

**NOTICE OF MEETING
MEETING AGENDA**

- 1. CALL TO ORDER**
- 2. APPROVAL OF THE AGENDA**
- 3. PUBLIC COMMENT REGARDING ITEMS ON THE AGENDA**
- 4. RECONSIDERATION**
- 5. APPROVAL OF MINUTES**
 - A. March 12, 2013 Regular Meeting Minutes **Page 1**
- 6. VISITORS**
 - A. Jess Tenhoff - Affordable Housing and Lightweight Housing Alternatives
- 7. STAFF & COUNCIL REPORT/COMMITTEE REPORTS/ BOROUGH REPORT**
 - A. Staff Report: Affordable Housing: A First Look at the Homer Market. **Page 5**
- 8. PUBLIC HEARING**
- 9. PENDING BUSINESS**
 - A. Review of electronic survey to work from home entrepreneurs **Page 23**
- 10. NEW BUSINESS**
 - A. Schedule for City Council Updates **Page 29**
 - B. Appointment of an EDC Member to the Lease Committee **Page 31**
- 11. INFORMATIONAL ITEMS**
- 12. COMMENTS OF THE AUDIENCE**
- 13. COMMENTS OF THE CITY STAFF**
- 14. COMMENTS OF THE COUNCILMEMBER**
- 15. COMMENTS OF THE CHAIR**
- 16. COMMENTS OF THE COMMISSION**
- 17. ADJOURNMENT/NEXT REGULAR MEETING IS SCHEDULED FOR TUESDAY, May 14, 2013 at 6:00 p.m. in the City Hall Cowles Council Chambers located at 491 E. Pioneer Ave, Homer, Alaska.**

Session 13-03 a Regular Meeting of the Economic Development Advisory Commission was called to order by Chair Sarno at 6:00 p.m. on March 12, 2013 at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

PRESENT: COMMISSIONER KRISINTU, MAXWELL, ROSS, SARNO, SCHMITT, WAGNER

ABSENT: FAULKNER

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

AGENDA APPROVAL

The agenda was approved by consensus of the Commission.

PUBLIC COMMENTS REGARDING ITEMS ON THE AGENDA

None

RECONSIDERATION

APPROVAL OF MINUTES

A. February 13, 2012 Regular Meeting Minutes

The minutes were approved as presented by consensus of the Commission.

VISITORS

STAFF AND COUNCIL REPORT/COMMITTEE REPORTS/BOROUGH REPORTS

PUBLIC HEARING

PENDING BUSINESS

A. Follow up on January 10, 2013 EDC Worksession on Marketing Homer to High Tech Entrepreneurs

Community & Economic Development Coordinator Koester reviewed her staff report and asked the commission for feedback in defining the group that they want to reach out to and ways to reach out to the work from home businesses. In their review of the draft survey they discussed goals and their target audience.

Comments included:

- Some goals are to identify and learn about entrepreneurs, encourage growth, and attract others.
- Outreach could include a newspaper blurb, posting on the city and chamber websites, posters, KBBI community calendar, and etc.

ECONOMIC DEVELOPMENT ADVISORY COMMISSION
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- It could be more successful to email individuals and ask if they would help with our project and fill out the survey.
- Artists make up a large group of business owners, and including that category will pick up a lot of people.
- Another goal is to help find ways to serve this population's needs.
- There are two tiers of businesses, those just starting out and people who have been in business for years.
- One way to define it could be those whose products are going out over the web versus only being sold locally.
- Ask about challenges business owners have, list some options like access to capital and specialized education, and leave a space to fill in.
- Ask about general qualities are important to a business owner. Mobile businesses can go anywhere so what is important, band width or glaciers?
- Needs will vary between businesses that offer tangible items and businesses that offer a service.
- A definition of the focus group could be those whose primary service is going out through the internet.

Mrs. Koester said she would work through the information they discussed and bring back a new draft at the next meeting.

NEW BUSINESS

A. Memorandum from Planning Technician Engebretsen Re: Zoning Code and Zoning Map changes on the Homer Spit

Planning Technician Engebretsen provided an overview of the proposed changes to the zoning on the Homer Spit that the Planning Commission has been working on. The goal of the amendments is to better separate what is industrial and what is commercial. Marine industrial uses will stay clustered in proximity to the ice plant. Going up the spit from the ice plant there will be a better mixture of commercial uses. It also includes changes to allow overnight accommodations in accordance with certain health and safety requirements specific to whether it is for an owner, employee, or overnight rental to the public.

There was brief discussion about the draft, and no recommendations were proposed.

B. Memorandum from Planning Technician Engebretsen Re: Spit Trail Construction

Planning Technician Engebretsen reviewed the plans for the spit trail improvements.

The Commission commented favorable about the overall concept and no recommendations were proposed.

C. Land Allocation Plan

a. Memorandum from Planning Technician Engebretsen

The commission reviewed the land allocation plan and agreed by consensus that the area known as End of the Road Park be designated as park.

ECONOMIC DEVELOPMENT ADVISORY COMMISSION
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Concern was expressed about protecting our water shed against fracking with the increased need for natural gas.

INFORMATIONAL ITEMS

- A. Resolution 13-021 Re: Temporary Day Use Parking
- B. Certificate of Appointment for Merry Maxwell

It was suggested that the strip below Pioneer Avenue near Alice's would be an area to consider for day use parking if the RV parking program works.

Commissioner Maxwell introduced herself to the Commission.

COMMENTS OF THE AUDIENCE

There were no audience comments.

COMMENTS OF CITY STAFF

Community and Economic Development Coordinator Koester said she would have a Council meeting schedule at their next meeting.

COMMENTS OF THE COUNCILMEMBER

COMMENTS OF THE CHAIR

Chair Sarno thanked staff for their work. She is pleased with this group and what they accomplish.

COMMENTS OF THE COMMISSION

Commissioner Maxwell thanked everyone for the opportunity to participate, this seems like a great group and it's exciting to be involved in planning Homer.

Commissioner Schmitt said this was a good opportunity to look at the city's land and brainstorm what can be done.

Commissioner Wagner agrees with the opportunity for the review and welcomed Merry to the Commission.

Commissioner Ross welcomed Merry and said he looks forward to working with her and thanked Katie and Julie.

Commissioner Krisintu echoed the others comments.

Student Representative Davis agreed with the other comments tonight.

ADJOURN

ECONOMIC DEVELOPMENT ADVISORY COMMISSION
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There being no further business to come before the Commission the meeting adjourned at 7:27 p.m. The next regular meeting is scheduled for Tuesday, April 9, 2013 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: _____



CITY OF HOMER
CITY HALL

MEMORANDUM

To: Economic Development Advisory Commission

From: Katie Koester, Community and Economic Development Coordinator

Date: April 3, 2013

Subject: Affordable Housing

Chair Sarno has asked that the Commission address the topic of affordable housing. Affordable housing is one of the topics the Homer City Council asked the EDC to work on in Resolution 12-041.

I have included in your packet some background information. This includes a series of charts/article on housing trends in Alaska. Unfortunately, the data only goes down to the borough level. This is not reflective of Homer City limits which traditionally has much higher housing prices than the surrounding area or Upper Kenai Peninsula. I have also included pages of the Homer Comprehensive Plan that speak to affordable housing.

I recommend the commission take the following steps to look at the topic of 'affordable housing' in more detail.

- 1) **Identify what "affordable housing" means (as opposed to low income housing, for example).** Affordable housing is often thought of as entry level single family homes (what is referred to as a 'starter home.'). Anecdotal information shows that there is a lack of housing available for young families in Homer City limits. This drives those individuals and families to the outskirts of town (East End, Anchor Point).
- 2) **Research current market conditions and why there is a lack of affordable housing.** Planning Tech Julie Engebretsen commented that the market demand is for larger lots (higher end homes want more land). This promotes developers to subdivide into larger, more expensive lots (\$50,000 on average) and pushes the price tag of a new home and lot above the 'starter home range.' I recommend inviting a real estate professional to share their perspective with the commission.
- 3) **Research potential solutions to encourage the development of affordable housing.** The City could encourage developers to subdivide smaller, more compact lots. However, there has been community opposition to denser neighborhoods. Other planning and zoning recommendations could be considered to direct growth such as allowing more than one unit on lots zoned rural/residential.
- 4) **Meet in a joint work session with the Planning Commission** to discuss land use, affordable housing and up-zoning (proposed June date).

GOAL 5: Maintain high quality residential neighborhoods; promote housing choice by supporting a variety of dwelling options.

Diverse, high-quality residential neighborhoods are crucial to the stability and economic health of Homer. Growth puts pressure on housing prices as land prices increase. Neighborhoods established decades ago with large lots face pressure as some landowners create subdivisions with smaller lots, while others would like to preserve the established neighborhood character. Housing choice is crucial to accommodate future growth as the dominant single family large lot developments clearly won't be able to meet future demand in quantity or price. The five objectives below set out a program to address these housing issues.

Objective A: Diversify housing stock to meet demand by people earning a broad range of incomes

The demand for housing in Homer is steadily growing, and housing prices are increasingly driven by the buying power of people who earned their money outside of Homer. The result is a growing gap between what housing costs and what many Homer residents can afford. This problem is particularly acute for younger buyers and for people in service industries such as tourism.

Implementation Strategies

1. Allow for housing in more zones, allow for greater housing density, and support infrastructure expansion so more land is readily developable for housing.
2. Improve zoning standards to ensure that new moderate and higher density development is attractive and a good fit with Homer's character.
3. Review the existing Planned Unit Development ordinance which provides the chance to offer somewhat higher density housing in exchange for providing trails, protecting natural areas and environmental functions.
4. Promote private development of KBC student housing.

See additional discussion under Objectives C, D and E below.

Objective B: Maintain the availability of lands designated for rural residential use; improve the zoning code for this category to withstand pressure for platting large lots into smaller ones in that district.

The rural residential classification applies to the majority of Homer's residential area. The community expressed a clear desire to maintain large rural residential areas in Homer into the future. In order to avoid unplanned and unwanted changes in rural neighborhoods, the zoning code will have to address standards for new development consistent with this goal. Specific issues to revisit include character of development (setbacks, building heights); removal of vegetation, and minimum lot sizes.

Implementation Strategies

1. Evaluate and modify the extent of the rural residential district classification to protect this land use on par with expected demand.
2. Allow for continued infill in these areas, consistent with the general goal of retaining the predominately rural character.

Objective C: Promote infill development in all housing districts, redefine current zoning laws in existing districts to promote a range of residential uses, identify new residential zoning districts, and provide for appropriate supporting infrastructure.

This plan promotes infill, particularly in a new residential transitional district established by this plan. The desire to provide diversity in housing options requires revision of zoning standards. In addition, it is in the public's interest to maximize the use of existing infrastructure by serving as many customers as possible. It is also important that infill development in areas already served by water, sewer and other infrastructure compliments existing neighborhoods. This can be accomplished, for example, by building in a comparable scale and character.

Implementation Strategies

1. Maintain integrity of older, well-established neighborhoods by establishing design standards that maintain neighborhood character. For example, require new infill uses to match the scale (height and bulk), lot coverage, building orientation to the street, and architectural character of existing structures in the neighborhood.
2. Create standards to address impacts of development on established neighborhoods, including provisions to help maintain visual quality. (Examples include height requirements, setbacks from existing structures, etc.).
3. Create development standards and zoning districts that allow and encourage a range of attached and detached accessory dwelling units.
4. Promote denser housing, through changes in zoning, and efficient expansion of infrastructure such as roads and water/sewer service.
5. Identify areas where water and sewer will not be extended because of desire to maintain larger lot sizes and/or where rural lot size minimums will be established.
6. Consider impact fees or other methods to support public services required by new development in an equitable manner.

Objective D: Encourage inclusion of affordable housing in larger developments and affordable housing in general.

Homer is likely to continue to experience strong demand for affordable housing. Meeting this demand will require a range of actions.

Implementation Strategies

1. Retain and improve the quality of existing affordable housing in the community.
2. Explore partnerships with nonprofit organizations to support affordable housing projects, including new construction or rehabilitation programs for low- and moderate-income households. Take advantage of existing possible incentives such as AHFC loans and grants.
3. Encourage developers and provide incentives to include affordable housing as a percentage of new development (as is done, for example, in a number of Lower 48 resort communities, where 5-10 percent of new housing must be affordable).

4. Allow attached and detached accessory housing units on single family lots (“granny units”) as a permitted use outright. Set standards that define the size of such units as a function of the size of the primary unit, with a not-to-exceed maximum square footage.
5. Distribute affordable housing throughout the community. Integrate it into market-rate neighborhoods by encouraging a mixture of larger and smaller lots.
6. Link affordable housing to the mixed-used development proposed in the Town Center Development Plan.
7. Establish a public entity to address affordable housing issues, or affiliate with an existing entity.
8. Promote development of KBC student housing.

GOAL 6: Develop a clear and open public process for future changes to City of Homer boundaries. Explore a planned, phased possible expansion; and initiate and establish regional planning processes with the Kenai Peninsula Borough.

Existing land use and future growth around the periphery of Homer has significant impacts on the quality of life, the environment, and the economy of those who live and work within city limits. As a consequence, the City needs to be open to the possibility of annexing lands beyond city boundaries. Some of the specific benefits for those in the annexed areas include:

- Access to water for domestic use
- Improved fire protection services
- Improved street maintenance and snow removal services
- Improved law enforcement services provided by the City police department (as continued growth in outlying areas requires more services than the Alaska State Troopers can provide)
- Local control over planning and zoning (when done in a manner that reflects local values, city planning and zoning authority can help avoid the intrusion of incompatible uses into neighborhoods and help maintain and increase property values)
- Right to vote for elected representatives in Homer, and serve on City Boards and Commissions (currently sales tax provides the majority of the city’s revenue. People outside city boundaries pay sales tax but don’t vote for the people who make the decisions about how sales tax money is spent)

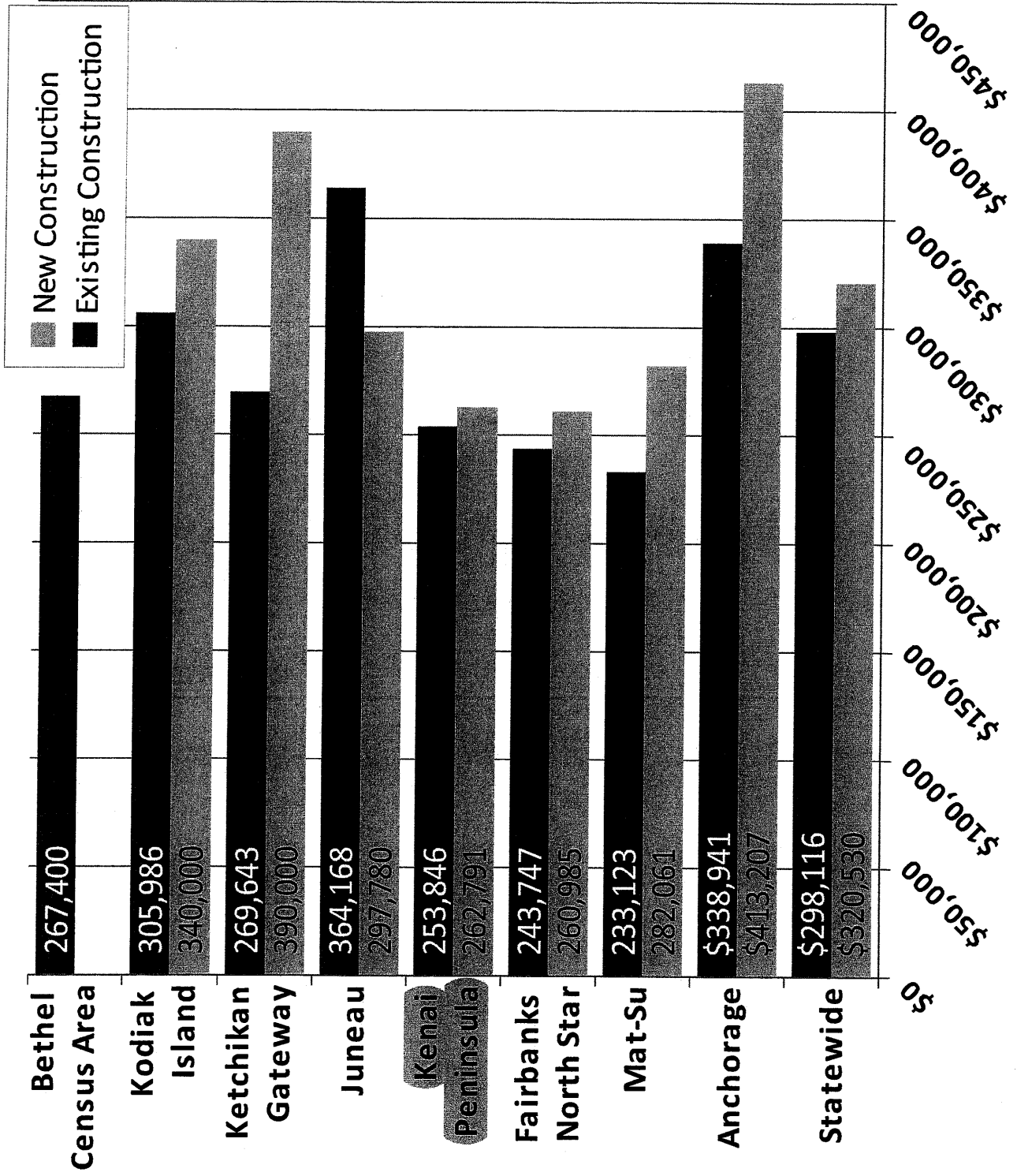
Objective A: Develop a clear and orderly process to assess the need and apply for the expansion of the boundaries of the City of Homer, which is likely to be necessary over the coming decades as surrounding areas grow and develop.

For the long-term benefit of both the city and surrounding areas, Homer will adopt a proactive planning strategy in the greater Homer area. Overall intentions regarding possible boundary changes are outlined below:

Implementation Strategies

1. Regularly assess the need for phased annexations to guide growth and provide for effective delivery of municipal services which benefit landowners, residents, and businesses.
2. Identify specific criteria for prioritizing prospective annexation areas. Focus near term attention where the uses have the greatest impact on City of Homer interests, including

Average Sales Price of a Single-Family Home New and Existing Construction, 3rd Quarter 2012



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

City of Homer Population and Housing Data: 2010 Census (source: State of Alaska Department of Commerce Community and Economic Development, Division of Community and Regional Affairs Community Information).

Total Housing Units	Value
Total Housing Units	2,692
Occupied Housing (Households)	2,235
Vacant Housing	457
Vacant Due to Seasonal Use	227
Owner-Occupied Housing	1,355
Renter-Occupied Housing	880

Total Occupied Housing Units	Value
Total Households	2,235
Average Household Size	3
Family Households	1,296
Non-Family Households	939
Pop. Living in Households	4,932
Pop. Living in Group Quarters	71

**Condominium Loan Activity in Alaska Including AHFC
3rd Qtr 2012**



Location	YTD	Chg Prv YTD	Number of Loans	Chg Prv Qtr	Chg Prv Yr	Average		Chg Prv Yr	% Loan Volume ¹	Average Sales Price	Total Total Market	
						Loan	Total Loans				Sales Volume	Value ¹
Anchorage	776	93	288	-40	46	\$186,797	\$53,797,454	\$10,707,231	90.2	\$209,834	\$60,432,081	89.7
Mat-Su	26	6	6	-7	-2	128,870	773,218	-321,526	1.3	154,966	929,793	1.4
Fairbanks	26	1	10	-2	-4	102,180	1,021,800	-456,524	1.7	117,240	1,172,395	1.7
Kenai	316	59	9	58	88	156,822	508,857	1,248,828	0.8	204,657	605,000	0.9
Juneau	36	-8	18	5	1	176,880	3,183,848	529,260	5.3	212,056	3,817,000	5.7
Ketchikan	2	-1	1	0	0	168,000	168,000	30,250	0.3	210,000	210,000	0.3
Kodiak	0	0	0	0	0	N/A	0	0	0.0	N/A	0	0.0
Bethel	0	0	0	0	0	N/A	0	0	0.0	N/A	0	0.0
Rest of State	2	2	1	1	1	171,428	171,428	171,428	0.3	176,350	176,350	0.3
Statewide Total	884	84	327	-51	34	182,325	59,620,115	9,411,291	100.0	205,941	67,342,619	100.0

**Single-Family Loan Activity in Alaska Including AHFC
3rd Qtr 2012**

Location	YTD	Chg Prv YTD	Number of Loans	Chg Prv Qtr	Chg Prv Yr	Average		Chg Prv Yr	% Loan Volume ¹	Average Sales Price	Total Total Market	
						Loan	Total Loans				Sales Volume	Value ¹
Anchorage	2,422	284	1,045	237	215	\$307,941	\$321,797,853	\$79,426,154	55.3	\$343,774	\$359,243,844	55.4
Mat-Su	900	-25	374	57	18	223,801	83,701,714	6,917,919	14.4	244,507	91,445,583	14.1
Fairbanks	734	61	301	25	14	228,452	68,763,944	6,438,845	11.8	244,492	73,592,077	11.4
Kenai	652	9	477	8	9	202,830	28,858,828	2,859,119	6.9	252,977	28,858,828	7.0
Juneau	217	-5	95	13	3	318,140	30,223,270	2,661,081	5.2	360,674	34,264,000	5.3
Ketchikan	60	26	22	0	10	246,853	5,426,356	2,380,662	0.9	275,114	6,052,500	0.9
Kodiak	66	-17	22	-12	-6	285,558	6,282,272	-285,838	1.1	307,532	6,765,700	1.0
Bethel	19	2	10	4	6	243,913	2,439,131	1,590,802	0.4	267,400	2,674,000	0.4
Rest of State	250	61	113	35	32	218,788	24,723,078	7,590,343	4.2	258,065	29,161,345	4.5
Statewide Total	5,130	392	2,159	363	295	269,667	582,211,087	109,889,377	100.0	300,286	648,317,679	100.0

**Multi-Family Loan Activity in Alaska Including AHFC
3rd Qtr 2012**

Location	# Units	Number		YTD	Chg Prv YTD	Average		Average Sales Price	Total Sales Volume	% Total Market Value ¹
		of Loans	Loans			Loan	Total Loans			
Anchorage	292	49	123	27		\$447,662	\$21,935,440	\$580,592	\$28,449,000	82.8
Mat-Su	28	8	23	18		355,903	2,847,226	414,000	3,312,000	9.6
Fairbanks	8	1	8	-7		291,127	291,127	285,000	285,000	0.8
Kenai	80	7	18	8		233,724	2,584,400	252,350	1,927,650	6.0
Juneau	4	1	2	1		416,250	416,250	555,000	555,000	1.6
Ketchikan	0	0	1	1		N/A	0	N/A	0	0.0
Kodiak	0	0	4	4		N/A	0	N/A	0	0.0
Bethel	0	0	0	-1		N/A	0	N/A	0	0.0
Rest of State	0	0	0	-2		N/A	0	N/A	0	0.0
Statewide Total	362	66	177	44		410,222	27,074,643	520,889	34,378,650	100

Notes:

Based on the quarterly Survey of Lender's Activity, a survey of private and public mortgage lenders.
 1. Total may not sum due to rounding.
 Multi-family residences include buildings with more than three units.
 Some of the increased lending activity in the 2nd quarter of 2012 may be attributed to the inclusion of a new lender to the survey sample.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section.

**New Construction vs. Existing Housing Loan Activity in Alaska Including AHFC
Single Family, and Condominium**



3rd Qtr 2012 New Single Family Construction																		
Location	YTD		Chg Prv YTD		Number of Loans		Chg Prv Qtr		Chg Prv Yr		Average Loan	Total Loans	Chg Prv Yr		% Loan Volume	Average Sales Price	Total Sales Volume	% Total Market Value
	Anchorage	144	49	68	33	42	\$366,243	\$24,904,546	\$14,814,377	42.1	413,207	28,098,048	41.9					
Mat-Su	228	36	87	18	17	\$255,953	\$22,267,893	\$6,703,139	37.6	282,061	24,539,297	36.6						
Fairbanks	46	1	13	-2	-1	\$243,998	\$5,171,974	-\$88,126	5.4	260,985	3,392,810	5.1						
Kenai	65	-3	21	4	-5	\$197,104	\$4,139,180	-\$782,104	7.0	262,791	5,518,620	8.2						
Juneau	12	2	5	2	2	\$247,161	\$1,235,803	\$382,672	2.1	297,780	1,488,900	2.2						
Ketchikan	1	1	1	1	1	\$351,000	\$351,000	\$351,000	0.6	390,000	390,000	0.6						
Kodiak	2	-3	1	0	-1	\$240,000	\$240,000	-\$319,600	0.4	340,000	340,000	0.5						
Bethel	2	0	0	-1	0	N/A	\$0	\$0	-	N/A	0	-						
Rest of State	27	16	13	3	8	\$222,213	\$2,888,773	\$1,660,239	4.9	247,924	3,223,018	4.8						
Statewide Total	527	99	209	58	63	\$283,250	\$59,199,169	\$22,721,597	100.0	320,530	66,990,693	100.0						

3rd Qtr 2012 Existing Single Family Residences																		
Location	YTD		Chg Prv YTD		Number of Loans		Chg Prv Qtr		Chg Prv Yr		Average Loan	Total Loans	Chg Prv Yr		% Loan Volume	Average Sales Price	Total Sales Volume	% Total Market Value
	Anchorage	2,278	235	977	204	173	\$303,883	\$296,893,307	\$64,611,777	56.8	338,941	331,145,796	57.0					
Mat-Su	672	-61	287	39	1	\$214,055	\$61,433,821	\$214,780	11.7	233,123	66,906,286	11.5						
Fairbanks	688	60	288	27	15	\$227,750	\$65,591,970	\$6,526,971	12.5	243,747	70,199,277	12.1						
Kenai	397	8	156	0	8	\$222,527	\$34,714,289	\$3,951,513	6.6	253,846	39,600,000	6.8						
Juneau	205	-7	90	11	1	\$322,083	\$28,987,467	\$2,278,409	5.5	364,168	32,775,100	5.6						
Ketchikan	59	25	21	-1	9	\$241,684	\$5,075,356	\$2,029,662	1.0	269,643	5,662,500	1.0						
Kodiak	64	-14	21	-12	-5	\$287,727	\$6,042,272	\$33,762	1.2	305,986	6,425,700	1.1						
Bethel	17	2	10	5	6	\$243,913	\$2,439,131	\$1,590,802	0.5	267,400	2,674,000	0.5						
Rest of State	223	45	100	32	24	\$216,343	\$21,834,305	\$5,930,104	4.2	259,383	25,938,327	4.5						
Statewide Total	4,603	293	1,950	305	232	\$268,211	\$529,011,918	\$87,167,780	100.0	298,116	581,326,986	100.0						

3rd Qtr 2012 New Condo Construction																		
Location	YTD		Chg Prv YTD		Number of Loans		Chg Prv Qtr		Chg Prv Yr		Average Loan	Total Loans	Chg Prv Yr		% Loan Volume	Average Sales Price	Total Sales Volume	% Total Market Value
	Anchorage	87	-12	32	-2	6	\$242,476	\$7,759,227	\$1,799,210	97.0	259,595	8,307,055	97.0					
Mat-Su	2	0	1	0	1	\$241,578	\$241,578	\$241,578	3.0	254,293	254,293	3.0						
Fairbanks	0	0	0	0	0	N/A	\$0	\$0	-	N/A	0	-						
Kenai	2	-10	0	-2	-4	N/A	\$0	-\$673,573	-	N/A	0	-						
Juneau	0	-4	0	0	0	N/A	\$0	\$0	-	N/A	0	-						
Ketchikan	0	0	0	0	0	N/A	\$0	\$0	-	N/A	0	-						
Kodiak	0	0	0	0	0	N/A	\$0	\$0	-	N/A	0	-						
Bethel	0	0	0	0	0	N/A	\$0	\$0	-	N/A	0	-						
Rest of State	1	1	0	0	0	N/A	\$0	\$0	-	N/A	0	-						
Statewide Total	92	-1	33	-4	3	\$242,449	\$8,000,805	\$1,367,215	100.0	259,435	8,561,348	100.0						

3rd Qtr 2012 Existing Condo Residences																		
Location	YTD		Chg Prv YTD		Number of Loans		Chg Prv Qtr		Chg Prv Yr		Average Loan	Total Loans	Chg Prv Yr		% Loan Volume	Average Sales Price	Total Sales Volume	% Total Market Value
	Anchorage	689	81	256	-38	40	\$179,837	\$46,038,227	\$8,908,021	89.2	203,613	52,125,026	88.7					
Mat-Su	24	6	5	-7	-3	\$106,328	\$531,640	-\$563,104	1.0	135,100	675,500	1.1						
Fairbanks	26	1	10	-2	-4	\$102,180	\$1,021,800	-\$456,524	2.0	117,240	1,172,395	2.0						
Kenai	14	1	3	-6	-4	\$168,122	\$504,367	-\$575,255	1.0	201,667	605,000	1.0						
Juneau	36	-4	18	5	1	\$176,880	\$3,183,848	\$529,260	6.2	212,056	3,817,000	6.5						
Ketchikan	2	-1	1	0	0	\$168,000	\$168,000	\$30,250	0.3	210,000	210,000	0.4						
Kodiak	0	0	0	0	0	N/A	\$0	\$0	-	N/A	0	-						
Bethel	0	0	0	0	0	N/A	\$0	\$0	-	N/A	0	-						
Rest of State	1	1	1	1	1	\$171,428	\$171,428	\$171,428	0.3	176,350	176,350	0.3						
Statewide Total	792	85	294	-47	31	\$175,576	\$51,619,310	\$8,044,076	100.0	199,936	58,781,271	100.0						

Notes:

Based on the quarterly Survey of Lender's Activity, a survey of private and public mortgage lenders.
Beginning 2nd quarter 1999, an adjustment is made to reduce double counting of loans reported by both primary and secondary lenders.
Comparisons with earlier quarters will under- or over-state differences in activity.
Some of the increased lending activity in the 2nd quarter of 2012 may be attributed to the inclusion of a new lender to the survey sample.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section.

**Refinance Loan Activity in Alaska Including AHFC
Single Family, and Condominium**



Single Family													
3rd Qtr 2012													
Location	YTD	Chg Prv YTD	Number of Loans	Chg Prv Qtr	Chg Prv Yr	Average Loan	Total Loans	Loan Vol. Prv Yr	Chg Prv Yr	% Loan Volume	Average Sales Price	Total Sales Volume	% Total Market Value
Anchorage	4,733	2,115	1,687	212	669	\$245,760	\$414,596,716	\$170,856,846	58.4	58.4	\$334,234	\$563,853,515	58.0
Mat-Su	1,349	485	455	23	154	206,929	94,152,747	35,910,429	13.3	13.3	293,567	133,572,838	13.7
Fairbanks	948	403	343	7	134	189,367	64,953,044	26,004,483	9.1	9.1	246,469	84,538,959	8.7
Kenai	1,028	306	353	12	114	183,526	64,784,786	24,241,315	9.1	9.1	251,465	88,767,128	9.1
Juneau	455	182	128	-33	42	240,384	30,769,126	11,200,677	4.3	4.3	350,664	44,885,011	4.6
Ketchikan	109	53	27	-19	12	166,428	4,493,551	1,643,352	0.6	0.6	286,140	7,725,789	0.8
Kodiak	164	54	49	2	20	222,924	10,923,278	5,616,447	1.5	1.5	296,912	14,548,666	1.5
Bethel	36	19	17	9	10	226,642	3,852,909	2,563,448	0.5	0.5	300,353	5,106,000	0.5
Rest of State	392	168	114	-44	63	192,697	21,967,439	12,597,103	3.1	3.1	258,404	29,458,066	3.0
Statewide Total	9,214	3,785	3,173	169	1,218	223,919	710,493,596	290,634,100	100.0	100.0	306,478	972,455,972	100.0

Condominiums													
3rd Qtr 2012													
Location	YTD	Chg Prv YTD	Number of Loans	Chg Prv Qtr	Chg Prv Yr	Average Loan	Total Loans	Loan Vol. Prv Yr	Chg Prv Yr	% Loan Volume	Average Sales Price	Total Sales Volume	% Total Market Value
Anchorage	736	370	262	24	123	\$169,257	\$44,345,214	\$21,937,814	88.9	88.9	\$199,094	\$52,162,672	86.9
Mat-Su	13	1	6	4	0	149,813	898,875	128,597	1.8	1.8	191,500	1,149,000	1.9
Fairbanks	24	17	19	18	18	114,251	2,170,771	2,031,881	4.3	4.3	140,965	2,678,334	4.5
Kenai	12	7	5	5	2	258,929	1,294,645	984,145	2.6	2.6	418,700	2,093,500	3.5
Juneau	24	13	11	4	9	99,055	1,089,600	881,550	2.2	2.2	161,182	1,773,000	3.0
Ketchikan	0	0	0	0	0	N/A	0	0	0.0	0.0	N/A	0	0.0
Kodiak	0	0	0	0	0	N/A	0	0	0.0	0.0	N/A	0	0.0
Bethel	0	0	0	0	0	N/A	0	0	0.0	0.0	N/A	0	0.0
Rest of State	4	3	1	-1	1	104,000	104,000	104,000	0.2	0.2	165,000	165,000	0.3
Statewide Total	813	411	304	54	153	164,155	49,903,105	26,067,987	100.0	100.0	197,439	60,021,506	100.0

Notes:

Based on the quarterly Survey of Lender's Activity, a survey of private and public mortgage lenders. Refinance activity was first collected in the 3rd quarter of 2005. Some of the increased lending activity in the 2nd quarter of 2012 may be attributed to the inclusion of a new lender to the survey sample.

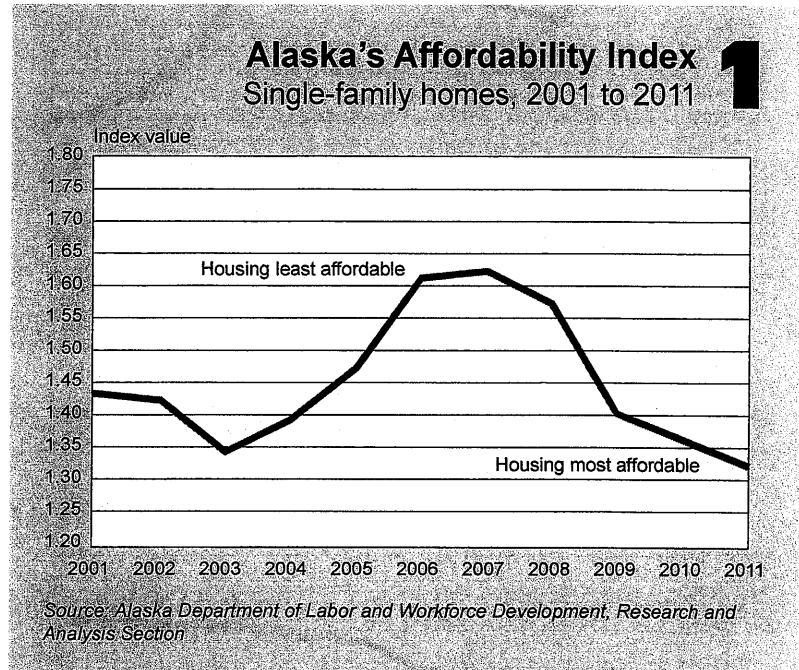
Housing Has Become More Affordable

But it's now harder to get a mortgage

The past decade was a volatile time for home affordability, both in Alaska and nationally. Easy access to credit and low interest rates spurred a run-up in average sales prices from 2003 to 2007, when housing reached its least affordable level. But then the tides turned — and by 2011, falling interest rates and lower home prices brought housing down to its most affordable level in the past decade.

However, home affordability is about more than just the relationship among prices, income, and interest rates. Though monthly payments have been reduced by the last decade's lower prices and rates and its marginally higher wages, today's housing market is considerably different from the heated environment of the mid-2000s. Housing may be more affordable by the numbers, but a new home can be harder to secure.

In the wake of the mortgage crisis that followed accelerated building and lending, access to credit has become tighter and many lenders now require larger down payments than in years past. Other costs, such as mortgage insurance premiums, have increased significantly for borrowers who



don't put down at least 20 percent. This tightening means that for those with poor credit or inadequate cash on hand, the costs of buying a home remain high and entry into homeownership is challenging.

Factors that help determine housing affordability and how they're measured

Each quarter, the Alaska Department of Labor and Workforce Development compiles an index to monitor housing affordability across Alaska. This index, called the Alaska Affordability Index, measures a number of economic housing factors and how they interact, producing a single value.

Sales prices, loan amounts, income, and interest rates are the AAI's main components. The index value estimates how many wage earners it would take to afford a 30-year conventional mortgage for an average-priced home with 15 percent down, given the average interest rate and average income. Put another way, it tells you how many people have to bring in a paycheck to afford a home.

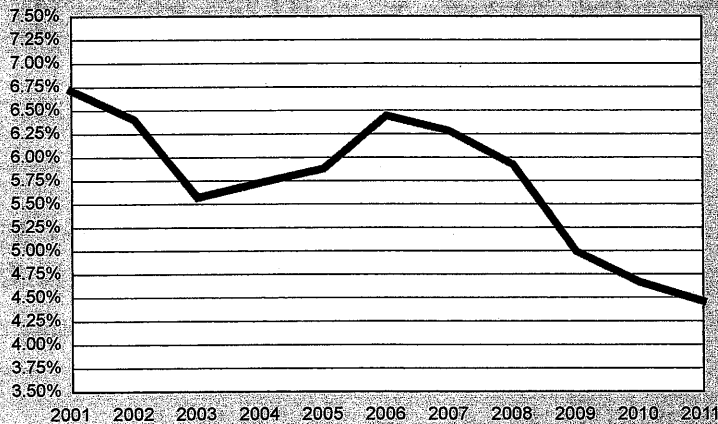
An index value of 1.0 means exactly one person's income is required to afford a typical home. An increasing number means additional income is necessary, making housing

less affordable. A value of less than 1.0 is typically considered more affordable.

However, the index is intended to monitor housing affordability based only on factors the Department of Labor and Workforce Development measures on a regular basis. Many other factors affect affordability, some of which are unique to homebuyers' situations and would be difficult to measure consistently. These factors include:

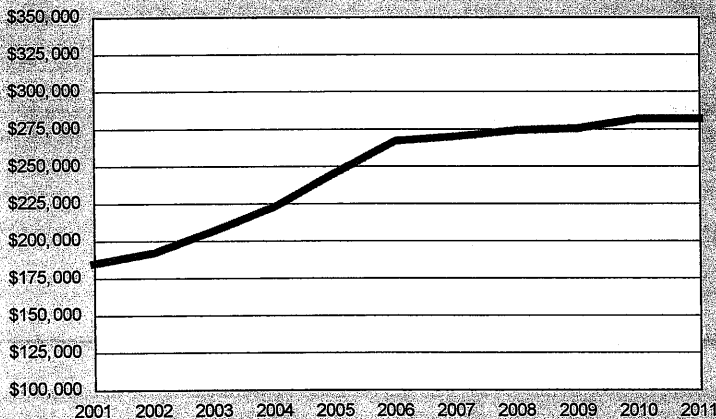
- Hazard insurance and mortgage insurance
- Property taxes, which vary by area and property size
- Utilities, which can be substantial and vary depending on energy type
- Adjustable rate mortgages, where monthly payments can change dramatically based on interest rate shifts

2 Interest Rates Continue to Fall Alaska, 1992 to 2011



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

3 Average Home Prices Level Out Alaska, 2001 to 2011



Note: Prices are for single-family homes.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

How to judge affordability

The Alaska Department of Labor and Workforce Development produces the Alaska Affordability Index, or AAI, to track home affordability over time. The index considers several factors — including sales prices of single-family homes, average income, and interest rates — and creates a value that represents the number of wage earners it takes afford an average home.

An index value of 1.0, for example, means that one person's typical monthly paycheck is necessary to buy a home. A higher number means more wage earners are necessary, so housing is considered less affordable. For a more detailed discussion of the index, see the sidebar on page 11.

What's behind the current trend

The AAI shows that the difference in affordability from 2007 to 2011 is primarily due to interest rates, which have fallen dramatically over the past four years. Rates in 2007 averaged nearly 2 percentage points higher than in 2011, when the average interest rate was 4.46 percent. (See Exhibit 2.)

Though average sales prices for single-family homes in Alaska increased significantly between 2003 and 2007, prices hovered near 2007 levels in the years that followed. (See Exhibit 3.)

Finally, average monthly wages have grown somewhat over the past decade, and when adjusted for inflation, have increased 5 percent since 2001.

Regional differences in values

Though the statewide average shows housing is becoming more affordable, it's a different story for some individual markets within the state. Though low interest rates have generally made homes more affordable in most areas, other communities' housing remains significantly less affordable.

In 2011 for example, even with interest rates averaging below 4.5 percent, many parts of the state had index values exceeding 1.5, meaning it took a person's full monthly paycheck plus half of another to afford a home. (See Exhibit 4.)

Topping the list of the least affordable areas in 2011 were Juneau and Kodiak, each with an index value of over 1.6. Juneau and Kodiak have also been high historically, primarily due to higher sales prices and lower average wages.

Anchorage's average sales prices are just as high and in some years higher than Juneau and Kodiak, but Anchorage is considered more affordable because of its higher wages. Anchorage's index value was 1.45 in 2011, making it more affordable than

the Matanuska-Susitna Borough (1.47).

Index values can sometimes be misleading, though, because of the size of a market and variability in prices. For example, Bethel's 2011 index value was 1.49, making it appear more affordable than 1.54 in Ketchikan — but Bethel has a very small housing market and the sales price component of its index can swing significantly. At times, Bethel's index value has climbed as high as 2.0.

Mat-Su's higher-than-average index value, 1.47, is also complicated by its unique housing situation and proximity to Anchorage. Those who own a home in Mat-Su but work in Anchorage earn a higher Anchorage wage while benefitting from lower home costs. This arrangement produces a value of 1.07, the most affordable for any individual area.

It's important to note, however, that the index doesn't consider the cost of commuting. With high gasoline prices, the cost can be significant when considering the frequency and length of the drive between Mat-Su and Anchorage.

National affordability trends

Alaska and the nation as a whole show similar affordability patterns. (See Exhibit 5.) Although the two indexes are calculated differently and aren't directly comparable, historical patterns show peaks and valleys at similar times over the past 10 years.

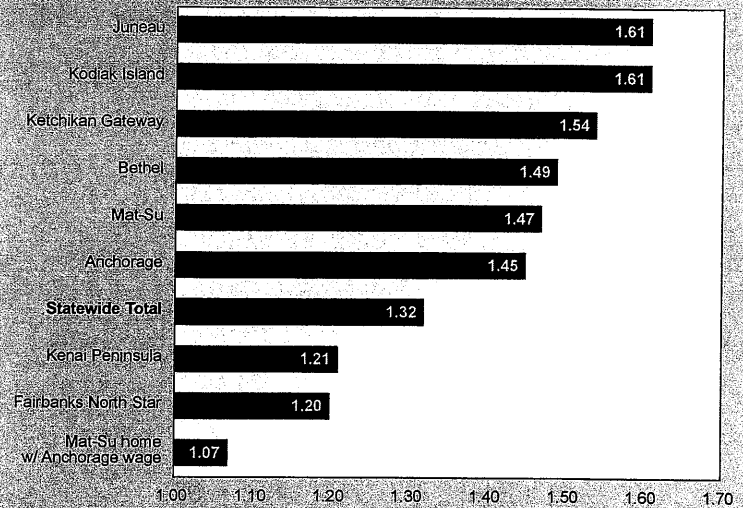
As in Alaska, U.S. housing became increasingly less affordable in the years leading up to the housing crisis, but was at its least affordable level a year earlier than in Alaska. In recent years, the national trajectory toward increasing affordability has been more pronounced, mainly because average U.S. sales prices had fallen farther and faster than in Alaska.

Trend appears to continue

Data from the first two quarters of 2012 suggest interest rates are continuing to drop and reaching new lows. Continued falling rates combined with stability in prices and wages mean housing is likely to remain at its current level of affordability, and possibly become even more affordable in the near future.

4 Wage Earners Needed to Buy a Home

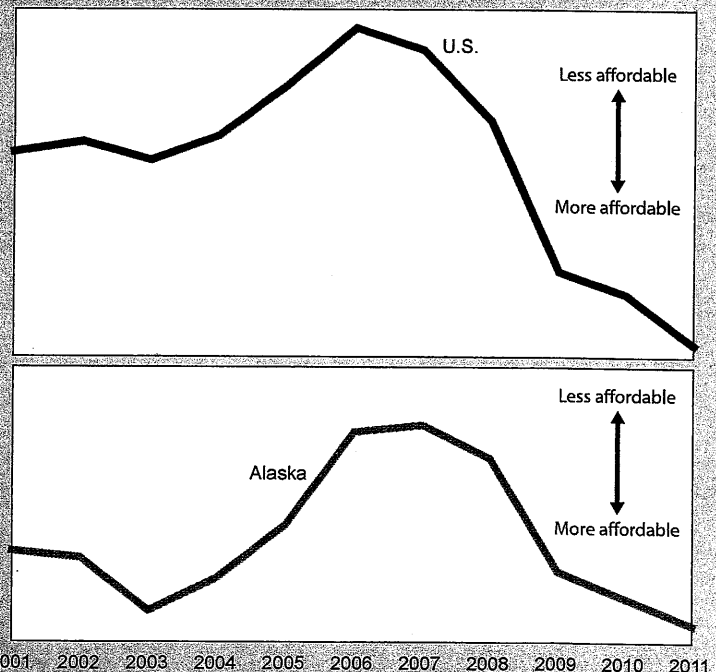
Regional affordability scores, 2011



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

5 Housing Affordability Patterns

Alaska and the United States, 2001 to 2011



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

SAMPLE EMAIL TO ‘WORK FROM HOME ENTREPRENEURS’

Dear

The City of Homer Advisory Economic Development Commission is looking at how to attract/foster “work from home entrepreneurs” to Homer.

A “work from home entrepreneur” has been identified as someone who is able to do their work anywhere in the world through the internet and other technologies. Another term that has been used to describe this type of entrepreneur is “lone eagle.” These professionals are an important sector of the community as they bring in new dollars and expertise.

The Commission is collecting information on what attracts a “lone eagles” to our community and what infrastructure needs they have. This purpose of collecting this information is then to think of ways the community can grow this industry.

You have been identified as a “work from home entrepreneur” by one of the Commission members. If you could take a few minutes to fill out the survey online, it would be helpful in the Commission’s goals to promote economic development in Homer. Your answers are anonymous.

[LINK](#)

Thank you for taking the time to participate.

Sincerely,

Katie Koester

Staff to City of Homer Advisory Economic Development Commission

EDC Work From Home Entrepreneur

1. Where is the primary location of your business?

- Homer City Limits
- Greater Homer Area
- Anchor Point
- Kenai Peninsula Borough

Other (please specify)

2. How much bandwidth do you need for your business?

- 400k
- 2-4Mb
- 6-10Mb
- 15-25Mb
- 25+ Mb

3. What type of business are you in?

- Information
- Manufacturing
- Retail
- Service
- Agriculture
- Financial
- Real Estate
- Arts
- Transportation
- Other (please specify)

4. Where is your business' target market?

- Homer Region
- Kenai Peninsula Borough

- State of Alaska
- United States of America
- Global

5. What is the net income of your business?

- \$10,000
- \$25,000
- \$50,000
- \$100,000
- \$200,000+

6. How many years have you operated your business out of the Homer area?

- less than 1
- 1-2
- 2 - 5
- 5 - 10
- 10+

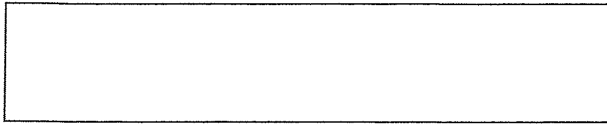
7. What do you see as the greatest challenge to your business?

- Access to capital
- Access to qualified employees
- Government regulations
- Lack of available resources in Homer

Other (please specify)

8. In your opinion, what could the City of Homer do to help your business?

9. What attracted you to Homer?



Done

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Check out our [sample surveys](#) and create your own now!

2013 Homer City Council Meetings

Advisory Economic Development Commission Attendance

It is the goal of the Commission to have a member report regularly to the City Council at Council meetings. There is a place on the Council's agenda specifically for this. After Council approves the consent agenda and any scheduled visitors, it is then time for staff reports, commission reports and borough reports. That is when you would stand and be recognized by the Mayor to approach and give a brief report on what the Commission is currently addressing, projects, events, etc.

The 2013 City Council dates follow. There are generally two Council meetings a month. A commissioner who is scheduled to speak and has a choice at which Council meeting they will attend. If you are signed up for a meeting and the Commission decides activity does not warrant a report to Council, you may reschedule your attendance.

February 11, 25, 2013 Commissioner Ross

March 11, 26 (T), 2013 none

April 8, 22, 2013 _____

May 13, 28 (T) _____

June 10, 24, 2013 _____

July 22, 2013 _____

August 12, 26, 2013 _____

September 9, 23, 2013 _____

October 14, 28, 2013 _____

November 18, 2013, _____

December 9, 2013 _____

Please note: when additional members are appointed, they will be asked to fill in the proposed schedule above.

Office of the City Clerk

Jo Johnson, CMC, City Clerk
Melissa Jacobsen, CMC, Deputy City Clerk II
Renee Krause, CMC, Deputy City Clerk I



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Homer, Alaska 99603
(907) 235-3130
(907) 235-8121
ext: 2224, 2226, or 2227
Fax: (907) 235-3143
Email: clerk@ci.homer.ak.us

MEMORANDUM

TO: CHAIR SARNO AND THE ECONOMIC DEVELOPMENT ADVISORY COMMISSION

FROM: MELISSA JACOBSEN, CMC, DEPUTY CITY CLERK

DATE: APRIL 4, 2013

RE: EDC APPOINTMENT TO THE LEASE COMMITTEE

Commissioner Schmitt's term on the Economic Development Advisory Commission expired on April 1st and he chose not to seek reappointment to the Commission.

Mr. Schmitt was the EDC representative to the Lease Committee. The City of Homer Property Management Policy and Procedures manual (Lease Policy) that membership of the Lease Committee includes one EDC member.

The duties are outlined in Chapter 2 of the Lease Policy as seen below:

CHAPTER 2: LEASE COMMITTEE

2.1 POLICY

A. It is the policy of the City of Homer to establish and maintain a Lease Committee.

2.2 PROCEDURES

A. The City Manager shall establish a Lease Committee that will consist of the Finance Director, the City Planner, the Port and Harbor Director, one member of the Economic Development Commission, one member of an additional commission as determined appropriate by the City Manager, and one member of the public. The Manager shall consult with the Chair of the Commissions to determine who from the Commission and who from the public might best serve the Committee and not be subject to conflicts of interest. The Lease Committee may consult with other department heads such as, the Fire Chief, Police Chief and the Public Works Director and the City Manager or outside professionals as needed and appropriate.

B. The Lease Committee is responsible for:

- Reviewing the Lease Policies and Procedures as needed and making recommendations to the City Council*

- *Advising the City Manager or designee as to the terms, purposes, stipulations and negotiation approach to proposed leases*
 - *Reviewing all proposed leases and making recommendations to the City Council*
- C. *In all cases, the Lease Committee shall make recommendations that are consistent with this policy and procedures manual or make specific findings as to why a deviation is warranted and justified.*

RECOMMENDATION: Select a commissioner to serve on the Lease Committee and forward the recommendation to the City Manager for appointment.