

# Economics in Brief



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## Municipalities, prepare for old age!

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In population research we have the term "old-age dependency coefficient". What it refers to is the number of pensioners in relation to the number of employed persons. If the scenarios of the German Federal Statistical Office come true – which is likely given the low birth rates and rising life expectancy – the old age dependency coefficient will increase significantly. According to version 1-W1 of the 12<sup>th</sup> Coordinated Population Projection, the coefficient will rise from 34 % in 2010 to 53 % in 2030. The social ageing process will be dominated by the very old, with the number of people aged 80 and over rising from around 4 to 6.4 million.

The elderly in the forecasts for 2030 onwards are our parents and ourselves, currently young and working. If we want to maintain our standard of living in old age, we need to plan early. This also applies to our infrastructure. Old people have far more disabilities than the young. Their walking, hearing and vision are all impaired. Currently, half of all severely disabled people are aged between 55 and 75, with a quarter aged over 75. If we want to stay mobile in old age and to participate in public life, we need a low-barrier infrastructure without obstacles and pitfalls.

What this means is illustrated by a case study: In Frankfurt the U5 subway line also runs above ground. At above-ground stations, passengers must climb a metre-high step to enter the trains. For an old person with arthritis in their knees this is a painful and, on exiting, dangerous manoeuvre – and for a wheelchair user an impossibility.

### Investment need until 2030

KfW Research has commissioned the German Institute of Urban Affairs (Difu) to carry out a study to estimate the investment needs for the age-appropriate conversion of infrastructure in German towns and cities by 2030. The study shows that for three-quarters of municipalities barrier-free adaptation of infrastructure is a high or very high priority.

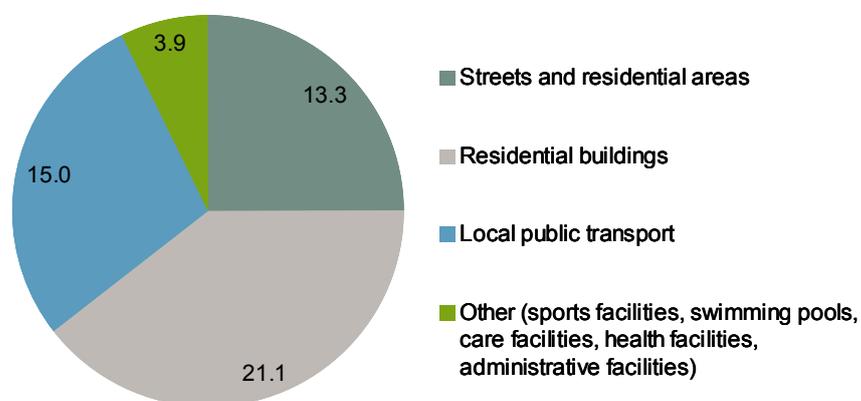
The determined investment need in age-appropriate conversion measures by 2030 is EUR 53 billion. This estimate includes the investment need of municipalities, local businesses and non-profit providers of social infrastructure.

At EUR 23 billion, the largest investment need is in the conversion of municipal housing stock into barrier-free accom-

modation (see figure). Another EUR 15 billion needs to be invested in local public transport, with around half in stations and bus stops. EUR 13 billion needs to be invested in streets and the living environment, including in threshold- and barrier-free walking and cycling paths, lighting systems, video surveillance, pedestrian areas and 30 kph zones.

The biggest obstacle to investment in barrier-removal is the lack of funding. KfW is supporting the age-appropriate conversion of housing stock and infrastructure with low-interest development loans. In 2012, KfW through its Age-Appropriate Conversion programme alone agreed to development loans totalling EUR 202 million for the removal of barriers in 12,700 homes. These figures prove that a lot is being done already. But just as in the case of private pension provision, it's not enough. Therefore, municipalities, local business and non-profit providers of social infrastructure also need to take heed of the appeal: Prepare for old age! ■

**Figure: Investment need in the age-appropriate conversion of municipal and social infrastructure by 2030 in EUR billion (2011 prices)**



Source: German Institute of Urban Affairs