parameter is that the amount of income to qualify as contributory to the economic base needs to exceed the amount that could be made from welfare. The figure of 200% was reached in order to ensure that the risk of a Retiree falling below the poverty line would be minimized. Because their investment and retirement income are from outside the state, they will have the same impact on the local and state economy as the creation of a new economic base job.

In addition to recruitment from other states, this segment includes international retirees from Canada, Mexico, EB-5 programs and other countries. They could also be government or military (including local military planning to retire out of state) as well as gradual or early retirees.

While not jobs per se, retirees who earned their net worth while out of state constitute a significant share the economic base of many communities and is a major potential source for new economic base activity in the near future. Economic base retirees may also be referred to as: Economic Base Retiree, Early Retiree, Active Retiree, Active Adult, Empty Nester, 55+, Gradual Retiree, Intermittent Retiree and Footloose Boomers.

## Definition of an Economic Base Transaction

How is an economic base job creation transaction defined for this theater?

A transaction occurs when a qualifying head of household establishes permanent residency, becoming a New Mexico taxpayer and purchases or leases, on a long-term basis, a principal residence, which doesn't serve as a second home or a vacation rental.

## Attributes and Insights:

What important attributes, distinctions and insights are important to understanding the nature and capacity of this theater?

- The Retirement Theatre can potentially overlap with the Solo work, Visitor and start up Theaters. Jobs gained through other economic development efforts will provide employment opportunities for new out of state retirees wishing to continue working.
- The retiree market is diverse and highly segmented by age, income and lifestyle preferences.
- Retiring veterans are an important component based on their skills and experience and their paid medical care.
- An EBR brings a lifetime of net worth and retirement income to the community and will have the same multiplier effect on the non-base (service sector) as an economic base job. One retiree is the equivalent of 1.5 manufacturing jobs.
- Retirees as a rule have an inclination to not support school bond elections.

## 2. Players/Procuring Agents:

*What organizations and institutions are formally missioned, funded and staffed to create economic base jobs in this theater?*

- Residential builders and developers
- Realtors
- VA
- Chambers of commerce
- RV parks
- Tourism
- AARP
- Economic developers
- Cities and counties
- University Alumni
- Federal worker alumni

## 3. Economic Sectors

Which are the primary economic sectors in this theater?

While retirement income from out of state is the primary generator of economic base activity, retirees could potentially contribute to the economic base job count in a community by doing economic base Solo work or starting an economic base enterprise.

## 4. Jobs/Goals

How many new (gross) economic base jobs are estimated to be created in each sector of the theater by 2024?

The initial estimate produced during Council deliberations established a goal of increasing economic base retiree migration for the Mid Region from an estimated 1,900 per year to 4,000 per year.

If the Mid Region-represents half the state market, the statewide, ten-year economic base equivalent retiree estimate could be as high as 21,000. Refinement of the state-wide potential for this theater will require much more detailed analysis and planning at the county level.

The Mid Region goal for residential units built per year is 4,000. Currently, the region is only building 1,600, leaving a gap of 2,400 units. Of those, 400 are allocated towards new EBRs.

Sources	New	EBRs	EBR Goal	Program reliant in permit	Annual
Permits	1600	400	1000	600	6000
Resale	6000	1500	3000	1500	15000
Total	7600	1900	4000	2100	21000

Estimates must be made for the remainder of the state to reach a state-wide housing goal.

To average the 2,100 new economic base retirees per year in the Mid Region, a marketing, sales and product development program will have to be established and executed. Given that it will take four to five years for the marketing and development program to begin producing significant numbers, the program will have to be scaled to produce substantially more than the average 2,100 annually.

## 5. Program Reliant

How many of the jobs in this theater are to be directly caused or procured by the organizations specifically missioned, funded and staffed to generate economic base transactions in this theater?

An estimate for how many of the new economic base retirees over the next ten years would have to be procured by a mix of formal state and local program efforts was not produced. However it is assumed that a coordinated program effort by the home building industry, tourism, veterans advocacy groups and others would be required to cause a substantial contribution to the economic base needs of the state's communities. Such a program could have to add more than 2,000 new additional economic base retirees to the market annually to meet the ten-year goal of 21,000.

## FACTORS OF PRODUCTION

What factors of production gaps must be cured if economic base jobs in this theater are to be created?

### 6. Marketing and Sales Capacity

Is the marketing, sales and completion apparatus in place and at scale to generate the necessary interest, manage the pipeline of prospects, and complete transactions?

What is the current marketing and sales gap and how will it need to scale over the next decade to meet the ten-year transaction goals for this theater?

#### **Gaps:**

- To date, no formal state or local program focused on recruitment and measurement of economic base equivalent retirees. There are several active adult community developers and home builders focused on marketing to retirees in general.
- At present there is no analytical capacity to measure the competitive market position of the state or its communities.
- There is no way to publicize qualified communities

#### **Solutions:**

- Make the recruiting of economic base retirees a state-wide strategic economic development priority.
- Establish a state-wide economic development marketing, sales and product development program focused exclusively on economic base retirees.
- Establish a "Come to New Mexico" retiree website with links to community programs.
- Leverage successful existing programs and materials, specifically New Mexico True, *New Mexico Magazine* and Economic Development Department projects.
- Advertise in publications targeting retirees, such as AARP, Kiplinger and USAA magazines, and publicize through retirement destination websites. Emphasize the unique advantages of New Mexico: climate, cost of living (most communities), continuing

education, arts, natural and historic sites, low property taxes, sustainable building programs, bird watching and pet friendliness.

- Target military and federal government retirees.
- Establish a system for rating community quality.

## 7. Real Estate, Infrastructure and Capital

Does the region have the land, buildings, infrastructure, utility capacity and capital resources to fulfill the transactions envisioned for the theater over the next ten years?

### Gaps:

- There has been no formal assessment of New Mexico's infrastructure and amenities at the community level for this Theater.
- There is a perceived shortage of qualified retirement destinations in the state.

### Solutions:

- Develop a "Certified Retirement Communities Program," as Texas, Louisiana, Mississippi, West Virginia, Tennessee, and Kentucky have done. A Certified Retirement Community is one that the state endorses as a premier location for retirees. Each community must undergo a 3 month screening process conducted by a state retirement attraction program.

## 8. Workforce, Housing and Community Quality

Does the region have the qualified workforce, housing, and community quality necessary to grow, attract and retain the workers needed over the next ten years?

### Gaps

- Workforce housing will be required in many New Mexico Communities to house the workers needed to build the new retirement housing product and staff the community's additional amenities.
- There is a shortage of quality factors driving the market:-State and local tax structure, Housing opportunities and cost, Climate, Personal safety, Working opportunities, Health care and related services, Transportation, Continuing education, Leisure living, Recreation, Performing arts, Festivals and events, Sports at all levels .  
See:[http://www.topretirements.com/communities/certified\\_retirement\\_communities.html](http://www.topretirements.com/communities/certified_retirement_communities.html)

### Solutions

- Include the project and policy priorities that drive economic base retiree attraction into state and local ICIP.

## 9. Leadership, Organization and Business Climate:

Does the region have the leadership, organizational assets, planning and the business climate needed to compete for the theater's targets?

### Gaps

- Although the Central New Mexico Home Builders Association is working on development of a program approach for this theater, there is no formal program effort under way.

### Solutions

- Make the recruiting of economic base retirees a strategic economic development priority at the state and local level where ever it makes sense.
- Establish a state-wide economic development marketing, sales and product development program focused exclusively on economic base retirees.
- Conduct in-depth research on the EBR benefits, costs and needs related specifically to New Mexico.
- Develop a New Mexico Certified Retirement Communities program modeled on other states and New Mexico Main Street, to be housed in the Economic Development or Aging and Long Term Care departments. (This program could also help communities identify unmet needs and provide a rating mechanism for state support.)
- Reduce or eliminate state income taxes on EBR retirement income from pensions and Social Security. This would be based on a cost/ benefit dynamic scoring analysis and take into account national studies, other state programs and the total NM individual tax burden.
- Substantially increase funding for continued expansion of broadband internet to all areas of the state.
- Provide incentives for professional healthcare workers to locate and stay in rural areas.
- Support adequate funding for assisted living and senior center facilities.

### Advance Team Members:

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