Five Strategies to Create Age-Friendly Smart Cities

by Peter Kaldes

A Smart City modernizes digital, physical and social infrastructure and integrates all essential services for the benefits of its citizens by harnessing advances in sustainable technology to make delivery of these services more efficient, connected, secure, innovative, and equitable.

- Dentons' Smart Cities & Connected Communities Initiative and Think Tank

The world's population is changing rapidly. According to the United Nations, in just over a decade there will be more people over the age of 60 than there will be under the age of 10. AARP worked closely with the World Health Organization to establish a working definition of what constitutes an *age-friendly* city.

They landed on eight domains of urban life that would create a place where older adults are actively involved, valued and supported with infrastructure and services that accommodate their needs. These include: outdoor spaces and buildings; transportation; housing; social participation; respect and social inclusion; civic participation and employment; communication and information; and community support and health services.

A NATIONAL NEED

A recent Harvard study showed the number of Americans older than 65 grew from 35 million in 2000 to 46 million in 2016 – more than tripling the number of communities with majority older populations.

Many of these communities are in Florida, which is the state with the highest concentration of older adults in the country. For example, in the cities that make up Broward County, which includes Fort Lauderdale, adults over 65 currently make up 23 percent of the population.

Despite the fact that this group is the fastest-growing aging population in Florida, leaders are not preparing for the unique infrastructure, housing and related challenges facing their aging cities. These same city leaders, however, are leading Florida in creating smart city initiatives. A recent study from the OECD and Bloomberg Philanthropies recognized Miami and Fort Lauderdale as the only cities in Florida that have demonstrated a commitment to local innovation, with investments in infrastructure and technology that will improve outcomes for residents and strengthen communities.

These leaders, like those across the country, however, are not recognizing and incorporating the clear overlap between making cities smart and becoming age-friendly. With some careful planning, the investments a smart city makes in transportation, housing and public utilities can transform it into being age-friendly.

For those cities like Fort Lauderdale experiencing rapid population growth of older adults, leaders should prioritize certain smart city investments to meet everyone's needs as they age. According to a recent study by the Milken Institute, city experts recommend that leaders prioritize healthcare and mobility solutions as the areas of most importance in serving older adults in cities. But all the well-intentioned apps, smart and affordable housing, and autonomous vehicle innovations won't be deployed to help older adults, unless leaders can fund them.

Here are five strategies to create age-friendly smart cities:

Support Innovation – In the aging space, Florida's businesses have thrived thanks to a historically favorable tax and regulatory environment that has yielded innovations in long-term care solutions – almost since the state became a retirement destination of the 20th century. From assisted living communities to personal emergency response systems, successful businesses have provided solutions for older adults.

There is innovation at the federal level too. Medicare's recent updates to its regulations have opened the door for more innovation in aging supports. For example, insurance companies are reimbursing their Medicare Advantage members if they use community-based organizations to support some of their chronic conditions that negatively impact certain social determinants of health.

Leaders can create a legal and regulatory framework specifically targeted towards catalyzing innovations in supporting older adults. Whether it's so-called "innovation districts" – economic development zones free of regulations inhibiting innovation – or supporting aging-focused incubators and accelerators, cities can create the framework for supporting and attracting capital. These aren't new tools, but often overlooked when it comes to supporting the longevity market.

Expand Legislation – If regulatory adjustments to Medicare can spark innovation in supporting older adults, imagine what bold, sweeping legislation could do. The last time visionary aging ideas were turned into law was with the passage of the 1965 Older Americans Act (OAA), which was the first federal level initiative aimed at providing comprehensive services for older adults. It created a multi-tiered system of agencies that currently support 11 million older adults in need of food and transportation, research for remaining independent, support for fighting elder abuse, and coverage for costs of some caregiving.

While the OAA is currently awaiting reauthorization, according to AARP, its $2.06 billion budget has gone up just 1.1 percent annually, on average, since 2001. That pace simply doesn't align with the rate of growth in the older adult population. The fifty-five year old OAA is an important, albeit restrictive, tool for helping the most vulnerable, but there is more to do to address the needs of a 21st-century aging population.

Imagine a Congress that could pass legislation incentivizing employers to expand work opportunities for older adults not seeking retirement, or expanding family medical leave for caregivers, or increasing support for affordable housing and transportation funding, or even securing social security. Smart city leaders don't need to wait for federal legislation to pass to become age-friendly – they can incubate and launch many of these ideas locally in partnership with community-based organizations and other stakeholders.

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Create Taxing Districts – Traditional economic development tools such as tax incentives or the federal Opportunity Zone program can catalyze development for affordable housing for seniors in cities that need it the most. But age-friendly smart cities need more than critical housing stock – they need to provide community-based organizations with the funding and the capacity to deliver services.

Despite the fact that Florida leads the nation in older residents, it hasn't led the nation in funding the needs of its seniors- particularly its most vulnerable. However, it could replicate a model it uses to fund children's initiatives.

In Florida, where there is no state income tax, county-specific taxing authorities exist that invest public dollars into local children's programs called Children's Services Councils. Florida is the only state in the nation with laws that allow local county leaders and the residents of those counties to create a special government entity whose sole purpose is to invest in the well-being of children and families.

In Palm Beach, where the property tax for this initiative is $0.65 per $1,000 of taxable property value, the Children's Services Council of Palm Beach manages nearly $125million in revenue and nearly 80% of it is returned to the community in the form of grant funding for community-based organizations. A similar system could be set up for seniors. By investing public dollars into local senior programs, cities can decrease dependence on limited state and federal funds that will benefit entire families.

Recruit Philanthropists – Private philanthropy has long played a role in sparking social change. Cities and their nonprofit leaders seeking to create age-friendly smart cities need to boldly ask for more funding and not be timid in demanding support that will create large-scale philanthropic investments in aging.

According to Grantmakers in Aging, less than 2% of all private giving supports aging issues. And that number hasn't changed in 20 years – despite the doubling of the older American population. Moreover, recent changes to the tax code may have dis-incentivized small individual donors from giving to their favorite local senior serving organizations.

Moreover, while states, like New York are offering age-friendly planning grants totaling $1million to their communities, and local foundations, such as those in Broward County are awarding grants totaling about $700,000, these amounts, although appreciated by those they support, aren't consequential in the context of the population, infrastructure and social support systems that need help.

Expand Corporate Social Responsibility (CSR) – It is effectively CSR-malpractice for consumer product, insurance and other major corporations not to get into expanding CSR to support creating age-friendly smart cities.

In recent years, CSR has evolved from simple corporate marketing campaigns to sophisticated philanthropic and business investments in communities where employees live and work. While promoting employee engagement and volunteerism demonstrates a commitment to local communities, corporations with CSR initiatives that are most impactful are those that align business with social good investments.

Apple recently announced a $2.5billion commitment to tackle housing issues in California, JPMorgan Chase & Co. has launched multi-hundred million dollar initiatives to support economic development and workforce initiatives in major cities, and Comcast expanded its Internet Essentials program, which has provided affordable, high-speed internet for 11 million low income families.

While the oft-cited millennial and Gen-Z socially-minded consumer may drive some of the CSR effort, the senior dollar shouldn't be ignored. According to Visa Business and Economic Insights, consumers over 50 now account for more than half of all U.S. spending. They are also responsible for more spending growth over the past decade than any other generation, including millennials. And they matter to cities – according to the JPMorgan Chase Institute, at least 20% or more of the share of consumer spending in the greater metro areas of San Francisco, Phoenix, Seattle, Miami, and Detroit are by consumers over 65.

While some of these ideas are more ambitious than others, leaders have a variety of tools they can use to efficiently respond to massive population shifts and build age-friendly smart cities.

Peter Kaldes is President & CEO of the South Florida Institute on Aging (SoFIA) a 55-year old nonprofit whose mission he transformed to improve economic and social insights and services to empower people as they age. Kaldes is a former Obama White House international economic advisor. He also previously served as JPMorgan Chase Corporate Responsibility senior executive and Head of the Global Cities Initiative, and was an international trade and arbitration attorney.