

Session 15-03 a Regular Meeting of the Economic Development Advisory Commission was called to order by Chair Barth at 6:00 p.m. on March 10, 2015 at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

PRESENT: COMMISSIONER ARNO, BARTH, BROWN, FRIEDLANDER, MARKS

EX-OFFICIO: BRYAN ZAK, COUNCILMEMBER; KAREN ZAK, CHAMBER DIRECTOR, MATT ALWARD,
MARINE TRADES REPRESENTATIVE

ABSENT: STANISLAW

STAFF: COMMUNITY & ECONOMIC DEVELOPMENT COORDINATOR KOESTER
DEPUTY CITY CLERK JACOBSEN

AGENDA APPROVAL

BROWN/MARKS MOVED TO APPROVE THE AGENDA AS WRITTEN.

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

PUBLIC COMMENTS REGARDING ITEMS ON THE AGENDA

None

RECONSIDERATION

APPROVAL OF MINUTES

A. Regular Meeting Minutes January 13, 2015

BROWN/MARKS MOVED TO APPROVE THE MINUTES.

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

VISITORS

A. Steven Rouse, Executive Director, Kenai Peninsula Housing Initiatives

Mr. Rouse explained they are a Kenai Peninsula area community housing development organization whose mission is to provide a variety of affordable housing options to special needs, low income, very low income, and senior population so they can take a more active role in their own lives and the community at large. The community housing development organization is a federally identified moniker and its chief benefit is to allow them to access federal funds set aside for these organizations to gain subsidy funding for low income and special needs housing projects. He provided history on the establishment of the Kenai Peninsula Housing Initiatives (KPHI) which was founded in 1997. Today they have an inventory of \$20 million in property, approximately 138 units of affordable housing, special needs housing, or senior housing. Another 42 units have been developed for other organizations. He reviewed reviewed the properties that have been developed in Homer.

He explained as a not for profit developer, they cannot distribute their profit to their board of directors; it goes back into their program of work. They are closely monitored by the state and federal government on how they develop, who they rent to, what they charge, and how their properties are maintained. He added that all of their properties carry debt. They approach it as other developers would in looking at what the potential income would be, factor in a vacancy rate, and subtract anticipated expenses to come up with net operating income. The debt coverage ratio is applied to the net operating income to determine how much term loan debt can be obtain to help fund a project. Term loan debt doesn't cover a project and that is where the grants, state, and federal funding come in. Most developers don't get in to low income housing is because they can't charge enough rent to cover their investment. The not for profit community housing development organization comes in and invests their own proceeds, works with donors, communities, boroughs, and the state to try to get contribution to a project and applies for competitive grants. He reviewed the percentages that are used in determining what is low income and very low income, ranging from 60% down to 30% of the area median income.

Regarding challenges for developing in Homer, Mr. Rouse cited the cost and limited availability of land suitable for development and the water costs. The water cost for his projects in Soldotna are 1/6th of Homer's cost. The addition of natural gas made it feasible to do their most recent development of a four-plex on Mattox.

Mr. Rouse expressed that the commission's work on a tax abatement won't benefit him or other not for profit development entities, like the senior center, because they are exempt from property tax and he isn't sure what the EDC can do to effect resolve in the low income and homeless population issue. What he has learned through training and experience is the need to stimulate economic development. He thinks the City of Homer has a great opportunity to look at itself and decide what kind of economic development it wants to pursue to benefit all of its citizens, provide work for people who will no longer be low income, and lessen the need for low income housing.

In response to questions from the Commission Mr. Rouse commented regarding independent market analysis that is completed on all projects that are done and that he would provide some studies on KPHI's most recent projects. He noted that Homer has the fastest growing population of seniors on the southern peninsula and addressed the differences in requirement for senior housing than low income housing.

Mr. Rouse also touched on the subjectivity of the notion of affordable housing. From his perspective the economic benefits of having low income housing outweigh the societal cost for not providing adequate housing, especially for low income families. In this community KPHI primarily rents to low income single mothers, most who are victims of domestic violence. He encouraged them to determine if there is the political will to serve that population, because you get the “not in my back yard” feedback from community members, but KPHI has made it work well, because of good oversight and management. There are so many societal benefits for housing and how it impacts children, you give a child a decent place to live and enough food to eat, and they will flourish. The largest issue on the Kenai Peninsula that’s unaddressed is homeless teens, the hidden homeless. There are hundreds of homeless teens couch surfing on the peninsula.

Lastly, in response about economics for the community, Mr. Rouse commented that in attempting to develop the community and attract good jobs, there will always be an end of the road population that wants to get away. He encouraged they look at the city’s assets and capitalize on those. Homer is diverse with the harbor, tourism, a tremendous arts community, and a passionate population relating to community involvement. A challenge he sees for Homer is that it’s spread out with the spit and no real downtown business district. Transportation connectivity would be a place to look at and also expanding the port, harbor, and facilities on the spit will serve the community well.

Chair Barth called for a recess at 6:53 and the meeting reconvened at 6:59.

**STAFF & COUNCIL REPORT/CHAMBER OF COMMERCE & MARINE TRADES ASSOCIATION REPORT/
COMMITTEE REPORTS/BOROUGH REPORT**

Councilmember Zak reported about Council’s recent action on re-appropriating state grant funds from the Waddell Way improvement project to the Public Safety Building project to get to the design phase. He said they also got information about the LNG line, which could be a big impact to the harbor if the line goes through.

Karen Zak, new Chamber of Commerce Executive Director, introduced herself and commended the chamber staff, board, and volunteers. She said the phones are ringing with people looking for information about Homer; visitors are steadily increasing, and they are getting a lot of information requests about winter time jobs and housing. She also said that chamber membership is increasing with new members and two new gold members.

Matt Alward, Vice President of the Marine Trades Association, reported that they are working with the City on a Marine Trades Promotional Video and they should be reviewing proposals soon. It will be a three minute video showcasing the marine trade services in Homer that can be shown at trade shows, and also on YouTube. He said they just finished a series of Focus on Learning classes at the High School on Friday afternoons for six weeks, to help introduce students to the marine trades, the type of work available and wages to let the kids know there are good jobs in town. 32 kids participated, and the association is already planning on how to expand the program next year and working with the school board to establish some actual classes. FFA has a new state rep that was in town and wanting to get it going again, which could bring federal funds. Part of FFA is marine tech, so they are hoping to get a partnership going. They are also holding college classes about commercial fishing and work

boats. This is a starting point on educating, but without giving the young people the skills to work, we are failing the big picture.

They discussed the challenges of training an up and coming workforce. Mr. Alward said that he and another board member are on the industry advisory committee for the Alaska Maritime Workforce development plan that came out last fall. The committee is trying to guide the plan and work on how to implement it.

PUBLIC HEARINGS

PENDING BUSINESS

- A. Affordable Housing
 - i. Staff Report affordable housing follow up from February 10, 2015

Community and Economic Development Coordinator Koester and the Commission worked through the three concepts that were addressed in the staff report.

Regarding the tax deferral some commissioners were inclined to put the idea on hold. Because of comments from Mr. Rouse and other staff feedback on the process, it doesn't seem like this is the best direction right now. Other commissioners felt it is still an idea worth pursuing. Commissioner Brown said he would work with Commissioner Arno to put together a tax incentive recommendation to discuss at the next meeting.

Regarding reducing lot sizes in the residential districts, the group reviewed the zoning map spoke briefly and made no recommendation for future discussion on the concept

Regarding assessments issued to newly created lots through subdivision, the commission recognized that it could be beneficial to look at options to reduce the cost of water and sewer assessment to property owners who may want to subdivide. They also acknowledged that other property owners in the assessment district may not be responsive to the idea of newly created lots not paying their share in the cost of assessment. Chair Barth said he would work to gather some information on this topic for the next meeting.

NEW BUSINESS

None

INFORMATIONAL ITEMS

- A. City Manager's Report March 9, 2015

COMMENTS OF THE AUDIENCE

Larry Slone, city resident, commented that it's a fact of life in Homer that there is a significant portion of the populous that does not want economic development or want the town to grow. He touched on

the Kachemak Drive water and sewer and subdivision in the Forrest Glen area. He said there are still lots available in town for \$45,000 that have water, sewer, and natural gas, but they don't have the view. If talking about low income or affordable housing, in his estimation, they will have to do without a view. Lastly, housing is a vital component of the overall picture of developing Homer, but he still thinks that first there has to be jobs here, then contractors will find ways to find and develop property.

COMMENTS OF CITY STAFF

Community and Economic Development Coordinator Koester said the Kachemak Board of Realtors has taken an interest in the Commission's work and has invited Chair Barth to speak at their next meeting. She will talk to him about scheduling.

COMMENTS OF THE COUNCILMEMBER

Councilmember Zak commented that he doesn't have a lot of experience working with the Commissions so if he is talking too much, let him know. He appreciates all the support the city has provided the commission and also the work they have done.

COMMENTS OF THE CHAIR

Chair Barth thanked the people who spoke to the commission tonight, he appreciates them taking their time to be here. He thanked the commission for working hard and going over all of this and eventually they will get to a good recommendation.

COMMENTS OF THE COMMISSION

Commissioner Arno and Brown had no comments.

Commissioner Marks thanked the group for reviewing past work, it has been helpful to her as a new member.

Commissioner Friedlander echoed Mrs. Mark's comments.

ADJOURN

There being no further business to come before the Commission the meeting adjourned at 8:33 p.m. The next regular meeting is scheduled for Tuesday, April 14, 2015 at 6:00 p.m. at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

MELISSA JACOBSEN, CMC, DEPUTY CITY CLERK

Approved: _____