

# ■ CHAPTER 8 ECONOMIC VITALITY

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**Vision Statement:** Homer's economic industries including marine trades, commercial fishing, tourism, education, arts and culture remain strong and show continued growth. Quality of life is preserved while as Homer benefits from the creation of more year-round living wage jobs.

## Overview

This chapter presents goals and objectives related to economic development. While the private sector, along with state and federal spending, ultimately drives much of the economic activity, local government plays an important role in stimulating and guiding growth through its land use and infrastructure policies and projects.

The 1989 comprehensive plan stated:

Though it is generally recognized that fishing has been the backbone of the Homer economy for the past forty years, diversification of the Homer economy has taken place, especially in the last few years. Tourism, commercial and government services, retail trade, and a retirement population have been added in [the 1980s]...

These trends have continued and perhaps accelerated during the nineteen years since the 1989 plan. Homer enjoys a relatively diverse economy with a growing population and increasing property values.

Most of the economic development actions presented here are tied to topics addressed in other chapters. For example, recommendations regarding commercial development are included in Chapter 4 – Land Use. As a result, much of the value of this chapter is for those readers who are focused on economic issues and want to see a compilation of plan policies regarding economic development together in a single chapter. It is also possible that the Homer Economic Development Commission may prepare a more detailed economic development plan.

## Summary of Goals

**GOAL 1:** Define and encourage economic development that meets the desires and interests of Homer residents and positively supports the unique character of the community.

**GOAL 2:** Encourage the creation of more year-round, higher-wage jobs.

**GOAL 3:** Encourage the relocation of Federal and State Government jobs and training programs to Homer.

**GOAL 4:** Encourage technology related businesses such as information science, software development, and the entertainment industry.

**GOAL 5:** Strengthen the arts, education and entertainment industries.

**GOAL 6:** Strengthen the marine trade, mariculture, and shipping industries.

**GOAL 7:** Support regional renewable and non-renewable energy exploration and production.

**GOAL 8:** Strengthen Homer as a tourism destination.

**GOAL 9:** Provide affordable housing.

**GOAL 10:** Maintain Homer's quality of life as a principal economic asset.

### Goals and Objectives for Economic Vitality

**GOAL 1:** Define and encourage economic development that meets the desires and interests of Homer residents and positively supports the unique character of the community.



Homer: Not just the Halibut Capital of the World

For many communities it is easy to identify the type of economic development that they dislike or are not in favor of encouraging. What is harder to define is the type of economic development a community wants to foster. The goal of this chapter is to frame economic development that Homer can support and of which residents can be proud. Homer residents should continuously re-examine what type of industries and economic development activities they want to attract.

Currently, Homer would like to foster economic development in many of its existing sectors: education, sustainable tourism, health care, construction, commercial fishing and marine industries, arts and culture. These are the industries that Homer has been built upon. The industries are viable and stable today, and offer good prospects for growth. The remainder of this chapter looks in more detail at steps to further strengthen these economic sectors, and to do so in a manner which both provides economic opportunity and sustains Homer's unique character.

Economic development strategies could include:

1. Continue the growth of local businesses by supporting a buy local campaign and local bidder's preference in city procurement policies.
2. Encouraging the production or sales of goods and services to better serve the local economy.
3. Amend land use and taxation regulations to encourage production of custom or unique products to sell locally and outside the community; such as art, technology, or value added seafood products.
4. Encourage "import substitution;" i.e., leakage control by producing locally what is otherwise imported. An example is the local farmer's market, which provides produce which would otherwise be trucked into the community with profits leaving the community.
5. Partner with and support the efforts of other organizations such as the Chamber of Commerce to plan for economic development.
6. Review the Comprehensive Economic Development Strategy periodically.

**GOAL 2: Encourage the creation of more year-round, higher wage jobs.**

Homer residents want to see more year-round employment that will enable local people to work, live, and raise their families in Homer. In discussing this goal, community members mentioned several specific outcomes consistent with this overall goal. These include:

1. Maintain all existing industries.
2. Increase the size and scope of Homer's educational and health care activities.
3. Promote entrepreneurial small business ventures and "footloose" professional activity, such as consulting, financial management, specialty manufacturing, and design.

"Footloose" activities are those businesses or skilled people that could live and produce their product or service anywhere, without specific geographic needs or constraints. Homer has several key attributes likely to attract the footloose economic sector. These include an exceptional quality of life, access to recreation amenities, a good regional airport, and an existing college campus. Obstacles to these types of development include distance from Anchorage, distance from the Lower 48 states, and a relatively small population base.

While almost all City actions will ultimately affect the course of economic change and job growth, City actions to promote year-round jobs include those listed below:

**Implementation Strategies**

1. Work with the University of Alaska and other educational institutions to determine what new programs might be developed, such as marine biology and/or adventure-based education.
2. Encourage opportunities for local residents to receive job training; e.g., through the University and vocational education opportunities in Homer.
3. Ensure that zoning and land use regulations do not unduly restrict entrepreneurial development and new business formation. Also ensure that the value of adjacent property is not degraded through noise, odor or similarly negative impacts. For instance, provide flexible zoning to support home-based businesses. *See Land Use chapter.*

4. Continue to work to maintain and improve Homer's quality of life (trails, parks, health care, downtown, etc.) capitalizing on and enhancing the area's attractive mix of amenities and natural, scenic beauty. *See below.*
5. Continue to improve Homer's public infrastructure, including the port, airport and road systems. *See Chapter 6, Public Services and Facilities.*
6. Promote and enable small-scale employers who may have different land use and infrastructure needs than one or two-person sole proprietorships.
7. Encourage science, information infrastructure, and technology-based business development that will help position Homer as a leader in responding to global challenges, including affordable health care and environmental sustainability.
8. Consider incentives for local business growth or relocations. This could be part of a broader business expansion and retention program in partnership with another organization, such as the Chamber of Commerce.
9. Remove unnecessary governmental barriers, focusing on simplification to ease transactions between business and government.
10. Establish and maintain consistent municipal standards and policies relating to the establishment and/or expansion of business activities on private and municipal lands.
11. Examine the benefits that could be gained by outsourcing government services.
12. Explore public transportation options.
13. Examine and replicate appropriate regional successes.

**GOAL 3: Encourage the relocation of Federal and State Government jobs and training programs to Homer.**

Government jobs are an important part of the local and regional economy. Government employment, whether research, visitor or education related, comprises 26% of local jobs (appendix A). Regionally, the Kenai Peninsula Borough averages 26% employment in the government sector, and all cities have a higher percentage of government employees, except for Kenai, which has 20% employment in this sector. (Kenai Peninsula Borough 2006 Situations and Prospects page 65). Some government employment is found in every community, such as local, borough and state jobs related to day to day activities (airports, roads, schools, etc). In addition, Homer has many residents who are employed through agencies such as state parks, the court system, the university, Fish and Game operations, and federal agencies such as Fish and Wildlife, the Kachemak Bay Research Reserve, and the Alaska Maritime National Wildlife Refuge, which are headquartered in Homer. The City of Homer is also known as an important base for marine research and education activities.

**Implementation Strategies**

1. Seek opportunities for naval/NOAA home port.
2. Encourage marine science education programs.

**GOAL 4:** Encourage technology related businesses such as information science, software development, and the entertainment industry.

Homer's beautiful scenery and quality of life can help attract technology related business ventures. Expanding this economic activity could create new skilled jobs, with few negative impacts.

**Implementation Strategies**

1. Solicit and encourage businesses to relocate to Homer.
2. Improve Homer's information technology infrastructure in order to provide opportunities for small business entrepreneurs to operate globally (low cost high bandwidth internet services).
3. Create a tech/media promoter person to work with the community to promote tourism, using endowment and grant funds to work independently. The city could partner with another organization.

**GOAL 5:** Strengthen the arts and education industries.

Arts and education are two key industries that can provide steady jobs, decent income, and future growth. Global demand for both arts and education is growing with increasing incomes and population. Homer, by virtue of its setting and tradition of enthusiasm for the arts, is well positioned to take advantage of these trends.

Education is important to Homer's economic vitality for two reasons. First, it provides residents with the ability to acquire the skills and knowledge ("human capital") needed to succeed in the global economy. To the extent people can acquire these skills and knowledge without leaving home, they can earn higher incomes, create new businesses and jobs for others, and keep their education expenditures circulating in the local economy. Education is also an exportable product if people come to Homer to learn.

**Objective A:** Promote the arts as a complement to tourism and as an export industry.

The arts are a key component of the Homer economy and support the tourism industry. Actions to promote the arts include those listed below. Some of these objectives are best carried out by the City, while others are best undertaken by local arts groups and tourism marketing organizations with City cooperation and encouragement.

**Implementation Strategies**

1. Establish mixed use zoning that accommodates art studio, art education activities, and residential living. *See also Chapter 4.*
2. Accommodate and promote arts events.
3. Investigate options for creating a new, multi-purpose cultural and community center in Homer's town center. *See also Chapter 7.*
4. Prepare a Homer Arts Plan, which includes inventorying facilities, documenting future needs, and setting priorities for action. The plan should also recommend strategies for fundraising, marketing and growth opportunities. *See also Chapter 7.*

**Objective B:** Support efforts to increase the scale and scope of the education industry.

The existing KBC of the University of Alaska provides essential post-secondary and vocational education to Homer residents. The economic impact is broad and significant. Additional educational programs are provided by several nonprofit organizations operating in Homer and across Kachemak Bay. The unspoiled marine environment and spectacular setting of Homer and Kachemak Bay are a significant asset that could be leveraged into growth of the education industry. In addition to the University of Alaska system, other educational institutions could create a branch campus or research facility in Homer. The implementation strategies below apply not only to KBC, but to any other interested educational institution.

**Implementation Strategies**

1. Support the consolidation of KBC in one centralized university district.
2. Support the expansion of two- and four-year degree programs offered through the KBC such as marine biology, art, construction, welding, allied health and marine technology.
3. Work toward expansion of KBC into a residential campus of the university by promoting the private development of student housing.
4. Work with the university to establish a “study in Homer” program for students enrolled at the Anchorage campus, particularly in natural sciences, art, and creative writing.
5. Facilitate discussions about new collaborative educational programs that capitalize on Homer’s assets, including marine biology, coastal ecosystem management, and outdoor leadership studies.
6. Encourage the development of vocational and technical training opportunities, including welding, construction, and industrial technology, through the university and/or other private or nonprofit institutions.

**GOAL 6:** Strengthen the marine trades including mariculture and shipping industries.

Homer’s harbor and associated marine trade and services activities are an important component of the local and regional economy. Marine related activities could be expanded to increase the number of living wage, skilled jobs in the community. Oyster growing, on the south side of Kachemak Bay, also offers a chance for a local product to reach the local, state and national markets. Homer’s port facilities could also serve as a staging area for freight destined to more remote parts of the coast.

**Implementation Strategies**

1. Facilitate the year-round availability of ice for fish processing.
2. Support and encourage commercial fishing.
3. Support the expansion of the Deep Water Dock.
4. Encourage competition in marine related retail and service entities on the Spit.
5. Consider plans to develop unimproved rights-of-way, for industrial lands that do not have road access, to support industrial activities.
6. Promote the relocation of and sustain the existing government marine facilities in Homer, such as the Coast Guard and ferry home porting of vessels, and scientific research vessels.

**GOAL 7:** Support regional renewable and non-renewable energy exploration and production.

Homer citizens support researching and pursuing renewable energy projects. Outside of the city, oil and gas exploration continues as the traditional sources of natural gas in Cook Inlet begin to decline, leaving the Anchorage market with a projected shortfall. Supporting the exploration, extraction and renewable energy industries does not necessarily have to compromise Homer’s scenery or quality of life. There are many opportunities to benefit from the construction, research, and extraction activities, whether through direct employment, or by providing services such as worker housing, catering, fuel, payroll and transportation to local and non local contractors who work on site.

**Implementation Strategies**

1. Support staging areas for large development projects.
2. Encourage bioremediation, reclamation, decontamination, pollution control solutions at the local level.
3. Encourage recycling and resource reutilization in addition to the use of raw material.
4. Support efforts to supply local energy needs with natural gas.
5. Encourage utilities to provide lower cost electrical power to residential and industrial users (research new COOP for energy resource).
6. Promote renewable energy development locally and regionally.
7. Encourage business activities that provide support services to the energy, mining, oil and gas industries.

**GOAL 8:** Strengthen Homer as a tourism destination.

Homer is already one of Alaska’s premier tourist destinations and appears to be enjoying continuing growth in visitation and expenditures. For example, there were more than 500 full-time equivalent jobs in the “accommodations and food services” subsector of the leisure and hospitality industry in 2005.

Future tourism growth depends in large part on overall trends in visitation to Alaska, shifting demographics, fuel prices, and other global trends. However, City actions can have a significant impact on the economic importance of tourism by promoting longer stays, increased expenditures per person, and more repeat visitation. Equally important, City government plays a crucial role in guiding the growth of tourism to maximize its benefits and to minimize the costs imposed on the people of Homer.

**Objective A:** Invest in local infrastructure, parks, and civic improvements that will serve locals well as visitors by promoting longer stays, increased expenditures per person, and more repeat visitation as a form of economic development.

One economic development strategy is to find ways to encourage visitors to stay in the community longer during their visit, or to visit again in the future. The Farmer’s Market in downtown

Anchorage is an example; visitors to the market also visit other downtown businesses. Even staying an hour or two longer in the community may result in visitors eating more meals in local restaurants or spending more money shopping. The City benefits through increased sales tax revenue. To keep Homer an attractive destination requires that the City and private business work in partnership to provide the basic services that visitors and locals expect. These improvements and public expenditures should also benefit local tax payers.

### Implementation Strategies

1. Support and fund beautification efforts on Pioneer Avenue.
2. Partner with other community organizations to support local events that draw visitors such as festivals and art events. *See Chapter 7.*
3. Ensure that City facilities are sufficient to support these festivals and activities (e.g., restrooms on the Spit, RV dump stations, trash collection, park maintenance, etc).
4. Develop the Town Center as another draw for visitors in the City.
5. Support Pioneer Avenue/downtown businesses and other year-round businesses. The Spit is a huge draw and will continue to be. Effort should be made in the future to have more tourists visit downtown Homer to support year round businesses. Investment in tourist amenities should be equally focused on the Spit and downtown Homer.

**Objective B:** Support efforts to improve community attractions, including town center, trails, and access to marine activities and the marine environment. Improve links between attractions.

Homer can be considered to have three main tourism destination areas: The downtown and Old Town area, the Spit, and the area across Kachemak Bay. While each of these areas currently attracts numerous visitors, it is likely that more tourists could be accommodated and more spending could be encouraged if the unique attributes of each area were further developed and if better connections were made among the three areas. Ideally, the enhancements that attract more tourists equally benefit local residents as well, resulting in a win-win for business activity, tax receipts, and quality of life.

### Implementation Strategies

1. Implement and/or revise the existing Homer Spit Plan to clarify which areas of the Spit are oriented toward tourism and to encourage more private sector investment in these areas.
2. Complete the Town Center to provide a destination for shopping and other attractions serving both local residents and tourists in the downtown area.
3. Provide adequate parking for Spit attractions and/or efficient shuttle service between downtown and Spit areas.

More on these topics is presented in the Land Use and Transportation chapters.

**Objective C:** Increase the net benefits that tourism brings to Homer.

Homer's distinctive character and attractions create substantial economic benefits to the community in terms of jobs, business opportunities and tax revenues. Tourism also helps the community to host greater diversity and number of businesses and services than what local spending could support on its own. While tourism creates a wide array of benefits, it can also be disruptive to local life.

For example, tourism may exacerbate traffic congestion, transform commercial areas from local to visitor-serving, cause crowding at recreation destinations enjoyed by residents, and potentially adversely affect fish, wildlife and other elements of the natural environment.

As a result of this mix of positive and potential negative impacts, Homer should pursue a guided tourism growth policy. The community will promote tourism growth, but do so in a manner that helps sustain the qualities of the community that attract residents and visitors.

Preparing a full tourism management plan is beyond the scope of this comprehensive plan. Below are general objectives regarding tourism. Over time the community should develop a more focused community tourism plan.

### Implementation Strategies

1. Establish clear, community-supported goals for the preferred amount, character, and timing of tourism growth.
2. Identify specific target visitor groups by considering the relative benefits that different types of visitors bring. Some groups of visitors, such as independent travelers from Alaska or those who fly up and rent a car, may spend more money per person and stay longer in a location than another group of visitors, such as cruise ship passengers. Visitors with specific interests such as education, arts, culture, or attending specific events like sporting tournaments, may also bring more money into the community than others.
3. Emphasize Homer as a destination; those amenities that are valued during longer visits are likely to also improve the quality of life for residents.
4. Develop new attractions, services, and facilities that draw identified target markets. Emphasize projects that benefit both residents and visitors (e.g., trails).
5. Promote environmentally friendly tourism or “eco-tourism.” Community members have expressed a desire to encourage tourism activities that do not require extensive changes to the existing environment, but rather help to conserve Homer’s natural setting and improve the area. Activities such as tidal pool exploration, bird watching, wildlife viewing, educational activities, and other passive or quiet recreation could figure prominently in tourism planning for the City.
6. Actively promote Homer to identified target markets, including Alaska residents, out-of-state independent travelers, and small group package tour travelers. Specific actions include:
  - a. Collaborate with Chamber of Commerce, KPB, Kenai Peninsula Tourism Marketing Council, and other organizations to actively promote Homer.
  - b. Maintain and enhance Homer’s reputation as a welcoming and exciting destination by accommodating and encouraging events such as the Shorebird Festival and Kachemak Bay Writers’ Conference.
  - c. Take advantage of new sports facilities to host more regional or statewide sports events.
  - d. Continue to explore the establishment of conference and convention capabilities in existing and/or new facilities.
  - e. Ensure that adequate basic infrastructure, such as water, sewer, and transportation capacity is available to meet peak demands of increasing summer tourism activity, as well as “shoulder season” activities.

- f. Ensure that fiscal mechanisms are in place so that tourist spending covers the costs that tourism generates in the community (e.g., demand for water, sewer; parking and other public services and facilities).
  - g. City efforts to guide the growth of tourism shall aim to maximize the benefits of tourism and to minimize the costs imposed on the people of Homer.
  - h. Monitor tourism growth with attention to its specific impacts on the community. For example, compile an annual report on facts about number of visitors to specific locations (e.g., Chamber Visitor Center, Pratt Museum, Islands and Ocean Center), conduct periodic surveys showing use of city services by tourists, etc.
  - i. Extend the effective length of the tourism season by promoting “shoulder season” and year-round activities.
13. Create a community tourism plan, considering the items above.

**GOAL 9:** Encourage a range of sustainable housing options suitable for diverse income levels, age groups and tastes.

Many residents expressed the view that economic development depends, at least in part, on a balance between income and the cost of living. Specific strategies to promote a diverse range of housing options are discussed elsewhere in this plan. This goal is included as a component of economic vitality to explicitly reflect the connection between housing opportunities and the economic well-being of Homer. *See the Land Use Chapter for policies on housing.*

**GOAL 10:** Maintain and enhance Homer’s quality of life as a principal economic asset.

Quality of life is challenging to define because it involves many different dimensions of a community and different people place different degrees of importance on these factors. The elements of quality of life that particularly contribute to economic development are those features that make the community especially attractive to residents, visitors, and small businesses. While there is room for further improvement, Homer currently possesses many such elements. These include:

- A Strikingly beautiful natural setting.
- A clean, healthy, natural environment.
- A Diverse, engaged, involved community and rich civic life.
- An active arts community, tradition of skill and interest in performing and visual arts.
- Access to education and lifelong learning;
- The opportunity to live in high-quality housing, at a range of prices.
- Multiple transportation and access options, a developing trail system, and road access to Anchorage.
- A relatively concentrated mixed-use town center.
- Diverse culture and leisure activities, including ready access to parks and a wide range of year-round outdoor recreation.
- Good health services and shopping.
- A feeling of safety and freedom from crime.

Maintaining and improving the quality of life in Homer is crucial to keeping existing business and attracting new business and professional activity. It is also important for attracting tourists and keeping retirees and part-year residents in town, thus increasing the economic multiplier effects of spending by these people. Population growth can contribute to reduced quality of life if care is not taken to prevent unwelcome changes such as traffic congestion and loss of open space. On the other hand, cities much larger than Homer have managed to maintain and enhance quality of life through careful attention to development. Specific actions to maintain quality of life are discussed in other chapters of this plan. *See Chapters 4 through 9.*

### Economic Vitality Implementation Table

Project	Timeframe			Primary Responsibility
	Near Term	Mid Term	Longer Term	
Increase education health care job activities.		x		Community, businesses
Improve technology infrastructure.		x		City, businesses
Work with the University, KBC to develop education and vocation programs for Homer residents.		x		City, University, Students
Research and implement strategies to provide for a range of housing options.		x		City, developers
Accommodate and promote arts and culture events.	x			City, nonprofits
<i>Tourism</i>				
▪ Implement / revise the existing Homer Spit Plan.	x			See land use
▪ Implement the Town Center Development Plan.	x			City, community
▪ Provide adequate parking for Spit attractions and or efficient shuttle service between downtown and Spit areas.	x			City/private
▪ Prepare a Tourism Management Plan.		x		City, Chamber
<i>Relocation of state and federal jobs</i>				
▪ Seek opportunities for naval/NOAA home port.			x	City
<i>Natural Resources</i>				
▪ Expand the Deep Water Dock.			x	City
▪ Support commercial fishing and fish processing.	x	x	x	City
▪ Support staging areas for large development projects.		x		City
▪ Support efforts to supply local energy needs with natural gas.	x			City, Private enterprise
▪ Encourage research development and production of renewable and nonrenewable resources.	x			City, Private enterprise

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Partner with and support the efforts of other organizations, such as the Chamber of Commerce, to plan for economic development.		x		City, Chamber
Consider a business retention, expansion and relocation program in partnership with the Chamber of Commerce.			x	City, Chamber
Review and update the Comprehensive Economic Development Strategy as needed.		x		City