

**ECONOMIC DEVELOPMENT ADVISORY COMMISSION
491 E. PIONEER AVENUE
HOMER, ALASKA**

**OCTOBER 14, 2014
TUESDAY, 6:00 P.M.
COWLES COUNCIL CHAMBERS**

**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. February 11, 2014 Regular Meeting Minutes **Page 3**
- 6. VISITORS**
- 7. STAFF & COUNCIL REPORT/COMMITTEE REPORTS/ BOROUGH REPORT**
 - A. Staff Report: Commission Updates **Page 11**
- 8. PUBLIC HEARING**
- 9. PENDING BUSINESS**
- 10. NEW BUSINESS**
 - A. Staff Report: Update on Directives from Council **Page 19**
 - B. Staff Report: Summary of Work to Date on Affordable Housing **Page 25**
 - C. Memorandum from City Clerk Re: 2015 Meeting Schedule **Page 61**
 - D. Memorandum from Deputy City Clerk Re: Rescheduling the Regular Meeting of November 11, 2014 **Page 67**
- 11. INFORMATIONAL ITEMS**
 - A. 2014 Alaska Construction Spending Forecast **Page 69**
 - B. Email from Attorney Klinkner RE: Open Meetings and Advisory Commissions **Page 77**
 - C. Park, Art, Recreation, and Culture (PARC) Needs Assessment Flier **Page 79**
- 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 to be Determined** at 6:00 p.m. in the City Hall Cowles Council Chambers located at 491 E. Pioneer Ave, Homer, Alaska.

Session 14-02 a Regular Meeting of the Economic Development Advisory Commission was called to order by Chair Sarno at 6:00 p.m. on February 11, 2014 at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

PRESENT: COMMISSIONER ARNO, BARTH, ROSS, SARNO, WAGNER

ABSENT: KRISINTU (unexcused)

STAFF: DEPUTY CITY CLERK JACOBSEN

AGENDA APPROVAL

WAGNER/ARNO MOVED TO APPROVE THE AGENDA.

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT.

Motion carried.

PUBLIC COMMENTS REGARDING ITEMS ON THE AGENDA

RECONSIDERATION

APPROVAL OF MINUTES

A. January 14, 2014 Regular Meeting Minutes

WAGNER/SARNO MOVED TO APPROVE THE MINUTES.

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT.

Motion carried.

VISITORS

A. Michael Haines: Creating an Entrepreneurial Culture for Homer

Michael Haines gave an overview of his experience in working with entrepreneurs and helping them succeed in their endeavors. He touched on the challenges of small communities, like Homer, trying to drive economic development by attracting large corporations with tax benefits and the like, but not having success. Small communities should drive economic development through entrepreneurial functions.

Mr. Haines reviewed his presentation called “A Work in Progress” that addressed the following concepts in fostering an entrepreneurial culture in Homer.

- Three prime objectives are to find entrepreneurs, nurture them, and recognize them.
- Of the things that make up an entrepreneur the key to being successful is for them to be innovative and risk tolerant.
- Entrepreneurs have talent and start at the 50% level of his talent opportunity scale but once they are educated and supported they can excel to 100%.

Relating back to the three prime objectives, ways to find, nurture and recognize them include

1. Business ideas- Bizidea, Entrepreneur Network, Aps 4 kids, Lemonade Day.
2. Nurture – Entrepreneur Network, KBC classes, SBDC courses. Need to promote mentoring and financing.
3. Successful networking- Entrepreneur Network, promoting events for people to gather. Need to promote mentoring in this area as well.
4. Recognize them – Develop an Entrepreneur Award.

Some things needed to help foster an entrepreneurial culture in Homer include

- Finding focus.
- Bubble up strategies – getting groups together to brainstorm projects and ideas “bubble up” from those sessions.
- Developing a website.
- Angel Financing

Question was raised whether we need to develop a center. Mr. Haines responded that Homer doesn’t need a building as there is not the population to support it. He added that a business incubator doesn’t have to have walls and creating the services to support the entrepreneurs is the way to do it here.

There was discussion around work being done with gaming through the KBC campus and the Aps 4 Kids project at the library; and also relating to websites and ways to promote that Homer is open for business.

STAFF & COUNCIL REPORT/COMMITTEE REPORTS/ BOROUGH REPORT

Councilmember Zak updated the Commission on recent council actions.

PUBLIC HEARINGS

PENDING BUSINESS

A. Market to Internet Based Entrepreneurs: Final Review of Survey

The group reviewed and discussed the recent draft and agreed on the following changes:

- Change question 5 to gross income.

- Change email page title to Are you an Internet Based Entrepreneur? Change body to Please Complete the Survey, We are Looking for Feedback.

The commissioners discussed widening the scope of distribution and encouraged each other to send it out to people they know to help broaden the range of feedback.

NEW BUSINESS

A. Expand Shoulder Season Sports

The Commission discussed the benefits of sporting events to the community and noted that the state tournaments for school sports rotate each year to different communities. They recognized that there are other associations that hold tournaments but are unsure how the groups lobby for where the events are held. The Commission agreed it would be beneficial to reach out to those groups to find out how they vie for those opportunities and if there is an area where they can help.

Councilmember Zak spoke of the facility in Wasilla that was built with money raised by a tax the voters approved, that was put into place solely to raise funds specifically for their hockey center, and then it was eliminated the tax after it was complete. He recognized the Hockey Association for their work in keeping our facility up and running and wonders what more we can do to help promote better facilities at the hockey rink and throughout Homer.

Commissioner Arno explained that he is the steering committee that working on a survey for the recreation needs assessment and part of their goal is to find out what people want and how they want to pay for recreation in Homer. There are representatives from most of the groups like the Hockey Association and Re-Create Rec who are involved with the steering committee as well.

They talked briefly about other funding mechanisms like a bed tax, and also about maintaining the HERC building.

SARNO/ARNO MOVED TO INVITE MIKE ILLG AS A VISITOR TO TALK TO THE COMMISSION ABOUT THE ECONOMIC DEVELOPMENT IMPLICATIONS OF THE HERC BUILDING.

There was brief discussion in support.

VOTE: NON OBJECTION: UNANIMOUS CONSENT.

Motion carried.

B. Memo from City Clerk Re: Scheduling Meetings for Boards and Commissions

The Commission discussed the memo and acknowledged the Council's goal of making the best use of staff's time and reducing costs. They disagreed with the statement of the EDC not having specific tasks, because they are currently working on things that were given to them by Council.

They feel that continuing to meet monthly is beneficial and as a group they need to stay focused on the five tasks and continue to make recommendations to Council.

Focusing on tasks in a systematic way and making recommendations. The survey is ready to move forward now. They also believe that other things will be coming forward including the recreation movement.

The Commission did not recommend scheduling fewer meetings. They recognized they need to communicate better with the Council regarding their work in an effort to keep them better informed. The Commissioners also recognized they could take more of an active role in working among themselves to help alleviate some of the work that Community and Economic Development Coordinator Koester does.

They are also interested in opportunities for worksessions so they come together to discuss things happening in the community or address what they are hearing from other user groups prior to their regular meeting.

C. Land Allocation Plan

The Commission reviewed the Land Allocation Plan.

Discussion ensued questioning the status of the lot where Pier One Theater is located and on the importance of having the 10,000 square feet available for RFP so the Wooden Boat Society would have an opportunity to submit a proposal and acquire a lease to use the 10,000 area.

SARNO/WAGNER MOVED THAT THE COMMISSION RECOMMEND TO CITY COUNCIL THAT A 10,000 SQUARE FOOT PIECE BE MADE AVAILABLE FOR LEASE AND RFP.

There was discussion recalling some history of the previous work Wooden Boat Society trying to lease the property and the Harbor not being interested in that because of the financial implication of reducing the lease rate. They recognized that the property would have to go out to RFP and the Wooden Boat Society would be able to apply.

It was pointed out that the note in the Land Allocation Plan refers to 11-037(A) and that it is in progress. It isn't clear what that refers to and whether it is tied to something specific that is in progress and it would be helpful to know, before voting on the motion. Concern was raised that this motion could harm the efforts of the Wooden Boat Society in acquiring the portion of the lot for their use. It would be beneficial to know more before sending this message to council.

The Commission agreed to include in their memo that they support the notion of having the 10,000 square feet made available to the Wooden Boat Society but because of the question regarding the status relating to Resolution 11-037(A), they were reluctant to make a specific recommendation at this time.

VOTE: NO: BARTH, SARNO, WAGNER, ROSS, ARNO

Motion failed.

The Commission considered lots 11, 20, and 11B Homer Spit Subdivision Amended on page E-31. It was suggested that Lot 11 could be used for more business as it is right next to an existing boardwalk and promote more economic development in the area. They weighed the options for other lots in that area as they felt there is potential if there is a potential user for the area. There were also comments that developing the area would reduce recreational space for the public.

ARNO/ROSS MOVED THAT LOT 11, 11B, AND 20 BE PUT UP FOR AVAILABLE LEASE.

Comment was made that these are park areas and it may be an issue for parks and recreation. It is a prime area and having all 3 out there for lease is a concern as there isn't all that much natural open space, Lot 11 only would be a preferred option for some members. It was suggested that Council would look at the recommendation and choose most appropriate of the three lots for potential economic development. It was also suggested that when Council sees the recommendation for 3 lots, they could say no to the whole thing.

VOTE: YES: ARNO, BARTH, ROSS
NO: WAGNER, SARNO

Motion failed.

BARTH/ARNO MOVED TO RECOMMEND THAT THE CITY COUNCIL MAKE LOT 11 AVAILABLE FOR PUBLIC LEASE.

The Commissioner's felt that this lot is next to one that already has development on it, and would be a more appropriate option for potential development. They recognized that there space available out there now is full, and that only recommending lot 11 would minimize the impact to the overall area.

VOTE: UNANIMOUS CONSENT.

Motion carried.

INFORMATIONAL ITEMS

- A. Resolution 14-021 A Resolution of the Homer City Council Approving an Economic Development and Tourism Marketing Agreement Between the City of Homer and the Homer Chamber Of Commerce.
- B. Resolution 13-116(A) A Resolution of the City Council of Homer, Alaska, Amending the Economic Development Advisory Commission Bylaws to Include that the Director of the Homer Chamber of Commerce and a Representative of the Homer Marine Trades Association May Serve as a Non-Voting, Ex-Officio Members of the Commission. City Clerk/Economic Development Advisory Commission.
- C. Ordinance 14-01 An Ordinance of the City Council of Homer, Alaska, Amending Homer City Code 2.76.010, Commission—Creation and Membership, to Make a Representative of the

Homer Marine Trades Association and the Director of the Homer Chamber of Commerce Ex Officio, Non-Voting Members of the Economic Development Advisory Commission. City Clerk/Economic Development Advisory Commission.

D. City Manager's Report

E. Citizens Academy Flyer

Chair Barth commented that the Commission didn't push for a Marine Trades Association seat because they had expressed that they weren't interested in a seat on the Commission, and he was surprised to see it when it was on the Council's agenda. He doesn't want the message to be that the commission opposed it, because that isn't the case. They would certainly welcome any member from that organization to come and let the EDC know what they have going on.

COMMENTS OF THE AUDIENCE

Bumppo Bremmicker, city resident, commented about the area the Wooden Boat Society was hoping to lease. It sounded at one point like it was going to happen and but then there was concern expressed by some of the Council Members and some of the harbor people and it fell apart. He isn't aware of what the in progress status means in relation to the lot. He was disappointed they didn't recommend that nonprofits be in that area, he thought it would be a good thing and encourage the city to do something on that. He was glad Michael Haines was able to meet with the group as he is really sharp and his work is greatly appreciated. He commented about groups that raise money within the group to give to someone to develop their idea, and then pay the group back so the money can go to another person. He commented that the University should encourage a renewable energy center in Alaska. This is the place to do something like that since we have wind, tidal, geothermal, and wave energy. He commended them on their good work tonight.

COMMENTS OF CITY STAFF

None

COMMENTS OF THE COUNCILMEMBER

Councilmember Zak thanked the group for letting him participate during the meeting. He looks forward to working with them and reporting back to Council.

COMMENTS OF THE CHAIR

Chair Barth commented that he thinks they have enough information that it would be a good time for a Commissioner to go to the Council meeting on the 24th to comment. He thanked everyone for their work tonight.

Commissioner Sarno said she could attend. It was clarified that she could give a brief summary of the memos and recommendations that will be presented to them. It's also nice to let them know what's on the Commissions radar.

COMMENTS OF THE COMMISSION

Commissioner Ross had no comments.

Commissioner Sarno said she appreciates being able to go back and forth Corbin and hearing his distinct point of view. He's kind of quiet, but she hopes he keeps sharing his ideas because they make a lot of sense.

Commissioner Wagner thanked everyone for coming and said that he will out of state for the next meeting.

Commissioner Arno said it was great working with everyone tonight.

ADJOURN

There being no further business to come before the Commission the meeting adjourned at 8:25 p.m. The next regular meeting is scheduled for Tuesday, March 11, 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

www.cityofhomer-ak.gov

Administration

491 East Pioneer Avenue

Homer, Alaska 99603

(p) 907-235-8121 x2222

(f) 907-235-3148

Memorandum

TO: Homer Advisory Economic Development Commission
FROM: Katie Koester, Community and Economic Development Coordinator
DATE: September 4, 2014
SUBJECT: Staff Report: Update on Activities since February 11 meeting

The purpose of this memo is to update the Commission on activities since the last meeting, February 11, 2014.

1. Welcome to Patrick Brown, Jim Lavrakas and Homer Marine Trades Association representative.

This is our first meeting since the Council created an advisory seat for the Director of the Homer Chamber of Commerce and member of the Homer Marine Trades Association. If you recall, the Chamber created a similar advisory seat for my position on their board. I have been regularly attending meetings and think the City and the Chamber have benefited from this strengthened relationship. I have also attended Homer Marine Trades Association meetings as a guest and learned a great deal about all the economic development happening in that sector. Council placed money in the ED budget to help with advertising Marine Trades, in addition to other business sectors in Homer (see Alaska Business Monthly add attached).

Welcome to Patrick Brown, the newest Commission member. Commissioner Brown has a wide breadth of experience in the private sector, economic development and public service.

2. *Alaska North to the Future, Volume V*

The Council purchased an 8 page spread in the coffee table book *Alaska North to the Future, Volume V* to promote Homer. The audience for this volume is politicians and business people; the book is given as a gift to the US House and Senate by our delegation and each member of the Alaska Legislature is given copies to hand out when they travel on states visits, etc. In addition, a PDF version of the book will be posted on the Homer website. The City has not received the final proof yet, however the draft that was submitted is in your packet.

3. Natural Gas Update

The monumental undertaking of installing natural gas mains in 74 miles of City streets is near complete. Contractors for Enstar Natural Gas plan to be done by the end of September. Although the City anticipated a lot of torn up streets and traffic delays, the project has gone relatively smoothly. As of the end of July the crews are ahead of schedule and under budget.

City Manager Wrede is cautiously optimistic the project will come in under the \$12.16 million not to exceed number given by Enstar. During the course of construction \$17,000 feet of line was not constructed for various reasons. Though that brings the project cost down, it also means fewer lots are being served and the cost of the improvement is distributed over fewer properties. The City is confident assessments will come in at or below the projected \$3283.30.

Even though construction should be complete this fall, it will take some time for the City to close out the project. There will be an opportunity to object to the assessments when the assessment role is finalized in January and final assessment will not be mailed out until March. This is still within the City's original time frame of sending out assessment bills the first quarter of 2015.

Timeline for City of Homer Natural Gas HSAD:

Task	Target Completion Date
Calculate Final Project Costs	September 30, 2014
Reconcile Properties Served	September 30, 2014
Recommendation/Council Action/ Condo Assessments	October 13, 2014
Recommendation/Council Action/ Free Main Allowance	October 13, 2014
Set up/ Test New HSAD Software	October 30, 2014
Final Assessment Roll Introduced (HCC 17.04.070)	January 12, 2015
Assessment Roll Approval Process (HCC 17.04.070-090)	January-March 2015

4. Joint Business After Hours

One of the last actions the Commission took before the summer hiatus was to schedule a joint 'Business After Hours' (formerly Chamber Mixer) with the Planning Commission May 15 at Council Chambers. While not many members of the public showed up, it was a good opportunity for the Chamber Board and staff, Planning Commission Members, EDC Chair, and City staff to network. The attached flyer was available at the mixer.

5. Bed tax

Over the summer there was much discussion regarding a borough wide bed tax proposed by Assembly member Bill Smith. The ordinance would have put before the voters a 3% borough wide bed tax. Funds collected outside of organized municipalities would go to Kenai Peninsula Tourism Marketing Council (KPTMC) for promoting the Kenai Peninsula as a visitor destination. Funds collected within municipalities would go to individual cities. This could be a potential source of revenue for the Chamber or other economic development initiatives. The Council did discuss how funds could be used, Borough Mayor Navarre vetoed the ordinance and an override to his veto was unsuccessful. However it exemplifies the type of issue the Commission could advise Council on. The Homer Chamber of Commerce opposed the ordinance. (Attached: KPTMC flyer and Homer Chamber of Commerce letter opposing the ordinance).

6. Needs Assessment

A contract has been awarded to Agnew::Beck to do a needs assessment of cultural and recreational services in Homer. I will be able to update you on the status of that project verbally at the meeting. Commissioner Arno is on that committee and is a good resource if the Commission has any question.

Market Squares

For Information About Advertising in Market Squares
Call (907) 276-4373 or Toll Free (800) 770-4373

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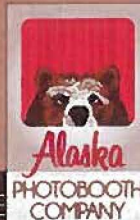


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What's Next

September in
Alaska Business Monthly

ALASKA NATIVE CORPORATIONS SPECIAL SECTION

- Regional Corporations Review
- Aggregated Economic Impact
- Village Corporation Spotlights
- The Matriarchal Side of Leadership
- Alyeska Pipeline's Alaska Native Program
- Native Studies in Alaska's Higher Education
- Scholars and Scholarships Continue to Increase
- Alaska Native Regional Corporation Directory
- Alaska Native Village Corporation Listings

BUILDING ALASKA SPECIAL SECTION

- Alaska Native Corporation Construction Projects: Buildings and builders.
- Growth in the Mat-Su Borough: Construction continues in the region.
- Using Aerial Cranes in Construction: When these are the only way to go.
- Rural Construction Review: Ports, boardwalks, schools, and community buildings.

FEATURE ARTICLES & COLUMNS

- Energy: Lowering Costs in Rural Alaska: More Arctic energy solutions.
- Environmental Services: Continuing series in Water & Wastewater: Bethel
- Financial Services: Wealth Management for Individuals and Corporations.
- Health & Medicine: Remote Healthcare: Special programs in village clinics.
- Insurance: Employee Health Coverage Options: Latest news for employers.
- Oil & Gas: Fueling Industry Operations: The energy going into the oilfields.
- Oil & Gas: Alternative Fuels: New ways of using natural gas to make liquids.
- Oil & Gas: Alaska Native Corporation companies in the petroleum industry.
- Telecom & Tech: Asset Tracking in Transportation industry: A focused look at new technology in use.
- Transportation: Barge Services: Alaskans rely on barges for cargo needs across all industries.
- Transportation: Snowfighters Institute helps contractors excel at snow and ice management.
- From the Editor | Inside Alaska Business | Right Moves | Agenda | HR Matters | Alaska Trends
- Alaska This Month & Events Calendar

ANCSA Corporation Seeking to Invest in Successful Alaskan Businesses

We are looking for businesses with
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If you are interested in exploring the possibility
of a sale of all or a portion of your equity,
please contact us for a brief & confidential discussion.

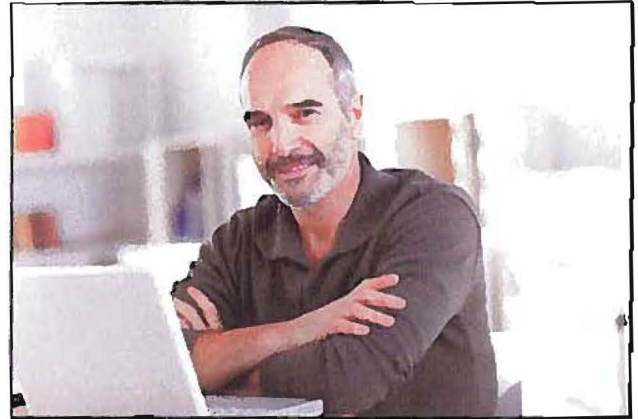
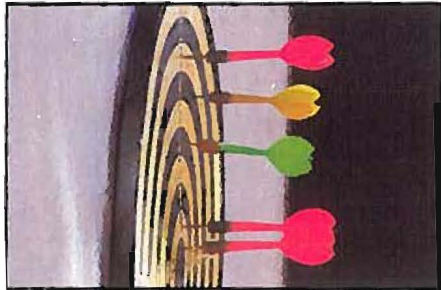
Daniel Osborn | 907.561.2454

What is EDC working on?

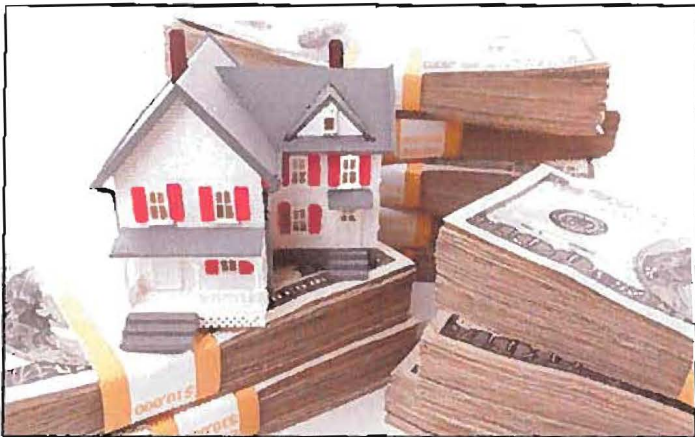
The City of Homer Advisory Economic Development Commission (EDC) is tasked with advising the City Council on economic development planning. This includes analyzing data, identifying specific projects, long range economic development planning and promoting an interest in economic development with the public. The Comprehensive Economic Development Strategy was drafted by the EDC and passed by Council in 2011 to guide long range economic development goals for our community. Under direction from Council, the EDC is currently working on ideas and projects for the five economic development priorities below.

1. Market Homer to high tech entrepreneurs.

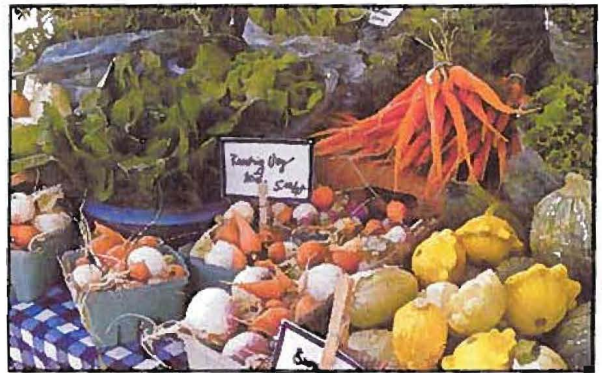
2. Expand shoulder season sports.



3. Affordable Housing.



4. Promote Homer as an agricultural center.



5. Voc-Tec or Marine Tech training and education.

Do you have ideas on how the City can promote these sectors? Bring them to the EDC!

Current EDC Commissioners: Mike Barth (Chair), Rocky Ross, and Corbin Arno. Interested in becoming a Commissioner? Sign up through the Homer City Clerks office.



EDC meets the second Tuesday of the month at 6pm.

Agenda and packets can be found at <http://www.cityofhomer-ak.gov/economicdevelopment>

Questions? Contact Community and Economic Development Coordinator Kate Koester 435-3101

IMPORTANT REASONS TO SUPPORT A BED TAX FOR THE KENAI TOURISTS PAY. YOU BENEFIT. THE KENAI PENINSULA WINS.

ANCHORAGE
BED TAX
12%

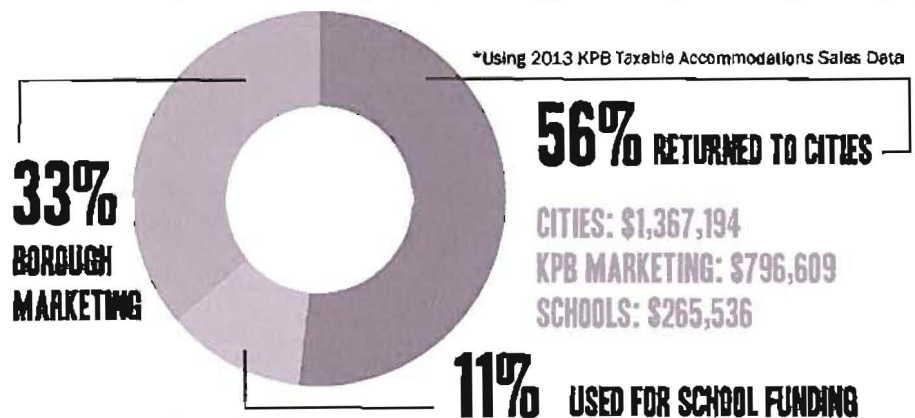
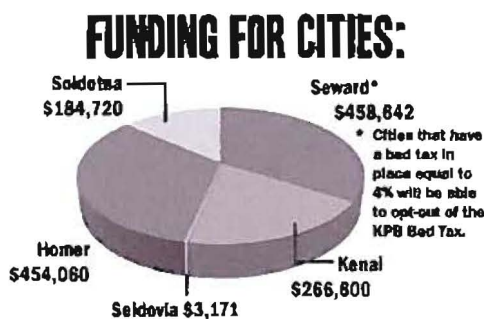
AVERAGE
NATIONAL BED TAX
13.73%



THE KENAI PENINSULA BOROUGH ASSEMBLY HAS AN ORDINANCE BEFORE IT TO PUT A PROPOSED ACCOMMODATIONS, OR "BED TAX", ON THE BALLOT IN OCTOBER'S GENERAL ELECTION. HERE IS WHY A BED TAX MAKES SENSE FOR THE KENAI'S FUTURE...

- ▶ A bed tax would help The Kenai attract more tourism revenue to our area. More tourism represents more money for borough businesses, more tourism-related jobs, and more money in sales tax revenue which lowers the tax burden on residents.
- ▶ Only the people who stay in a Kenai Peninsula accommodation would pay the tax.
- ▶ Many of the people who will be impacted by collecting the tax - Kenai Peninsula accommodation owners and managers, are it's most enthusiastic supporters.
- ▶ Kenai Peninsula tourism is very positive for jobs and the economic health of our community.
- ▶ If approved, The Kenai's Bed Tax would still be among the lowest in Alaska, and far below the national average.
- ▶ Revenue from the bed tax would replace the borough's current investment in marketing, immediately returning \$300,000 to the general fund, and generating over \$265 thousand on top of that amount for schools, for a give back of over half a million dollars to the borough.

4% BED TAX BOROUGH WIDE = 2.4 MILLION*



TOURISM IS BIG BUSINESS

Alaska communities are aggressively competing for visitor dollars. Municipalities across the state are investing in their future by funding marketing programs. If The Kenai is going to remain competitive WE HAVE GOT TO STAY IN THE GAME.

OUR COMPETITION IS BEATING US	ANCHORAGE	MAT-SU	FAIRBANKS	JUNEAU
BED TAX %	12%	5%	8%	12%
MARKETING BUDGET	Anchorage has a marketing budget of \$7 million dollars. funded by bed tax.	Mat-Su has a marketing budget of \$850,000. funded by bed tax.	Fairbanks has a marketing budget of \$2.9 million dollars. funded by bed tax.	Juneau has a marketing budget of \$1 million dollars. funded by bed tax.

TOURISM PAYS ON THE KENAI.



1 in 13
ALASKA JOBS
IS IN TOURISM

25%
OF KPB SALES TAX
COMES FROM VISITORS

WHAT IS A DESTINATION MARKETING ORGANIZATION?

Destination marketing organizations (DMOs) are organizations charged with representing a specific destination or region and helping the long-term development of communities through a travel and tourism strategy.

Every state and most counties and cities have a Destination Marketing Organization to promote their area to attract new business. DMOs are funded through a combination of occupancy taxes, membership dues, improvement districts and government resources.

DMO'S GO TO WORK FOR YOUR BENEFIT

Revenues/Expenses: Destinations' investment in their DMOs continues to grow at strong, sustainable levels. 2013 saw the average DMO budget breaking the US \$3.0 million mark, a 3% increase over 2012.

- **Public investment grew 4% to US \$2.4 million.** Private funding remained flat at \$356,000.
- **More than three-fourths (79%) receive public investment in the form of hotel taxes, averaging 75% of all DMO revenue.**
- In terms of private investment, 42% receive membership dues while 35% report partnership revenue. Other top private sources include: print and cooperative advertising programs, donated services, corporate sponsorships, event hosting and publication sales.

WHY ARE TOURISM AND MEETINGS IMPORTANT?

Travel and tourism is one of the largest and fastest-growing economic sectors in the world. In the Kenai Peninsula Borough, visitors contribute 25% of our sales tax revenue. This is new money coming into our economy, offsetting the amount of taxes locals pay.

WHAT DOES TOURISM MEAN FOR YOU?

Each U.S. household would pay **\$1,000** more in taxes without the revenue generated by travel and tourism.



BED TAXES IN TOP VISITOR DESTINATIONS



Kenai Peninsula residents pay bed tax virtually anywhere we travel. Isn't it time we asked our visitors to do the same for us?

Maui, HI - 9.25%
Lake Tahoe, CA - 13%
Las Vegas, NV - 12%
Portland, OR - 11.5%

ALASKA SALES AND BED TAXES

Destination	Sales Tax	Bed Tax	Total
Anchorage		12	12
Cordova		6	6
Fairbanks		8	8
Haines		4	4
Homer	7.5		7.5
Juneau		12	12
Kenai	6	0	6
Ketchikan		6.5	8.5
Kodiak		10	10
Mat-Su Borough		5	5
Palmer	3	5	8
Seldovia	7.5		7.5
Seward	7	4	11
Sitka		12	12
Soldotna	6		6
Unalaska/Dutch Harbor	3	5	8
Wasilla	2.5	5	7.5

AVERAGE AMOUNT SPENT BY A VISITOR TO ALASKA

\$941



Visitor spending is critical for Alaska. The average visitor spends nearly a thousand dollars in Alaska, on top of their airfare or cruise. Visitors spend their outside dollars in Alaska on everything from dining and hotels to shopping and tours. These visitor dollars strengthen the local economy, allowing a whole host of businesses to stay open year-round, offer longer hours and develop new products and services.

KENAI PENINSULA TOURISM MARKETING COUNCIL

907-262-5229 SHANON@KENAIPENINSULA.ORG 35571 KENAI SPUR HWY., SOLDOTNA, AK 99669



Our Mission: To support our membership through cooperative economic development and community service.

Kenai Peninsula Borough Assembly Members,

The Homer Chamber of Commerce board of directors, on behalf of more than 500 members, would like to express its opposition to Ordinance 2014-25, which would Establish an Areawide Transient Accommodations Tax (Bed Tax).

The Homer Chamber hosted a forum on Thursday June 26, 2014. The purpose of the forum was to provide an opportunity to educate ourselves, our members, and the public regarding this Bed Tax ordinance. Those in attendance were offered an opportunity to comment on this proposed ordinance. During the comment segment, that was about one hour, individuals representing multiple industries spoke. 100% of the testimony was opposed to this ordinance.

Due to the fact that this ordinance targets the Lodging industry, Lodging owners and guests will disproportionately be burdened with an additional tax.

The Lodging industry is not subject to the current sales tax cap. This means that 100% of sales generated by the lodging industry are taxed at the current sales tax rate.

It is very likely that Lodging owners contribute higher than average property taxes due the increased value of these types of properties.

Another fact that is of significant concern is that the funds collected from this tax can be reallocated at any time. There is no guarantee that these funds will be used to promote tourism and there is no guarantee that these funds would return to the cities in which they were generated.

The Homer Chamber of Commerce is dedicated to keeping the Kenai Peninsula a highly competitive destination in Alaska. We understand the importance of marketing our community in Alaska, other U.S. states and the World. However, the Bed Tax proposed in Ordinance 2014-25, is not the method to achieve these goals.

Respectfully,

Mike Barth, President
Homer Chamber of Commerce



City of Homer

www.cityofhomer-ak.gov

Administration
491 East Pioneer Avenue
Homer, Alaska 99603
(p) 907-235-8121 x2222
(f) 907-235-3148

Memorandum

TO: Homer Advisory Economic Development Commission
FROM: Katie Koester, Community and Economic Development Coordinator
DATE: September 4, 2014
SUBJECT: Status update on directives from Council

Homer City Council gave the Economic Development Commission a list of 7 priorities from the Comprehensive Economic Development Strategy in Resolution 12-041:

Affordable Housing
Voc-Tec or Marine Tech training and education
Market Homer for High Tech Businesses
Downtown Vitalization
Expand Water and Sewer Distribution Systems and the Number of Customers
Expand Shoulder Season Sports
Promote Homer as an Agricultural Center

The Commission prioritized the directives from Council at their August 2013 meeting:

1. Market Homer for High Tech Businesses
2. Expand Shoulder Season Sports
3. Affordable Housing
4. Promote Homer as an Agricultural Center
5. Voc-Tec or Marine Tech training and education

The EDC eliminated the two priorities Downtown Vitalization and Expand Water and Sewer Distribution Systems and the Number of Customers outlined in a November 15, 2013 memo to Council. No other formal communication with Council has been made regarding work done on the priorities, though verbal updates have been given by Commission members.

Extensive work has been done on the topic of Market Homer for High Tech Businesses and the Commission discussed expanding shoulder season sports at its last meeting, February 11, 2014. Affordable Housing has also been discussed by the Commission at various meetings.



City of Homer

www.cityofhomer-ak.gov

Economic Development

491 East Pioneer Avenue

Homer, Alaska 99603

(p) 907-435-3101

(f) 907-235-3148

Memorandum

TO: Mayor Wythe and Homer City Council
FROM: Advisory Economic Development Commission
DATE: November 15, 2013
SUBJECT: Status update on Resolution 12-041

The Advisory Economic Development Commission has been working under the direction of Resolution 12-041, passed by the City Council in May of 2012 to give further instruction to the Economic Development Commission on priorities from the Comprehensive Economic Development Strategy (CEDS). Resolution 12-041 asked the Commission to focus on and provide recommendations regarding the implementation strategies including timetables, responsible parties and funding sources for the following priorities:

- Affordable Housing
- Voc-Tec or Marine Tech training and education
- Market Homer for High Tech Business
- Downtown Vitalization
- Expand Water and Sewer Distribution Systems and the Number of Customers
- Expand Shoulder Season Sports
- Promote Homer as an Agricultural Center

The purpose of this memo is to update the Council on the status of their work. The Commission has thoughtfully considered each topic and decided to eliminate certain topics for the following reasons:

- Downtown Vitalization. According to the CEDS, downtown vitalization refers primarily to Town Center. The EDC felt that at this point community interest and momentum in Town Center is lacking. The EDC will continue to look into suggestions for Downtown beyond specifically Town Center development.
- Expand Water and Sewer Distribution System and the Number of Customers. The EDC felt infill and expansion of the water sewer system is not directly related to economic development and therefore outside the scope of the Economic Development Commission.

The EDC has begun work on a number for the topics listed in Resolution 12-041 and will be coming to the Council with specific recommendations and implementation strategies in the coming months. The EDC welcomes any further recommendations or suggestions from Council regarding the remaining economic development directives in Resolution 12-041.

1 CITY OF HOMER
2 HOMER, ALASKA

Wythe

3
4 RESOLUTION 12-041

5
6 A RESOLUTION OF THE CITY COUNCIL OF HOMER,
7 ALASKA, DESIGNATING COMMUNITY ECONOMIC
8 DEVELOPMENT STRATEGY (CEDS) PRIORITIES AND
9 REQUESTING THAT THE CITY ECONOMIC
10 DEVELOPMENT ADVISORY COMMISSION REVIEW THESE
11 PRIORITIES AND PROVIDE RECOMMENDATIONS
12 REGARDING IMPLEMENTATION STRATEGIES
13 INCLUDING TIMETABLES, RESPONSIBLE PARTIES, AND
14 FUNDING.
15

16 WHEREAS, The Homer City Council recently adopted a Community Economic
17 Development Strategy (CEDS); and
18

19 WHEREAS, Economic development and job creation is a Council priority and it would
20 like to move forward with implementation of goals and objectives that are feasible and prudent at
21 this time; and
22

23 WHEREAS, The Economic Development Advisory Commission's (EDC) work plan for
24 this year includes reviewing the CEDS and making recommendations to the Council regarding
25 implementation; and
26

27 WHEREAS, The City Council determined that it would be beneficial to review the
28 document again itself and provide the EDC with a list of priorities that it would like the
29 Commission to focus on; and
30

31 WHEREAS, Council members reviewed the CEDS and offered suggestions regarding
32 priorities at a workshop on April 27, 2012.
33

34 NOW, THEREFORE, BE IT RESOLVED that the Homer City Council hereby
35 designates the following as CEDS priorities:
36

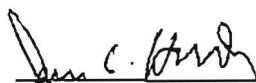
- 37 • Affordable Housing
- 38 • Voc-Tec or Marine Tech training and education
- 39 • Market Homer for High Tech Businesses
- 40 • Downtown Vitalization

- Expand Water and Sewer Distribution Systems and the Number of Customers
- Expand Shoulder Season Sports
- Promote Homer as an Agricultural Center

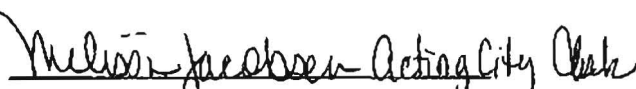
BE IT FURTHER RESOLVED that the Council requests that the EDC review these priorities and provide recommendation regarding implementation strategies including timetables, responsible parties, and funding sources.

PASSED AND ADOPTED by the Homer City Council this 14th day of May, 2012.

CITY OF HOMER


JAMES C. HORNADAY, MAYOR

ATTEST:


JO JOHNSON, CMC, CITY CLERK

Fiscal Note: N/A





City of Homer

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Administration
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Homer, Alaska 99603
(p) 907-235-8121 x2222
(f) 907-235-3148

Memorandum

TO: Homer Advisory Economic Development Commission
FROM: Katie Koester, Community and Economic Development Coordinator
DATE: September 4, 2014
SUBJECT: Summary of work to date on Affordable Housing

The purpose of this memo is to present and organize the work the Commission has done thus far on the topic of affordable housing. Below is a table of contents for the affordable housing documents presented to the commission in 2013.

April 9, 2013 meeting minutes related to affordable housing

- April 3 memo on affordable housing
- City of Homer Population and Housing Data
- Average Sales Price of a Single Family Home (graph)
- Commercial Loan Activity in Alaska
- Alaska Trends Article: Housing Has Become More Affordable, But it's now harder to get a mortgage
- Affordable Housing pages from the Comprehensive Plan

May 14, 2013 meeting minutes related to affordable housing

- Philip Aldefer blog on affordable housing
- May 7, 2013 memo on affordable housing
- April 29, 2013 memo on coast guard housing
- 2011 Remote Housing Market Survey and Analysis USGC Executive Summary only

Session 13-04 a Regular Meeting of the Economic Development Advisory Commission was called to order by Chair Sarno at 6:00 p.m. on April 9, 2013 at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

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

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

AGENDA APPROVAL

The agenda was approved by consensus of the Commission.

PUBLIC COMMENTS REGARDING ITEMS ON THE AGENDA

None

RECONSIDERATION

There was no reconsideration scheduled.

APPROVAL OF MINUTES

A. March 12, 2013 Regular Meeting Minutes

MAXWELL/WAGNER MOVED TO APPROVE THE MINUTES.

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

VISITORS

A. Jess Tenhoff – Affordable Housing and Lightweight Housing Alternatives

Jess Tenhoff of Nomad Shelters gave the commission an overview of her life. She has been in Homer since 2000 with her husband producing yurts. Shelter is a basic need. The problem is shelter in our society is that it is the carrot at the end of a stick for the whole system. That system doesn't work for everyone because not everyone can get a bank loan, like students, elderly, poor, and unemployed. Lightweight shelter is another way do things and can free people. Mrs. Tenhoff talked about challenges of lightweight housing and opportunities for using them for personal housing, community housing, schools, or businesses.

In response to questions Mrs. Tenhoff reviewed what her company offers for yurts, costs, and payment options. She explained that yurts don't qualify for bank financing, but they are insurable and allowed in

the city if they are connected to utilities. Point was raised that it is inexpensive housing, but a person would need a piece of land to put it on.

STAFF AND COUNCIL REPORT/COMMITTEE REPORTS/BOROUGH REPORTS

A. Staff Report: Affordable Housing: A first look at the Homer market

Community and Economic Development Coordinator Koester reviewed her staff report.

The commission reviewed and discussed the housing costs provided by Mrs. Koester and brainstormed some ideas regarding affordable housing. Comments included:

- We have an "immigrant class" of really cool young people who come in and want to work, and then decide to stay. We have the ingredients to create a good culture that would make use of the affordable housing.
- There are great ways to do this with planning central areas where people can live. There is a way to put people in small units but give them what they want. Greenbelts and corridors for wildlife are important.
- Small five or six unit homes planned well with surrounding greenbelts can build community and still have security and a sense of smaller community.
- Intentional communities, like the European model, that have multi housing units. They are more efficient and can be really attractive.
- Yurts could be a good option for college housing if there was land available for them.
- Homer has infrastructure for water and sewer but not all are accessible by road, and that is something that should be resolved.

PUBLIC HEARING

PENDING BUSINESS

A. Review of electronic survey to work from home entrepreneurs.

The Commission reviewed the survey and agreed a good option is for each of them to pass it on to people they know.

NEW BUSINESS

A. Schedule of City Council Updates

The Commission discussed the best way to plan for attendance at Council meetings. They agreed to decide each month what information they will give to the council and who will speak that month.

B. Appointment of EDC member to the Lease Committee

Commissioner Krisintu said she would serve on the Lease Committee. The commission agreed by consensus.

INFORMATIONAL ITEMS

None

COMMENTS OF THE AUDIENCE

Larry Slone, city resident, provided a laydown about Hallo Bay, a locally based business that provides service outside of Homer. His goal was to encourage the commission to cast a wider net with their survey. He also provided some information from a 2008 survey by Hallo Bay that outlined some parameters they used. Regarding affordable housing Mr. Slone commented that he would categorize it as a starter home, in the \$150,000 range. He would also categorize an affordable home as anything under \$10,000. What was proposed in developing an alternative culture is a culture that won't graft well with the current structure. Homer is based on the model that has been developed over hundreds of years with specific building standards that have to be met with respect to construction materials, plumbing, and etcetera. There are government standards when they provide low income housing for people. The lending institutions are geared toward permanent structures of a more significant investment where they can recoup benefits through interest. People who are going to invest in a permanent structure aren't likely to want to have a yurt placed alongside. He agrees the advantage should be presented to the people who will benefit from it, but for the reasons he explained, it won't happen within Homer, unless a housing unit was set up as a test case.

Bumppo Bremmicker, city resident, commented that it is great they are looking at affordable housing. He thinks affordable means different things to different people, but he would say under \$100,000. Traditionally in Alaska a starter cabin was 16x20 feet for one person. He said for future discussions it would be good to know the median income in Homer, as well as the median home price, and then see how far apart those numbers are. It would be interesting to know. One thing they discussed on the Town Center Committee was mixed housing for students and seniors, also businesses with housing above it. Homer doesn't really have a lot of standards like they do outside, there are a few, but not the same at all. Larry made some good points tonight.

Jess Tenhoff, city resident, noted they had just talked about participation at the meetings and from her perspective the faster this city government can get hooked into the electronic world where they can have direct participation in our democracy, the faster we can make decisions happen. In the social networking world you can get consensus very quickly. It's archaic not to take that step. She encouraged the commission to take the first step in getting people to participate by putting it on line and making it interactive. To address Larry's concern with property values and yurts, a yurt is a portable structure so it has no effect on the home or land equity. It can happen where you make laws not to allow it, but then you limit portable shelter. She wants them to remember light weight living on the earth is the way of the future, because we have to.

COMMENTS OF CITY STAFF

None

COMMENTS OF THE COUNCILMEMBER

None

COMMENTS OF THE CHAIR



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.

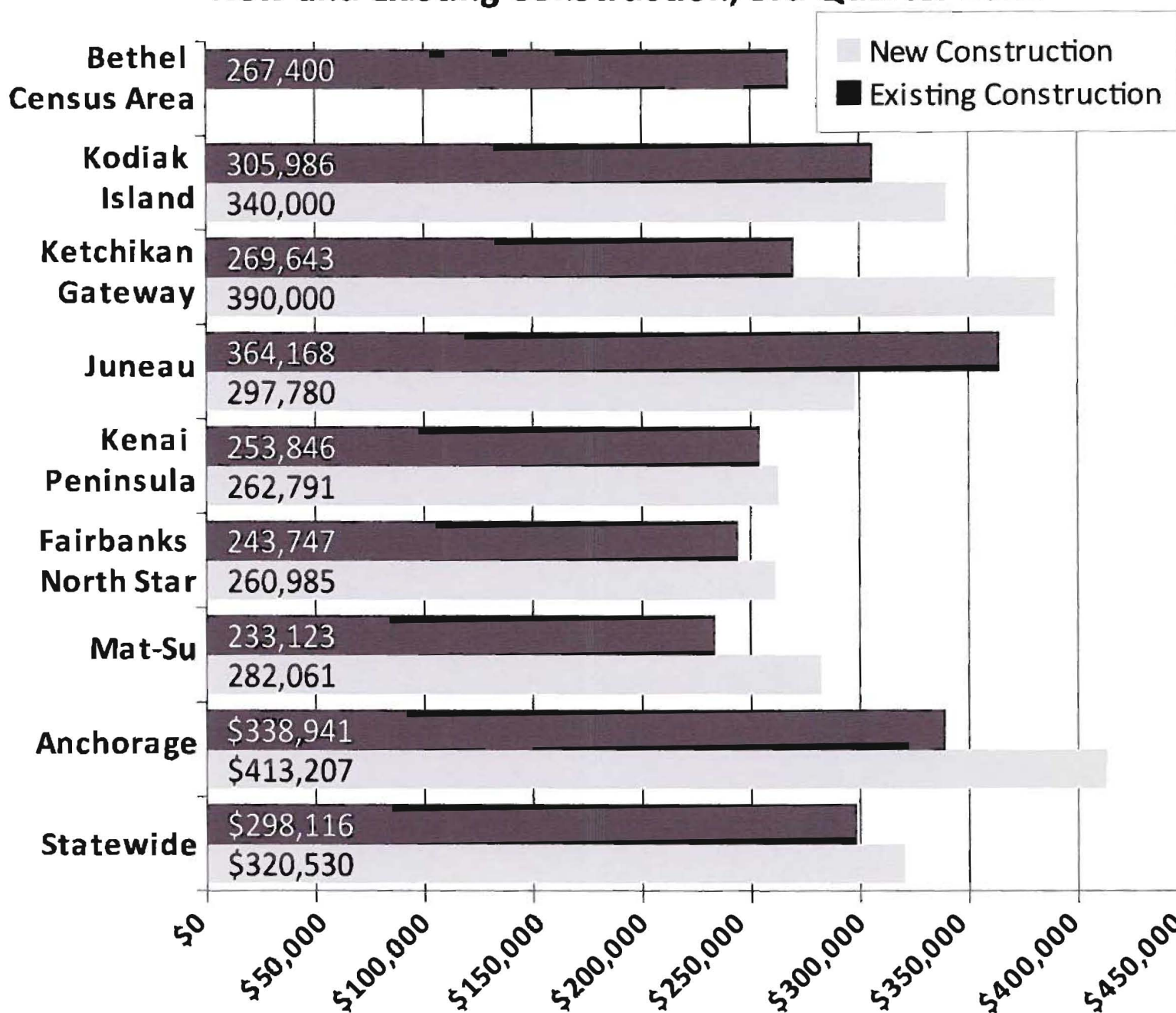
- 1) **Identify what "affordable housing" means (as opposed to low income housing, for example).** Affordable housing is often thought of as entry level single family homes (what is referred to as a 'starter home.'). Anecdotal information shows that there is a lack of housing available for young families 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).

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

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



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 Loan	Total Loans	Chg Prv Yr	% Loan Volume ¹	Average Sales Price	Total Sales Volume	Total Market Value ¹
Anchorage	776	93	288	-40	46	\$186,797	\$51,797,454	\$10,707,231	90.2	\$209,034	\$60,432,091	89.7
Mat-Su	26	6	6	-7	-2	120,870	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	16	-9	3	-8	-8	168,122	504,367	-1,248,828	0.8	201,667	605,000	0.9
Juneau	26	-8	18	5	1	176,880	3,163,848	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	\$8,620,115	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 Loan	Total Loans	Chg Prv Yr	% Loan Volume ¹	Average Sales Price	Total Sales Volume	Total Market 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	73,592,087	11.4
Kenai	462	5	177	4	3	219,511	28,853,469	3,169,409	6.7	254,907	45,118,620	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	246,653	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	22	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	\$82,211,087	109,889,377	100.0	309,286	646,317,679	100.0

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

Location	# Units	Number of Loans	YTD	Chg Prv YTD	Average Loan	Total Loans	Average Sales Price	Total Sales Volume	% Total Market Value ¹
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	30	7	16	3	226,373	1,584,600	253,950	1,777,650	5.2
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	86	177	44	410,222	27,074,641	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 3rd 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	\$266,243	\$74,984,346	\$14,814,377	42.1	413,207	28,055,046	41.9
Hal-Su	228	36	87	18	17	\$255,953	\$22,767,893	\$6,703,133	37.6	282,061	24,572,297	36.6
Fairbanks	46	1	13	-2	-1	\$243,598	\$3,171,374	\$48,176	5.4	260,983	3,792,810	5.1
Kenai	55	-3	21	4	-5	\$197,104	\$4,129,180	-\$782,104	7.0	262,791	3,518,620	8.2
Juneau	12	2	5	2	2	\$242,161	\$1,235,403	\$382,672	2.1	297,780	1,483,500	2.2
Ketchikan	1	1	1	1	1	\$251,000	\$251,000	\$251,000	0.6	390,000	390,000	0.6
Kodiak	2	-3	1	0	-1	\$240,000	\$240,000	-\$219,600	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	\$232,213	\$2,888,273	\$1,560,239	4.9	247,924	3,222,018	4.8
Statewide Total	527	89	208	58	53	\$232,380	\$80,169,189	\$22,721,807	100.0	\$230,830	\$6,000,593	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	\$103,853	\$296,893,707	\$64,611,777	36.8	338,941	331,145,796	57.0
Hal-Su	672	-61	287	39	1	\$214,055	\$61,433,821	\$214,780	13.7	233,123	66,908,286	11.5
Fairbanks	688	50	288	27	15	\$277,750	\$65,591,970	\$4,526,973	12.5	242,742	70,190,277	12.1
Kenai	397	8	156	0	8	\$273,377	\$34,714,289	\$3,951,513	6.6	253,846	39,600,000	6.8
Juneau	205	-2	90	11	1	\$222,083	\$28,987,467	\$2,778,409	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	273	45	100	32	24	\$218,343	\$21,834,305	\$5,930,164	4.2	259,383	25,938,327	4.5
Statewide Total	4,603	293	1,859	305	332	\$208,211	\$823,015,018	\$87,187,780	100.0	\$208,118	\$81,326,086	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	\$7,759,727	\$1,799,210	97.0	259,593	8,307,053	97.0
Hal-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	\$8,000,305	\$1,387,218	100.0	\$259,438	8,861,346	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	\$46,036,277	\$6,908,021	89.2	203,613	\$2,125,026	88.7
Hal-Su	20	6	5	-7	-3	\$106,328	\$531,640	-\$563,104	1.0	135,100	\$75,500	1.1
Fairbanks	26	1	10	-2	-4	\$102,180	\$1,071,800	-\$456,524	2.0	117,740	\$1,772,395	2.0
Kenai	14	1	3	6	-4	\$158,172	\$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	\$178,876	\$51,019,310	\$8,044,074	100.0	\$199,936	\$6,781,271	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 activity.

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

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



3rd Qtr 2012												
Single Family												
Location	YTD	Chg Prv YTD	Number of Loans	Chg Prv Qtr	Chg Prv Yr	Average Loan	Total Loans	Loan Vol. Chg Prv Yr	% Loan Volume	Average Sales Price	Total Sales Volume	% Total Market Value
Anchorage	4,733	2,115	1,687	212	569	\$245,760	\$414,596,716	\$170,856,846	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	293,567	133,572,838	13.7
Fairbanks	948	403	343	7	134	189,367	64,953,044	26,004,483	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	251,465	88,767,128	9.1
Juneau	455	182	128	-33	42	240,384	30,769,126	11,200,677	4.3	350,664	44,685,011	4.6
Ketchikan	109	53	27	-19	12	166,428	4,493,551	1,643,352	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	296,912	14,548,666	1.5
Bethel	36	19	17	9	10	226,642	3,852,909	2,563,448	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	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	306,478	972,455,972	100.0

3rd Qtr 2012												
Condominiums												
Location	YTD	Chg Prv YTD	Number of Loans	Chg Prv Qtr	Chg Prv Yr	Average Loan	Total Loans	Loan Vol. 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	\$199,094	\$52,162,672	86.9
Mat-Su	13	1	6	4	0	149,813	898,875	128,597	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	140,965	2,678,334	4.5
Kenai	12	7	5	5	2	258,929	1,294,645	984,145	2.6	418,700	2,093,500	3.5
Juneau	24	13	11	4	9	99,055	1,089,600	881,550	2.2	161,182	1,773,000	3.0
Ketchikan	0	0	0	0	0	N/A	0	0	0.0	N/A	0	0.0
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	4	3	1	-1	1	104,000	104,000	104,000	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	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.

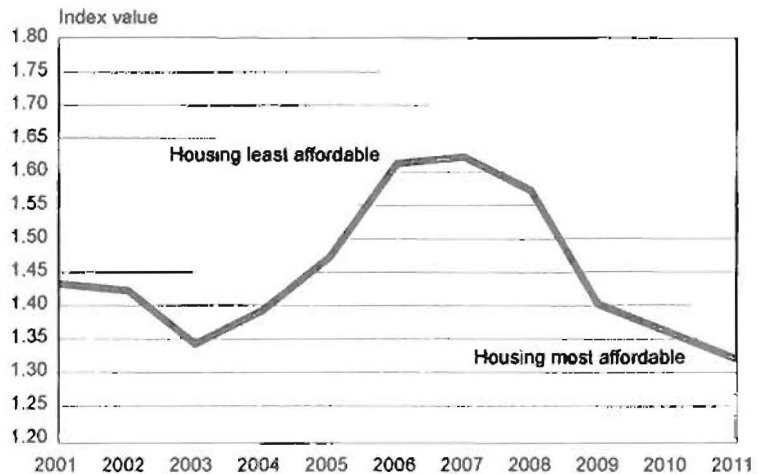
However, home affordability is about more than just the relationship among prices, income, and interest rates. Though monthly payments have been reduced by the last decade's lower prices and rates and its marginally higher wages, today's housing market is considerably different from the heated environment 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.

Alaska's Affordability Index Single-family homes, 2001 to 2011

1



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

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.

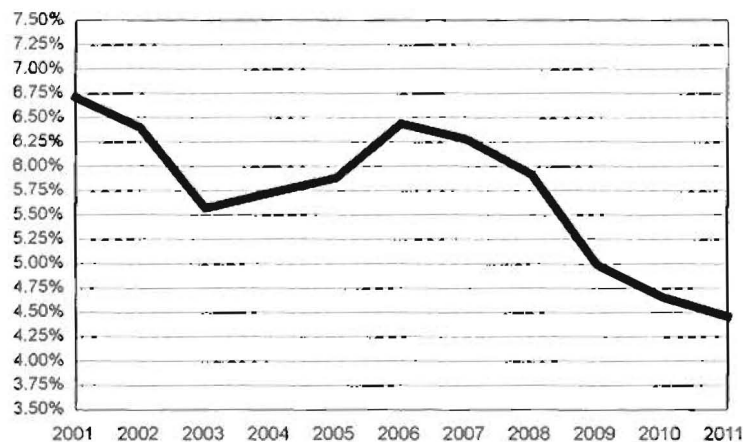
An index value of 1.0 means exactly one person's income is required to afford a typical home. An increasing number means additional income is necessary, making housing

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:

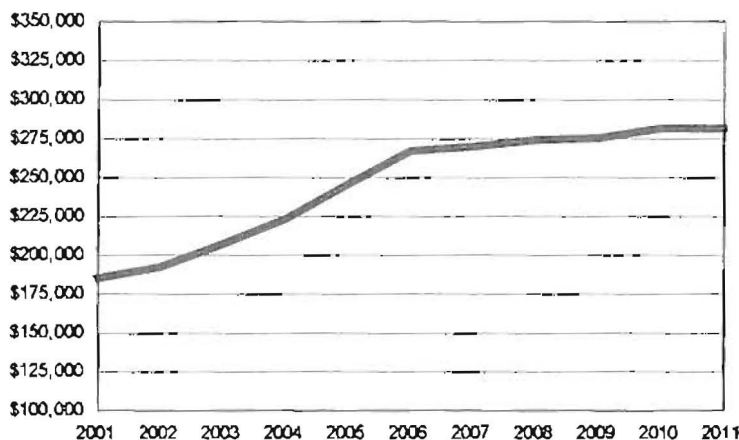
- Hazard insurance and mortgage insurance
- Property taxes, which vary by area and property size
- Utilities, which can be substantial and vary depending on energy type
- Adjustable rate mortgages, where monthly payments can change dramatically based on interest rate shifts

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.

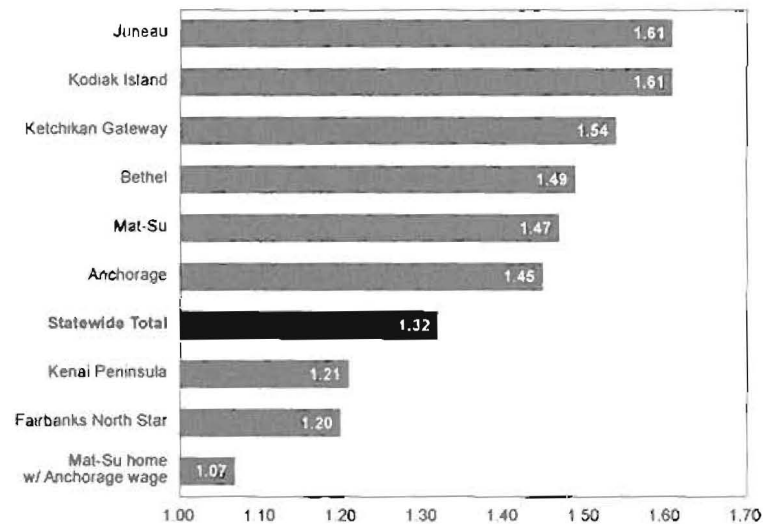
As in Alaska, U.S. housing became increasingly less affordable in the years leading up the housing crisis, but was at its least affordable level a year earlier than in Alaska. In recent years, the national trajectory toward increasing affordability has been more pronounced, mainly because average U.S.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

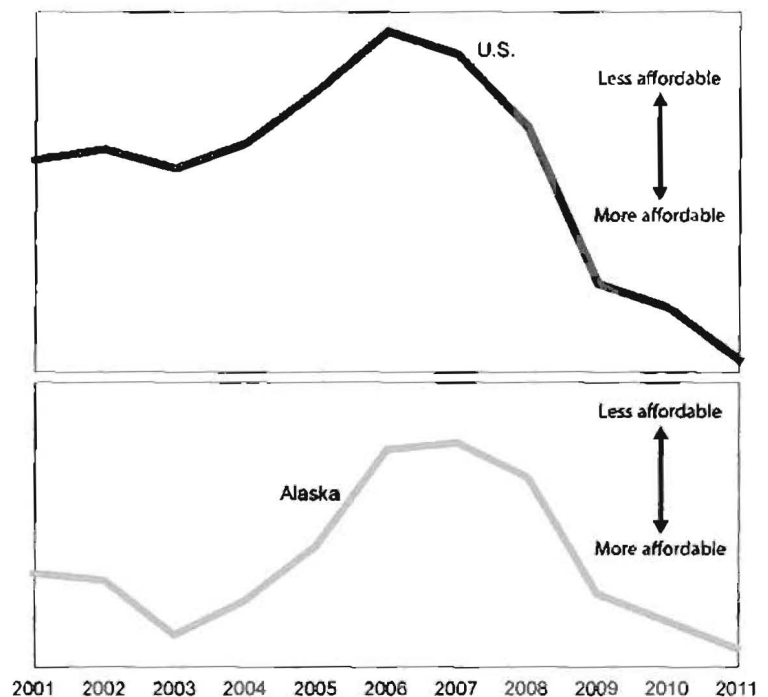
Regional affordability scores, 2011



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

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

ECONOMIC DEVELOPMENT ADVISORY COMMISSION
REGULAR MEETING
MAY 14, 2013

Philip Alderfer, owner of Alderfer Group Relators, gave an overview of his information in the commission's packet and explained the formula of taking the median income and median home price, to calculate the percentage of homes that sold within the community in a given period of time. There are other variables that come into play, based on a potential buyers needs and lifestyle, which he did not take into consideration. There are things governments can do to impact affordability like managing local economy, providing decent infrastructure, and maintaining school districts. As a community, Homer is different in the sense that we don't have what normally constitute the mix of starter homes. In a lot of other markets a first time homebuyer expects to buy the 400 sf town home, affordable for a starting salary, but that isn't something Homer offers.

In response to questions, Mr. Alderfer commented that new construction is almost impossible make affordable. There is a premium for being in Alaska based on cost of shipping materials, equipment, and infrastructure. Then there is an additional premium for being at the end of the road. We have a very talented but somewhat limited labor pool, and also challenges with good water and good soils in most areas. These factors generally result in higher construction costs. He thinks affordability is going to come from existing stock. Another point is that builders face a relatively low degree of regulatory oversight, which encourages building to the degree it can be done, which is a good thing. The rules as they relate to utility infrastructure raise issue. He cited an example of a property with multiple buildings on a single lot that are served by one main water and sewer connection. Because of the way utility billing is done and utility easements only in the road, there is one water tap the city can access to shut off in the event of non-payment. That makes it difficult to take the buildings and create three small affordable homes because it creates a set of rules for utility payments. He understands it is convenient for the city, but it is an active impediment to the creative use of real estate that could lead to some things that are more affordable. It also plays into conversion of a 12-plex apartment building to a co-op or condominium. There are ways to do metering and it isn't an issue of technology. If the city has one water meter to shut off in the event of non-payment, a way to address it could be to require a bond be put up by the creator of the condo association, which could be better than putting the building owner in the position of collecting utility bills.

In relation to urban infill, he understands and appreciates the notion, but pointed out that part of the reason the urban infill areas weren't built originally is that they were terrible. They were steep, wet, harder to build on, and weren't as desirable. He doesn't suggest giving up on urban infill, but if it something you think is really going to make a difference, you have to incentivize it. You can't just hope it will happen. Mr. Alderfer commented briefly about rental property challenges relating to investing here versus investing in Anchorage where rental rates are more profitable for investors. There are also the homeowners who leave Homer for half the year and let someone stay in their home at a minimal cost.

In further questions about condominiums as the city considers mixed use development, Mr. Alderfer doesn't feel that the 400 sf condominium development would necessarily work in Homer. There probably is demand for some of that, but a reality is that we don't have a community that expects to move up the property ladder, the same way because we aren't a particularly "big business" community as most of the stable jobs are government and quasi-government where one would max out at a pay range. Their first home tends to be a three bedroom, two car garage, ranch style home they plan to stay in and bypass the 400 sf condo. Mr. Alderfer also touched on challenges that arise for mortgage lending institutions when considering loaning in mixed use zoned area. A large issue is there is almost no way to put something that is 40% residential, 40% commercial, and 20% industrial into a shared pool of securitized mortgages. Another thing is that if you are going to encourage urban infill, there has to be

upkeep of what there is, sidewalks, parks, roads, etc., and make it possible to say, look at this fabulous downtown.

STAFF AND COUNCIL REPORT/COMMITTEE REPORTS/BOROUGH REPORTS

A. Staff Report: RV Parking Update, Lone Eagle Survey Report

Community and Economic Development Coordinator Koester reviewed her report. There was brief discussion about the RV day use parking in relation to encouraging trolley stops there, or at least nearby, and being able to post contact information of transportation services for people who may not want to walk.

In relation to the lone eagle survey they have been working on, Mrs. Koester said she has not received any responses so maybe they need to consider a different technique. There was discussion that this is still valid, and maybe it would be good to expand the venue to editorials, inclusion on the city website, and so forth. The commission agreed to revisit this in the fall.

PUBLIC HEARING

PENDING BUSINESS

A. Affordable Housing: Staff Report/Update

i. Coast Guard Housing

The Commission talked briefly about the information presented by Mr. Alderfer and the the information relating to Coast Guard housing that was included in their packet. There was discussion that in Anchorage private companies own buildings and lease them back to the military. There is a fair amount of land owned by native corporations or other organizations who might be interested facilitating something with more of a town house feel similar to what other bases are doing around the country. CIRI owns land in the town center and the commission felt it would be beneficial to have some dialog with CIRI to find out if this is a direction they have interest in, or what they are interested in doing with their property in the town center. The commission acknowledged their understanding CIRI wasn't pleased when the Fred Meyer development fell through, but starting a dialog with them might be helpful in making some future progress. Mrs. Koester said she would look into having someone from CIRI attend a meeting in the near future.

NEW BUSINESS

A. City Council Meeting Sign up. May 13 and 27

Community and Economic Development Coordinator Koester clarified that the next council meeting date is May 28th. Most commissioners were unable to commit to attend and Chair Sarno agreed to attend.

INFORMATIONAL ITEMS

None



Philip Alderfer
Broker / Owner

Anchor Point, Kenai and Eagle River Offer Most “Affordable” Housing

Updated Thursday, March 8, 2012 :: Views (342)

The community of Anchor Point was the most “affordable” place to buy a home in 2011, according to a recent study of eleven Southcentral Alaska communities.

The Alderfer Group recent completed a study comparing home affordability across communities in southcentral Alaska, and the results are in!

We examined 2011 home sale prices and median household incomes in the communities of Palmer and Wasilla in the Matanuska-Susitna Borough, Anchorage, Chugiak / Eagle River and Girdwood near Anchorage, as well as Anchor Point, Homer, Kenai / Nikiski, Seward, Soldotna and outlying areas on the Kenai Peninsula. Our goal was to identify those communities where median income earning families had the most home choices - and Anchor Point came out on top!

Our clients often talk about home ‘affordability.’ Not just what a home costs to buy, but how mortgage rates, homeowner’s insurance and property taxes will affect their family’s budget. We wanted to learn how those experiences differed across the communities we serve.

Because we could not find that information elsewhere we had to do the research ourselves. It was a great opportunity to compare the communities where our clients live - and good excuse to stretch our math skills!

We first identified median household incomes within each community using U.S. Census data. Then we calculated the maximum mortgage payment lenders would typically allow at those income levels. Next, we estimated the total monthly payment for each home sold within the eleven communities using 2011 home sales price data and average ownership costs.

By comparing these two figures, we then calculated a Home Affordability Index (HAI) score that showed how many home sales in a community could have been purchased by a median-earning family.

Anchor Point was the most affordable community we studied, with a whopping 82.8 HAI score. It was followed by Kenai / Nikiski at 81.3, Chugiak / Eagle River at 78.9 and Seward at 65.9.

Home affordability is a function of three things – sales price, household income and ownership costs. The study showed why they all matter. For example, the median home sales price in Chugiak / Eagle River was approximately \$322,000 – which was second highest on our list. Homes of that price could rule out many potential buyers. But the average household income in that community was also quite high, at \$94,000. As a result, our study showed that more than three-quarters (78.9%) of all home sales in the area could have been bought by – were ‘affordable’ – to a family earning the median income.”

Girdwood was at the other end of the scale. Though the median household income ranked third on the list at \$68,000, the median home price was also quite high, \$330,000 and it meant that only 32% of 2011 sales could have been afforded by a median-earning family. This is not surprising for a smaller community with so many second home and vacation home-type sales.

In only two communities, Girdwood (at 32) and the unincorporated areas outside Homer (47.1) was the Home Affordability Index score below 50.

I am anxious to repeat this study and see how HAI scores change over time. We Alaskans have been fortunate to avoid the worst of the economic downturn and concurrent housing crunch. And I hope our run of ‘good luck’ will last. But we will undoubtedly experience higher interest rates in the future. If household incomes keep pace, Alaskans’ purchasing power should not be affected. The Home Affordability Index was designed to show us whether that is true.

The 11 study communities, and their HAI rankings were:

- Anchor Point (82.8)
- Kenai / Nikiski (81.3)
- Chugiak / Eagle River (78.9)
- Seward (65.9)
- Wasilla (60.4)
- Palmer (59.0)
- Anchorage (58.4)
- Soldotna (57.7)
- Homer (53.6)
- Diamond Ridge, Fritz Creek, Kachemak City (47.1)
- Girdwood (32.0)

Feel free to contact me if you have any questions or would like to learn more about the Home Affordability Index. I can be reached via Email at Philp@AlderferGroup.com or on my cell phone (907) 299-2845



City of Homer

www.cityofhomer-ak.gov

Administration
491 East Pioneer Avenue
Homer, Alaska 99603
(p) 907-235-8121 x2222
(f) 907-235-3148

Memorandum

TO: Advisory Economic Development Commission
FROM: Katie Koester, Community and Economic Development Coordinator
DATE: May 7, 2013
SUBJECT: Affordable Housing (2)

This memo is an updated to the Affordable Housing Memo from the April 9th meeting. The April 9th memo recommends 4 steps, I have provided updates on 2 of the 4 steps in this memo. The last 2 are pending.

1) **Identify what “affordable housing” means (as opposed to low income housing, for example).**

- a. **Affordable Housing.** The generally accepted definition of affordability is for a household to pay no more than 30 percent of its annual income on housing. Families who pay more than 30 percent of their income for housing are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care. Another definition that the commission may find useful for affordable housing is: rents that are affordable to households whose annual income is 80% or less of the median income range for the *county* in which the property is located. For the Kenai Peninsula Borough monthly housing expenses need to be \$1,516 or bellow to be considered affordable by this standard for a family of four.
- b. **Low Income Housing.** Low income housing generally refers to housing that is subsidized by a public entity and limited to occupancy by persons whose family income does not exceed certain preset maximum levels. Homer has a few low income housing units (Harbor Ridge, Conifer Woods, and units owned by Kenai Peninsula Housing Initiative). Alaska Housing Finance Corporation (AHFC) operates a housing choice voucher program locally. I spoke with Inge Clark at the local AHFC office that provides rental assistance for eligible families and individuals. AHFC provides rental assistance for 105 families in Homer with 75 families currently on the wait list. The term family is used to refer to single individuals or multiple family members in one household. AHFC will provide assistance if a family meets the income eligibility requirement, (families whose income is at or below 50 percent of the area median income) and do not have a history of drug abuse or violent crime. The majority of the people AHFC helps locally are individuals (not families with children) that are disabled or elderly. AHFC in Homer sees a lot of demand for one bedroom units. Ms. Clark said that poor rental history keeps individuals from being able to find affordable rentals, not a lack of available units. Poor rental

history, drug and alcohol abuse and life skills issues are the hurdles for many of the people she sees on a regular basis.

- 2) **Research current market conditions and why there is a lack of affordable housing.** I prepared the chart below to analyze how much a family would need to make to afford a home. There are many assumptions that go into this number and it is only meant to provide the Commission with a general idea.

No. in Family	KPB Median Annual Income	Recommended Mo. Housing Expense (30% of Income)	Recommended Mo. Budget for Utilities (10% of Income)	Remainder Available for Mortgage	How Much House can you Afford?*
1	\$53,100	\$1,328	\$443	\$885	\$185,373
2	\$60,700	\$1,518	\$506	\$1,012	\$211,905
3	\$68,300	\$1,708	\$569	\$1,138	\$238,437
4	\$75,800	\$1,895	\$632	\$1,263	\$264,619

2013 Federal Poverty Level, AK

1	\$14,350	\$359	\$120	\$239	\$50,096
2	\$19,380	\$485	\$162	\$323	\$67,656
3	\$24,410	\$610	\$203	\$407	\$85,216
4	\$29,440	\$736	\$245	\$491	\$102,776

*Assumes a 4% interest rate. Does not include taxes, insurance, or down payment

- 3) **Research potential solutions to encourage the development of affordable housing.** Pending
- 4) **Meet in a joint worksession with the Planning Commission to discuss land use, affordable housing and up-zoning (proposed June date).** Pending.



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(f) 907-235-3148

Memorandum

TO: Advisory Economic Development Commission
FROM: Katie Koester, Community and Economic Development Coordinator
DATE: April 29, 2013
SUBJECT: Coast Guard Housing

When Mayor Wythe and City Manager Wrede visited with Rear Admiral Ostebo (USCG) in Juneau this March he mentioned that finding affordable, quality housing for Coast Guard families was a constant challenge in Homer. The Coast Guard brings a lot to our community, including employing over 70 individuals who have families here, shop here and volunteer in our local community organizations. Keeping in mind how the City of Homer can facilitate the Coast Guard in our community can be encompassed within the topic of affordable housing.

I met with Captain Michael Jones who helps Coast Guard families and individuals find rental homes and manages the 18 Coast Guard housing units owned by the USCG. He provided me with a copy of the 2011 Remote Housing Market Survey & Analysis 4-17-2012 Draft Report, a report the Coast Guard commissioned to analyze the housing market for Coast Guard members and their families. I have attached some charts and figures from the report that you may find interesting. Most of the rental homes in the Homer area (defined as a 60 minute one way commute from the end of spit) did not meet the Coast Guard's standards for adequate housing (running potable water, no mobile homes, structurally sound, washer/dryer, etc.) Affordability of rental units was also considered (the report helps the Coast Guard determine housing allowances for members). The Homer area median monthly rent for a one-bedroom unit is \$613, two-bedroom \$900; three-bedroom \$975 and four or more bedrooms is \$1600. The report determined that there is a 32% deficit of adequate housing for Coast Guard members stationed in Homer.

What could the City do?

One option is for the City to donate land to the USCG for additional Coast Guard Housing. However, this may not be the best option since the Coast Guard sometimes has a hard time filling the 18 units they have and we have no idea the Coast Guard's interest in taking on more units. The insight Captain Jones provided was that many members want more separation from their home life and work life and when you live in Coast Guard Housing you forgo the housing allowance the Coast Guard provides.

- Captain Jones said what he would really like is somewhere he can send Coast Guard members who are moving to the area that has information about what it is like to live in Homer. I spoke with the Chamber director about their "living in Homer" page as a good place to house some of this

information and the Economic Development page with the City a place to house more statistical data and information on the local economy with links between the two pages. The Commission has discussed the need for more information on living in Homer for the website at the lone eagle/work from home entrepreneur workshop.

Recommendation: The EDC work with the Homer Chamber of Commerce to develop a more robust web presence for people looking to move to Homer. The EDC could brainstorm things that would be valuable to include such as information on climate, schools, activities, etc. This would be valuable information for all types of people interested in moving to Homer.

2011 REMOTE HOUSING MARKET SURVEY & ANALYSIS

17 APRIL 2012 - DRAFT REPORT



**USCG HOMER
ALASKA**

**SHORE INFRASTRUCTURE LOGISTICS CENTER
UNITED STATES COAST GUARD**

Prepared by ROBERT D. NIEHAUS, INC

EXECUTIVE SUMMARY

This Remote Housing Market Survey & Analysis (RHMSA) evaluates the availability of housing for both accompanied and unaccompanied military personnel stationed in the greater Homer, Alaska area including CGC Roanoke Island, CGC Hickory, DD Homer and MSD Kenai, that meets USCG standards for affordability, location, quality, and number of bedrooms. This report is based on criteria and methods approved by the U.S. Coast Guard, and reflects current guidance adopted from the Office of the Secretary of Defense (OSD) regarding market analyses for military housing (U.S. Department of Defense, 2010). The principal assumptions and results of the analysis are shown in Tables ES-1 and ES-2.

Table ES-1. 2011 Military Housing Market Remote Survey & Analysis Key Assumptions

Assumptions	
1.	Family Housing Assumed Occupied in Current Year; Use of Community Housing First for Projected Year
2.	Market Area Based on 60-Minute One-Way Commute During Peak Commute Periods
3.	Rental Mobile Homes are Inadequate for Military Members
4.	2011 Basic Allowance for Housing (BAH) and 2011 Community Rental Costs
5.	Planning Factors from CG Housing Manual (COMDINST M1101.13E) for Accompaniment Rates/Bedroom Entitlements
6.	Total Families and Unaccompanied Personnel as of 16 November 2011 provided by PSC-PSD-FS Housing West
7.	Accompaniment Rates Adjusted for Dual Military Families and Geographic Bachelors as per DoD 4165.63-M
8.	Unaccompanied E1-E3 and 25% of Unaccompanied E4 Personnel to be Provided Government-Provided Housing per CG Housing Manual

Table ES-2. Military Housing Requirements, USCG Homer, AK, 2011-2016

Indicator	2011	2012	2013	2014	2015	2016
Total Permanent-Party Personnel [1]	72	72	72	72	72	72
Total Military Families	42	42	42	42	42	42
Base Occupancy in 2011; Floor Requirement in 2016	14	12	9	6	3	-
Community Housing Demand	28	30	33	36	39	42
Military Family Homeowners	7	7	7	7	7	7
Military Family Renters	21	23	26	29	32	35
Community Housing Shortfall	18	20	22	24	28	30
Total Military Family Housing Requirement [3]	32	32	31	30	31	30
Family Housing Inventory [2]	14	14	14	14	14	14
Deficit/(Surplus) of Military Family Housing	18	18	17	16	17	16
Total Unaccompanied Personnel	28	28	28	28	28	28
Floor Requirement (E1-E3 and 25% of E4)	12	12	12	12	12	12
Community Housing Demand	16	16	16	16	16	16
Unaccompanied Personnel Homeowners	-	-	-	-	-	-
Unaccompanied Personnel Renters	16	16	16	16	16	16
Community Housing Shortfall	12	9	7	7	7	7
Total Unaccompanied Housing Requirement [3]	24	21	19	19	19	19
Unaccompanied Housing Inventory [2]	12	12	12	12	12	12
Deficit/(Surplus) of Unaccompanied Military Housing	12	9	7	7	7	7

Notes: [1] Total permanent-party personnel include voluntarily-separated personnel and military spouses in dual military households, which are not shown separately in this table (see Table 6 and Table 7 for details).

[2] Military family and unaccompanied housing inventory by year provided by PSC-PSD-FS Housing West Unaccompanied inventory is designated for E1-E3 and 25 percent of E4 unaccompanied personnel (the floor requirement).

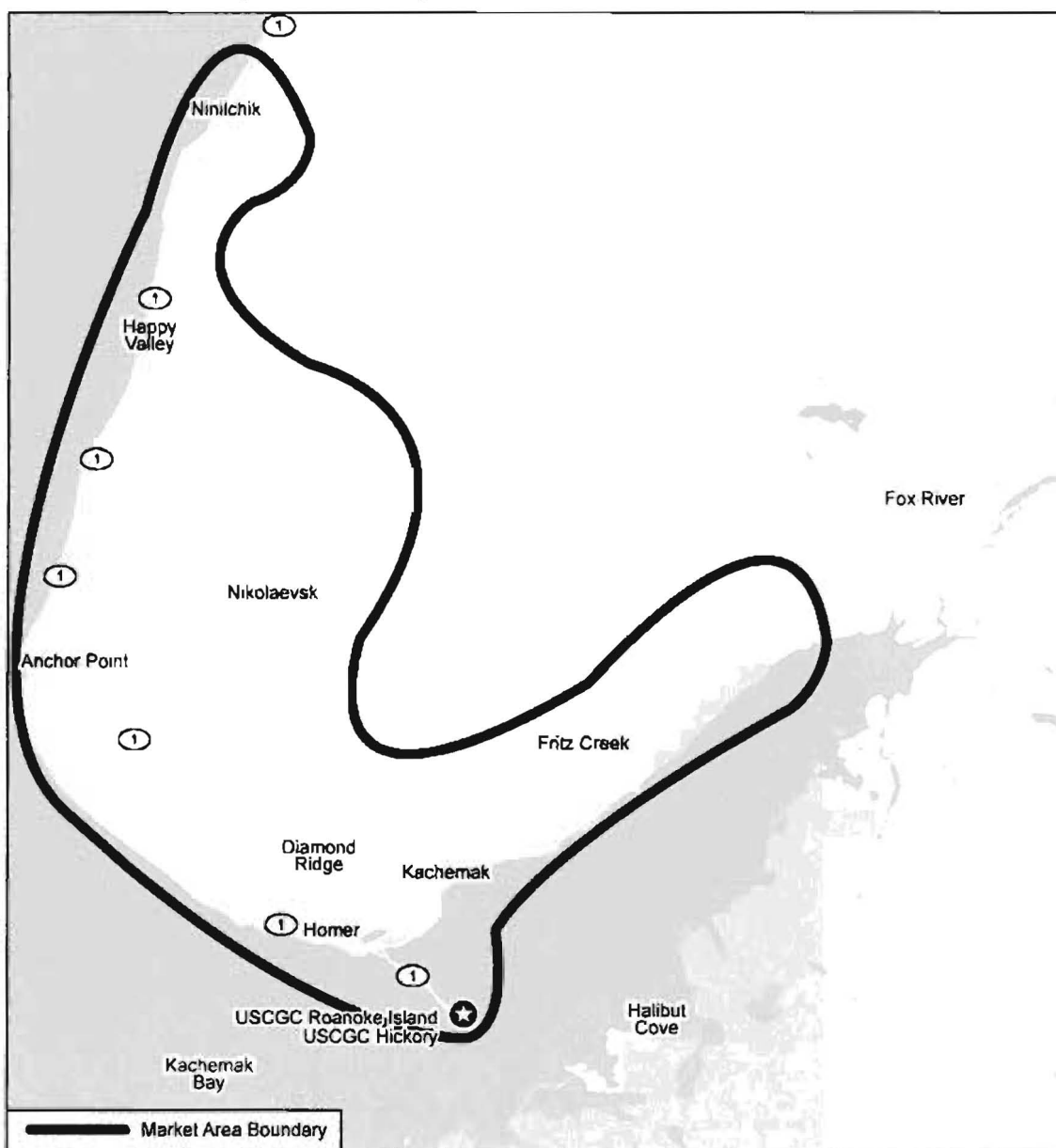
[3] The projected housing requirement is the sum of the floor requirement and the community housing shortfall.

Sources: PSC-PSD-FS Housing West, 2011; and estimates prepared for this study.

HOUSING MARKET TRENDS

A housing market area is defined by the Coast Guard as that region within a 60-minute one-way commute from the installation's principal work areas by private auto during peak commute hours under average driving conditions. Homer, AK is located on the southwest side of the Kenai Peninsula bordering Kachemak Bay. The housing market area for Homer encompasses a portion of Kenai Peninsula Borough. Figure 1 maps the 2011 housing market area for USCG Homer, AK.

Figure 1. Housing Market Area, USCG Homer, Alaska



Data for the census tracts within the market area were extracted from 2000 and 2010 census files to compile a comprehensive database of population and housing characteristics within the market area as of April 2000 and April 2010. Key indicators of local housing demand (total population, household population, average household size, and owner- and renter-occupied housing units) are displayed in Table 1.

The off-base population in the market area grew at an average annual rate of 0.8 percent per year between 2000 and 2010, and 1.0 percent between 2010 and 2011. The current population is estimated to total 10,089 persons (Table 1). The household population (persons in occupied housing units) is an estimated 10,016 persons in 2011. Average household size decreased from 2.53 persons per household in 2000 to 2.28 persons per household in 2010, and is projected to remain at this level through 2016. The number of occupied housing units increased from 2,613 units in 2000 to an estimated 3,092 units in 2011. There are currently an estimated 1,294 renter-occupied housing units in the market area, representing 29.5 percent of the occupied housing stock in 2011.

Table 1. Recent Trends and Baseline Projections of Housing Demand, USCG Homer Housing Market Area, 2000, 2010, 2011, and 2016

Housing Market Indicator	2000	2010	2011	2016
Total Population	9,218	9,938	10,089	10,530
Average Annual Change (%)	N.A.	0.8%	1.0%	0.9%
Household Population	9,081	9,865	10,016	10,454
Average Annual Change (%)	N.A.	0.8%	1.0%	0.9%
Average Household Size	2.53	2.28	2.28	2.28
Occupied Housing Units	3,583	4,320	4,386	4,585
Average Annual Change (%)	N.A.	1.9%	1.0%	0.9%
Owner-Occupied Units	2,613	3,045	3,092	3,213
Percent of Baseline Total	72.9%	70.5%	70.5%	70.1%
Renter-Occupied Units	970	1,275	1,294	1,372
Percent of Baseline Total	27.1%	29.5%	29.5%	29.9%

Note: Average annual change in 2010 column is for 2000-2010; 2011 column is for 2010-2011, and 2016 column is for 2011-2016.

Sources: U.S. Bureau of the Census, 2001, 2011a and 2011b, and estimates prepared for this study.

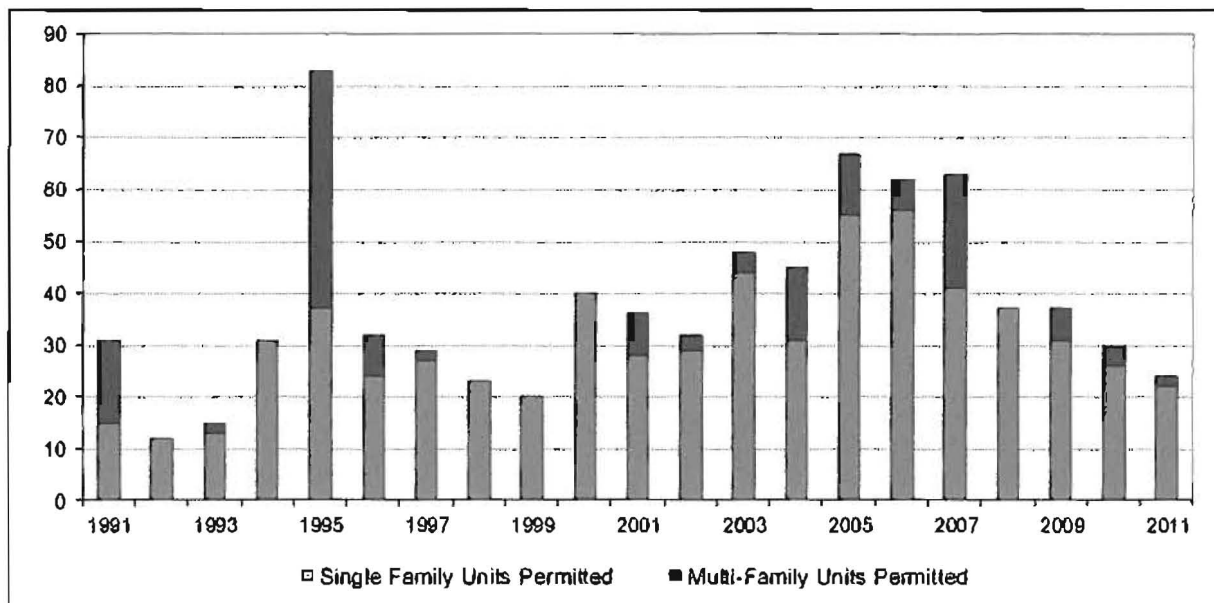
Market area housing supply indicators (total housing units, single-family units, multi-family units, and manufactured homes) are displayed in Table 2. The current housing stock is estimated to total 5,963 units, including both occupied and vacant units. The total housing supply has increased by an average of 119 units annually between 2000 and 2010; and 26 units between 2010 and 2011. Single-family units represent 82.0 percent of the total housing stock, while multi-family units constitute 13.2 percent, and manufactured homes 4.9 percent of the total.

Table 2. Recent Trends and Baseline Projections of Housing Supply, by Type of Structure, USCG Homer Housing Market Area, 2000, 2010, 2011, and 2016

Housing Market Indicator	2000	2010	2011	2016
Total Housing Units	4,736	5,922	5,963	6,137
Average Annual Change (#)	N.A.	119	26	35
Average Annual Change (%)	N.A.	2.3%	0.4%	0.6%
Single Family Units	3,663	4,850	4,888	5,023
Average Annual Change (#)	N.A.	119	24	27
Share of Total Housing (%)	77.3%	81.9%	82.0%	81.8%
Multiple Family Units	572	781	785	834
Average Annual Change (#)	N.A.	21	3	10
Share of Total Housing (%)	12.1%	13.2%	13.2%	13.6%
Manufactured/Trailers/Other	501	291	290	280
Average Annual Change (#)	N.A.	(21)	(1)	(2)
Share of Total Housing (%)	10.6%	4.9%	4.9%	4.6%

Sources: U.S. Bureau of the Census, 2001, 2011a and 2011b; and estimates prepared for this study.

As in most housing markets, residential development in the market area is cyclical. Figure 2 illustrates the trend in building permits in market area communities between 1991 and 2011. In the last decade, total building permits peaked in 2005, when 55 single-family units and 12 multi-family units were permitted. Building permits fell to their lowest level in 2011, when permits numbered 22 single-family units and two multi-family units.

Figure 2. Building Permits for New Residential Units, Market Area Communities, 1991-2011

Sources: U.S. Bureau of the Census, 2011b; and estimates prepared for this study.

Housing demand and housing supply together determine vacancy rates in the market area. Vacancy rates for key segments of the housing market are presented in Table 3. The total vacancy rate in the market area is currently estimated to be 26.4 percent. This includes vacant units for sale, vacant units for rent,

and other vacant units (units rented or sold but not yet occupied, boarded up units, units held for seasonal or recreational use, and other units). Seasonal or recreational units represent the large majority of vacant units, accounting for 84.1 percent of all vacant units in 2011. Based on current data collected from interviews with local property managers, and data from the U.S. Census Bureau (2011), this analysis estimates the vacancy rate for year-round vacant units for rent to be 11.4 percent at the present time. This is down slightly from rate observed in the 2010 census (see Table 3). The vacancy rate for homes in the for-sale market is estimated to be 2.6 percent.

The vacancy rate in the year-round rental market is currently higher than the national average. The U.S. Bureau of the Census estimates that the national average rental vacancy rate in the fourth quarter of 2011 stood at 9.4 percent (U.S. Bureau of the Census, 2011b).

Table 3. Recent Trends and Baseline Projections of Vacant Units, USCG Homer Housing Market Area, 2000, 2010, 2011, and 2016

Housing Market Indicator	2000	2010	2011	2016
Total Vacant Units	1,153	1,602	1,577	1,552
Total Vacancy Rate (%)	24.4%	27.0%	26.4%	25.3%
Vacant Units for Sale	90	84	83	82
For Sale Vacancy Rate (%)	3.3%	2.7%	2.6%	2.5%
Vacant Units for Rent	113	169	167	168
Rental Vacancy Rate (%)	10.4%	11.7%	11.4%	10.9%
Other Vacant Units (see note)	950	1,349	1,327	1,302
Vacancy Rate (%)	20.1%	22.8%	22.3%	21.2%

Note: Other vacant units include units rented or sold but not yet occupied; boarded-up units; units held for seasonal or recreational use; units held for migrant workers; and other units.

Sources: U.S. Bureau of the Census, 2001, 2011a and 2011b; and estimates prepared for this study.

Under current guidance for preparing housing studies for military installations, vacant units for rent are only available to military renters to the extent the number of vacant units exceeds a natural, or equilibrium, level of vacancies. Natural vacancies are not considered part of the available supply for market area households. In this analysis the current and projected rental vacancy rates are assumed to be at or below the natural vacancy rate in the market area. Therefore, there are no excess vacant units included in the suitable rental housing supply in the current and projected years.

Data for the census tracts within the market area were extracted from 2000 and 2010 census files to compile a comprehensive database of population and housing characteristics within the market area as of April 2000 and April 2010. Key indicators of local housing demand (total population, household population, average household size, and owner- and renter-occupied housing units) are displayed in Table 1.

The off-base population in the market area grew at an average annual rate of 0.8 percent per year between 2000 and 2010, and 1.0 percent between 2010 and 2011. The current population is estimated to total 10,089 persons (Table 1). The household population (persons in occupied housing units) is an estimated 10,016 persons in 2011. Average household size decreased from 2.53 persons per household in 2000 to 2.28 persons per household in 2010, and is projected to remain at this level through 2016. The number of occupied housing units increased from 2,613 units in 2000 to an estimated 3,092 units in 2011. There are currently an estimated 1,294 renter-occupied housing units in the market area, representing 29.5 percent of the occupied housing stock in 2011.

Table 1. Recent Trends and Baseline Projections of Housing Demand, USCG Homer Housing Market Area, 2000, 2010, 2011, and 2016

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Note: Average annual change in 2010 column is for 2000-2010; 2011 column is for 2010-2011, and 2016 column is for 2011-2016.

Sources: U.S. Bureau of the Census, 2001, 2011a and 2011b, and estimates prepared for this study.

Market area housing supply indicators (total housing units, single-family units, multi-family units, and manufactured homes) are displayed in Table 2. The current housing stock is estimated to total 5,963 units, including both occupied and vacant units. The total housing supply has increased by an average of 119 units annually between 2000 and 2010; and 26 units between 2010 and 2011. Single-family units represent 82.0 percent of the total housing stock, while multi-family units constitute 13.2 percent, and manufactured homes 4.9 percent of the total.

Current Rents

This study compiled a rental database for the market area based on current rental listings from Internet websites (including AHRN.com and Craigslist.com), local real estate agents, and property managers. A total of 67 rental observations were collected for the market area. Utility costs were estimated using utility allowance data from the U.S. Department of Housing and Urban Development, Office of Public and Indian Housing (2012) and costs reported by local Coast Guard personnel from the *2011 Coast Guard Nationwide Personnel Housing Survey* (Robert D. Niehaus, Inc. 2011). Renter's insurance costs were estimated from quotes obtained from an area insurance provider (USAA), and the data from the 2011 Coast Guard personnel survey. Below is a summary of rental housing costs in the market area by bedroom:

- Based on a sample of 18 rental units, the median rent for one-bedroom units is \$613 per month. Utility costs are estimated to average \$261 per month. Renter's insurance costs are estimated to be \$14 per month. Median rent plus utilities plus renter's insurance is thus \$888 per month for a one-bedroom rental.
- Based on a sample of 27 rental units, the median rent for two-bedroom units is \$900 per month. Utility costs are estimated to average \$292 per month. Renter's insurance costs are estimated to be \$16 per month. Median rent plus utilities plus renter's insurance is thus \$1,208 per month for a two-bedroom rental.
- Based on a sample of 17 rental units, the median rent for three-bedroom units is \$975 per month. Utility costs are estimated to average \$472 per month. Renter's insurance costs are estimated to be \$18 per month. Median rent plus utilities plus renter's insurance is thus \$1,465 per month for a three-bedroom rental.
- Based on a sample of 5 rental units, the median rent for units with four or more bedrooms is \$1,600 per month. Utility costs are estimated to average \$536 per month. Renter's insurance costs are estimated to be \$22 per month. Median rent plus utilities plus renter's insurance is thus \$2,158 per month for a rental unit with four or more bedrooms.



City of Homer

www.cityofhomer-ak.gov

Office of the City Clerk

491 East Pioneer Avenue
Homer, Alaska 99603

clerk@cityofhomer-ak.gov

(p) 907-235-3130

(f) 907-235-3143

Memorandum

TO: COUNCIL'S ADVISORY BODIES
FROM: JO JOHNSON, CITY CLERK
DATE: SEPTEMBER 29, 2014
SUBJECT: 2015 MEETING SCHEDULE

Please review the 2015 meeting schedule for your Advisory Body and approve with or without amendments. The draft resolution includes the entire 2015 meeting schedule. The resolution will be presented to Council on December 8, 2014 for adoption.

A memo or excerpt from the meeting minutes noting the action by your advisory body is requested. Please return this to the City Clerk by December 2, 2014.

Thank you!

**CITY OF HOMER
HOMER, ALASKA**

City Clerk

RESOLUTION 14-XXX

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA,
ESTABLISHING THE 2015 REGULAR MEETING SCHEDULE FOR
THE CITY COUNCIL, ECONOMIC DEVELOPMENT ADVISORY
COMMISSION, LIBRARY ADVISORY BOARD, PARKS AND
RECREATION ADVISORY COMMISSION, ADVISORY PLANNING
COMMISSION, PORT AND HARBOR ADVISORY COMMISSION,
PERMANENT FUND COMMITTEE, AND PUBLIC ARTS COMMITTEE.

WHEREAS, Pursuant to Homer City Code Section 1.14.020, the City Council annually sets the schedule for regular and some special meetings, noting the dates, times and places of the City Council, Advisory Commissions, and the Library Advisory Board meetings; and

WHEREAS, The public is informed of such meetings through the kiosks located at Captain's Coffee, Harbormaster's Office, Redden Marine Services of Homer, and the City Clerk's Office, Clerk's Calendar on KBBI, the City Clerk's Home Page on the Internet, and postings at the Clerk's Office at City Hall, and the Public Library; and

WHEREAS, HCC 1.14.020 - 040 states that meetings may be advertised in a local paper of general circulation at least three days before the date of the meeting and that special meetings should be advertised in the same manner or may be broadcast by local radio at least twice a day for three consecutive days or two consecutive days before the day of the meeting plus the day of the meeting; and

WHEREAS, HCC 1.14.010 notes that the notice of meetings applies to the City Council and all commissions, boards, committees, subcommittees, task forces and any sub-unit of the foregoing public bodies of the City, whether meeting in a formal or informal meeting; that the failure to give the notice provided for under this chapter does not invalidate or otherwise affect any action or decision of a public body of the City; however, this sentence does not change the consequences of failing to give the minimum notice required under State Statute; that notice will ordinarily be given by the City Clerk; and that the presiding officer or the person or persons calling a meeting are responsible for notifying the City Clerk of meetings in sufficient time for the Clerk to publish notice in a newspaper of general circulation in the City; and

WHEREAS, This Resolution does not preclude additional meetings such as emergency meetings, special meetings, worksessions, and the like; and

WHEREAS, Council adopted Resolution 06-144 on October 9, 2006 establishing the Regular Meeting site for all bodies to be the City Hall Cowles Council Chambers.

NOW, THEREFORE, BE IT RESOLVED by the Homer City Council, that the 2015 meeting schedule is established for the City Council, Economic Development Advisory Commission, Library Advisory Board, Parks and Recreation Advisory Commission, Advisory Planning Commission, Port and Harbor Advisory Commission, Permanent Fund Committee, and Public Arts Committee of the City of Homer, Alaska, as follows:

Holidays - City Offices closed:

January 1*, New Year's Day, Thursday	February 16*, Presidents' Day, the third Monday	March 31*, Seward's Day, last Monday	May 25*, Memorial Day, last Monday	July 3*, Independence Day, Friday	September 7*, Labor Day, first Monday
October 19*, Alaska Day, Monday	November 11*, Veterans Day, Wednesday	November 26*, Thanksgiving Day, Thursday	November 27*, Friday, the day after Thanksgiving	December 25*, Christmas, Friday	

*Indicates holidays - City offices closed.

**If on a Sunday, the following Monday is observed as the legal holiday; if on a Saturday, the preceding Friday is observed as the legal holiday pursuant to the City of Homer Personnel Rules and Regulations.

CITY COUNCIL (CC)

January 12, 26	February 9, 23	March 9, 23	April 14, 28	May 11, 26*	June 8, 22
July 13**, 27	August 10, 24	September 14, 28	October 6 Election	October 12, 26, for Oath of Office 20*	Canvass Board October 9 or 12
November 3 Run- Off Election	November 9**, 23	December 14****	December 21**** if needed		

City Council's Regular Committee of the Whole Meetings at 5:00 p.m. to no later than 5:50 p.m. prior to every Regular Meeting which are held the second and fourth Monday of each month at 6:00 p.m. ***The City Council traditionally reschedules regular meetings that fall on holidays or High School Graduation days, for the following Tuesday. Council will not conduct a First Regular Meeting in July.

AML Annual Conference Week is tentatively scheduled for November 16 – 20, 2015.

*Tuesday meeting due to Memorial Day/Alaska Day.

**There will be no First Regular Meeting in July or November.

**** The City Council traditionally cancels the last regular meeting in December and holds the first regular meeting and one to two Special Meetings as needed. Generally the second Special Meeting the third week of December, will not be held.

ECONOMIC DEVELOPMENT ADVISORY COMMISSION (EDC)

January 13	February 10	March 10	April 14	May 12	June 9
July 14	August 11	September 8	October 13	November 10	December 8

Economic Development Advisory Commission Regular Meetings are held on the second Tuesday of each Month at 6:00 p.m.

LIBRARY ADVISORY BOARD (LAB)

January 6	February 3	March 3	April 7	May 5	June 2
July 7	August 4	September 1	October 6	November 3	December 1

Library Advisory Board Regular Meetings are held on the first Tuesday of each month at 5:00 p.m.

PARKS AND RECREATION ADVISORY COMMISSION (P/R)

	February 19	March 19	April 16
May 21	June 18		August 20
September 17	October 15	November 19	

Parks and Recreation Advisory Commission Regular Meetings are held on the third Thursday of each month at 5:30 p.m. with the exception of January, July, and December.

PLANNING COMMISSION (P/C)

January 7, 21	February 4, 18	March 4, 18	April 1, 15	May 6, 20	June 3, 17
July 15**	August 5, 19	September 2, 16	October 7, 21	November 4**	December 2**

Advisory Planning Commission Regular Meetings are held on the first and third Wednesday of each month at 6:30 p.m. **There will be no First Regular Meeting in July or Second Regular Meetings in November and December.

PORT AND HARBOR ADVISORY COMMISSION (P/H)

January 28	February 25	March 25	April 22	May 27	June 24
July 22	August 26	September 23	October 28	November 18	December 16

Port and Harbor Advisory Commission Regular Meetings are held on the fourth Wednesday of each month at 5:00 p.m., with the exception of May, June, July and August meetings that are held at 6:00 p.m. The Regular Meetings in the months of November and December are traditionally scheduled for the third Wednesday of the month.

PERMANENT FUND COMMITTEE (PFC)

February 12	May 14	August 13	November 12
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Permanent Fund Committee Regular Meetings are held quarterly on the second Thursday of the months of February, May, August, and November at 5:15 p.m.

PUBLIC ARTS COMMITTEE (PAC)

February 12	May 14	August 13	November 12
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Public Arts Committee Regular Meetings are held quarterly on the second Thursday of the months of February, May, August, and November at 5:00 p.m.

PASSED AND ADOPTED by the Homer City Council this 8th day of December, 2014.

CITY OF HOMER

MARY E. WYTHE, MAYOR

ATTEST:

JO JOHNSON, MMC, CITY CLERK

Fiscal Impact: Advertizing of meetings in regular weekly meeting ad and advertising of any additional meetings.



City of Homer

www.cityofhomer-ak.gov

Office of the City Clerk

491 East Pioneer Avenue
Homer, Alaska 99603

clerk@cityofhomer-ak.gov

(p) 907-235-3130

(f) 907-235-3143

Memorandum

TO: CHAIR BARTH AND THE ECONOMIC DEVELOPMENT ADVISORY COMMISSION

FROM: MELISSA JACOBSEN, CMC, DEPUTY CITY CLERK

DATE: OCTOBER 9, 2014

SUBJECT: ECONOMIC DEVELOPMENT ADVISORY COMMISSION NOVEMBER MEETING SCHEDULE

The next regular meeting of the Economic Development Advisory Commission is scheduled for Tuesday, November 11, 2014.

November 11th is Veteran's Day and City offices are closed.

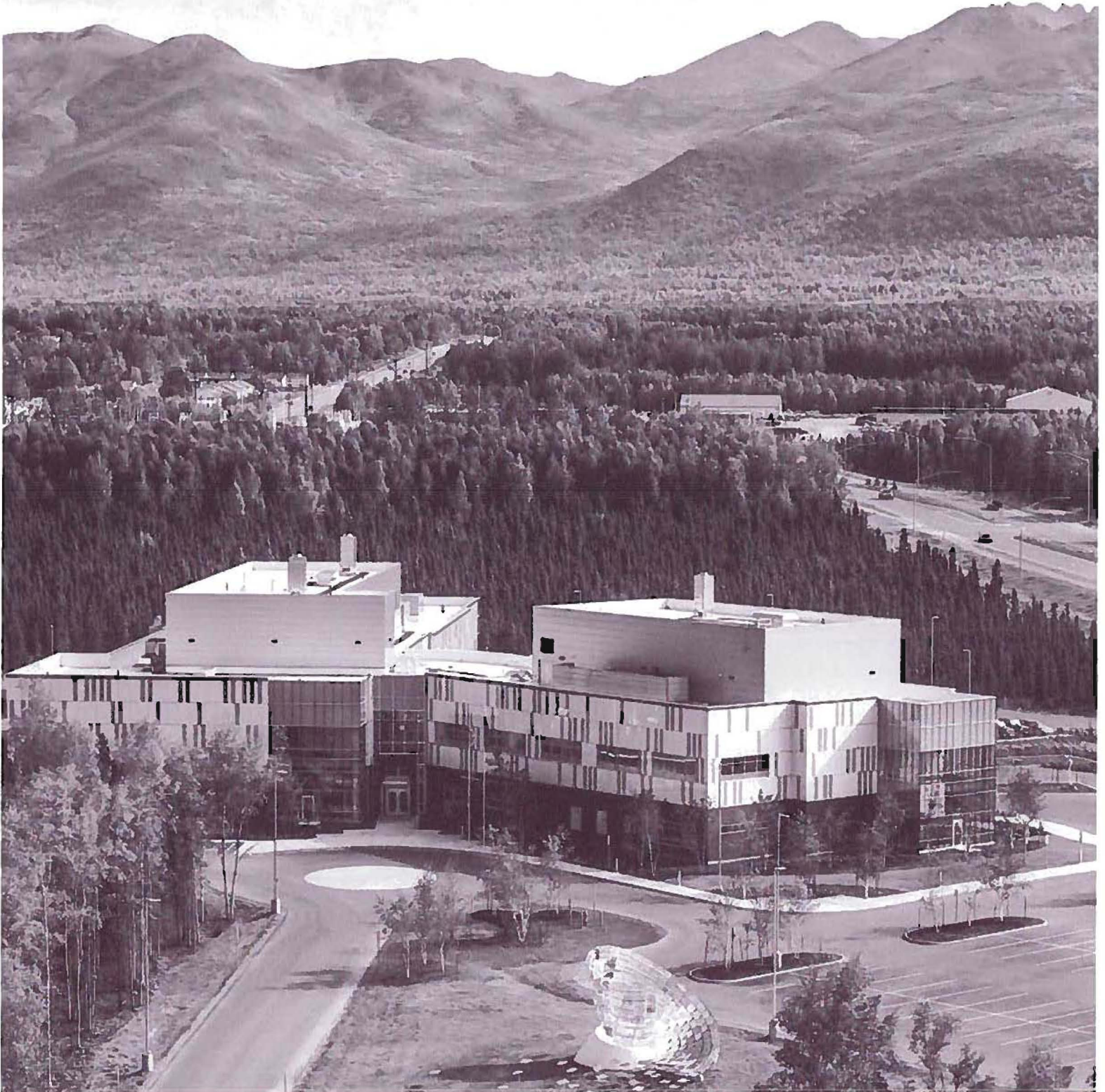
The EDC is tentatively re-scheduled to meet on Monday, November 10th at 6:00 p.m. Other options include 6:00 p.m. on Thursday, November 6th or Wednesday, November 13th.

The other option is to cancel the meeting and plan to convene again on December 9th.

RECOMMENDATION: Discuss alternate dates for the November meeting and make a motion to reschedule or to cancel the November 11th regular meeting.

2014 ALASKA'S CONSTRUCTION SPENDING FORECAST

Annual Report for the Construction Industry Progress Fund and the Associated General Contractors of Alaska



By Scott Goldsmith, Mary Killorin, and Linda Leask
Institute of Social and Economic Research
University of Alaska Anchorage




Northrim Bank



Dear Alaskans,

The Construction Industry Progress Fund (CIPF) and the Associated General Contractors (AGC) of Alaska are pleased to have produced another edition of "Alaska's Construction Spending Forecast."

Underwritten by Northrim Bank, compiled and written by Scott Goldsmith, Mary Killorin and Linda Leask of the University of Alaska's Institute of Social and Economic Research (ISER), the "Forecast" reviews construction activity, projects and spending by both the private and public sectors for the year ahead.

The construction trade is Alaska's third largest industry, paying the second highest wages, employing nearly 16,000 workers with a payroll over \$1 billion. It accounts for 20 percent of Alaska's

total economy and currently contributes approximately \$9 billion to the state's economy. The construction industry reflects the pulse of the economy. When it is vigorous, so is the state's economy.

Both CIPF and AGC are proud to make this publication available annually and hope it provides useful information for you.

AGC is a non-profit, full service construction association for commercial and industrial contractors, subcontractors and associates. CIPF is organized to advance the interests of the construction industry throughout the state of Alaska through a management and labor partnership.



Mike Shaw, CIPF Chairman



The 2014 Forecast is generously underwritten by Northrim Bank

OVERVIEW

The total value of construction spending "on the street" in Alaska in 2014 will be \$9.2 billion, up 18% from 2013.^{1, 2, 3}

Wage and salary employment in the construction industry, which was stable last year at about 16,300, should continue at that level through the next year.⁴

The oil and gas sector will account for most of the growth this year. It will total \$4.3 billion, up from \$3.2 billion last year.

Other spending will be \$4.9 billion, up from \$4.6 billion last year.

Private spending, excluding oil and gas, will be about \$2.0 billion, up from \$1.9 billion last year—and public spending will increase from

\$2.7 to \$2.9 billion.

The robust projection of construction spending in Alaska in 2014 is due to four factors. The largest and most obvious is the petroleum industry's expanded investment plans.

Federal government spending will be higher than anticipated, because of both a larger Department of Defense budget and the one-time re-allocation of previously unspent federal highway funds.

State government spending will also be strong, notwithstanding the reductions in state appropriations for capital projects the last two years. In FY2013 the state appropriated a record high \$2.8 billion (including transportation bonds) for capital spending for projects (excluding federal grants). That

fell by \$1.7 billion in FY2014, to \$1.1 billion. For FY2015 the governor has proposed project spending of \$0.6 billion.

State-funded construction spending has been largely insulated from that drop, for several

reasons. First, the record-breaking appropriation in FY2013 pumped more money into the construction "pipeline" than it could handle, so many projects funded then are only now under construction. Second, many

2014 Alaska Construction Spending

	Level	Change
TOTAL	\$ 9,176,000,000	+18%
Total Excluding Oil & Gas	\$ 4,921,000,000	+7%
Private	\$ 6,267,000,000	+24%
Oil and Gas	\$ 4,255,000,000	+33%
Mining	\$ 205,000,000	-34%
Rural Other Basic	\$ 76,000,000	-280%
Utilities*	\$ 851,000,000	+17%
Hospitals/Health Care*	\$ 230,000,000	0%
Other Commercial	\$ 170,000,000	+13%
Residential	\$ 480,000,000	+9%
Public	\$ 2,909,000,000	+6%
National Defense	\$ 395,000,000	+89%
Highways and roads	\$ 765,000,000	-5%
Airports, Ports, and Harbors	\$ 425,000,000	-4%
Alaska Railroad	\$ 23,000,000	+41%
Denali Commission	\$ 9,000,000	-31%
Education	\$ 477,000,000	-2%
Other Federal	\$ 300,000,000	+20%
Other State and Local	\$ 515,000,000	+4%

* Many projects in these categories are supported by public funds.

Source: Institute of Social and Economic Research, UAA. Percent change based on revised 2013 estimates.

¹ Our revised projection for 2013 was \$7.8 billion, slightly lower than originally estimated. The revision is based primarily on lower than anticipated oil and gas spending in 2013.

² We define construction spending broadly to include not only the construction industry as defined by the U.S. Department of Commerce and the Alaska Department of Labor, but also other activities. Specifically, our construction-spending figure encompasses all the spending associated with construction occupations (including repair and renovation), regardless of the type of business where the spending occurs. For example, we include the capital budget of the oil and gas and mining industries in our figure, except for large, identifiable equipment purchases such as new oil tankers. Furthermore, we account for construction activity in government (like the carpenter who works for the school district) and other private industries. The value of construction is the most comprehensive measure of construction activity across the entire economy.

³ "On the street" is a measure of the level of activity anticipated during the year. It differs from a measure of new contracts, because many projects span more than a single year.

⁴ Alaska Department of Labor

projects now receive only partial funding in a single year—so many projects from the large budget years are still seeking additional funding to start or continue to completion. Third, the FY2013 bond appropriation has yet to be fully utilized. Also, many of the projects approved in the record capital budget were not construction-related.

Finally, the economy has continued to grow, adding jobs and population. This fact, together with the renewal of cautious optimism in the oil patch, has led to higher private spending in the residential and commercial construction sectors.

Most of the uncertainty in the forecast this year is in the oil and gas sector. We assume that the oil and gas companies will be largely successful in carrying out the plans they have announced for the year.⁵ But plans can and do change, because of many factors associated with weather, logistics, availability of supplies, evaluation of work completed, regulatory and environmental challenges, prices of oil and gas, and other operational and strategic concerns. The continued uncertainty about the future direction of state petroleum tax policy, possible new energy policy initiatives put forward by the second Obama administration, and the prospects for construction of a gas pipeline to commercialize North Slope gas add a cautionary note not only



Kuparuk Airfield, Granite Construction

to industry planning, but to the entire economy.

As in past years, some firms are reluctant to reveal their investment plans, because they don't want to alert competitors; also, some have not completed their 2014 planning. Large projects often span two or more years, so estimating "cash on the street" in any year is always difficult—because the construction "pipeline" never flows in a completely predictable fashion.

Tracing the path of federal spending coming into Alaska without double counting is also a challenge, and as the state capital budget grows it becomes more time-consuming to follow all the flows of state money into the economy.

We are confident in the overall pattern of the forecast—but

as always, we can expect some surprises as the year progresses.

PRIVATELY FINANCED CONSTRUCTION

Oil and Gas: \$4,255 Million

The biggest sector, and the one projected to increase the most this year, is oil and gas. We expect that if actual spending matches the announced plans and past experience in the industry, spending will be up 33% from \$3.2 billion last year.

The growth is being driven by the continuing high price of oil, the increase in the cost of inputs to all phases of oil and gas operations, the growing need to maintain the aging infrastructure and facilities on the North Slope and in Cook Inlet, and perhaps most importantly, by the climate of optimism created by passage of the new production tax on oil and gas that went into effect at the start of 2014.

On the North Slope, Conoco Phillips will be conducting exploratory drilling at Kuparuk and in the NPRA (National Petroleum Reserve Alaska) west of the Colville River,

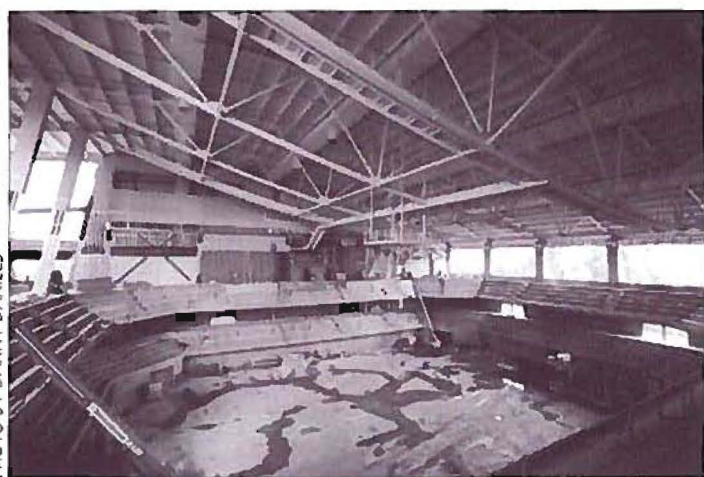
where the company hopes to develop the Greater Moose's Tooth Prospect. Conoco's largest project will be developing the CD-5 satellite, also west of the Colville River and the Alpine field. Work this year will include a bridge, module installation, and pipeline fabrication. British Petroleum has announced an expanded capital budget this year, with concentration on more well workovers and well stimulations at Prudhoe Bay. The company has also begun to re-evaluate its Liberty prospect, and expects to increase capital spending by several billion over the next five years. Exxon Mobil is continuing work on development of its Point Thomson field.

Shell Oil is hoping to come back and complete the well it started to drill in 2012, on the OCS (Outer Continental Shelf) in the Beaufort Sea. Meanwhile, Statoil has not announced any plans to explore its prospects in the Beaufort Sea.

Also on the North Slope, ENI is continuing to drill wells in the Nikaitchuq field, and Savant is re-working wells at Badami. Pioneer has plans to expand its facilities at the Oooguruk field, with an additional onshore production pad and expanded island.⁶

⁵ Some companies new to Alaska have tended to be overly optimistic in the last couple of years.

⁶ Pioneer recently sold its assets to Caldec.



UAA Sports Complex (Alaska Airlines Center), Anchorage, Cornerstone General Contractors



Eva Creek Wind Farm, Brice Inc.

Brooks Range Petroleum is working to develop the Mustang field, west of Kuparuk, with financial assistance from the Alaska Industrial Development and Export Authority (AIDEA).

Repsol, Linc Petroleum, and Nordaq Energy are all planning exploratory wells this year, and Great Bear will be doing seismic work but no drilling.

A number of other companies, including Chevron and Anadarko, have interests in various fields on the North Slope but are not operators. Their expenditures are also included in the total.

Work continues on maintaining the TAPS (Trans Alaska Pipeline System) oil pipeline and modifying it to meet the

challenges of reduced flow.

Spending in Cook Inlet will be dominated by Hilcorp, a relative newcomer to Alaska that recently purchased the assets of both Chevron and Unocal. Hilcorp drilled 10 new wells in 2013, and plans are for a similar number this year.

Buccaneer, Furie, and Cook Inlet Energy are the other most active players in Cook Inlet. Buccaneer has been using the jack-up rig *Endeavor* to explore in the Cosmopolitan unit. (It is also developing and operating fields on shore.) Furie used a second jack-up rig to develop its Kitchen Lites prospect and is currently installing the first new production platform there since the 1980s. Cook Inlet Energy is working several different fields.

Other companies active in Cook Inlet include Armstrong, Apache, Nordaq, Aurora, and XTO.

Elsewhere in the state, there will be exploration for gas near Nenana and Copper Center.

Mining: \$205 Million

Spending by the mining industry—on exploration and development,⁷ as well as maintaining and upgrading existing mines—will be lower in 2014 due to the drop in the price of gold.

Spending on maintenance, continued exploration, and new facilities at the six large operating mines will be \$110 million. Spending for drilling and other site work will be down this year at the three world-scale mine projects currently in various stages of review (Donlin Creek, Pebble, and Livengood).

Numerous smaller projects across the state, such as the Bokan rare earth metals prospect in the Southeast, and the Nova Gold upper Kobuk mineral project, will see activity.

Other Basic Industries in Rural Alaska: \$76 Million

Investments in facilities to support tourism, the seafood and timber industries, and other natural resource industries often occur in rural areas. Holland America is planning extensive upgrades to a newly purchased hotel outside Denali National Park, and a new hotel is under construction on the North Slope. Two seafood processing plants, with total construction spending of \$60 million, are planned for Naknek.

Utilities: \$851 Million⁸

Spending for new and upgraded electric generating plants will drive utility spending higher this year.

Two new large plants will be under construction this year—the MEA (Matanuska Electric Association) plant at Eklutna, and the AML&P (Anchorage Municipal Light and Power) replacement plant in northeast Anchorage. GVEA (Golden Valley Electric Association) has taken over the Healy Clean Coal plant and plans there include spending for upgrades and emission control systems.

Smaller utilities are involved in a number of hydroelectric projects, including Blue Lake at Sitka and Allison Creek at Valdez.

Other electric utility projects involve renewable sources like wind and biomass, bulk-fuel upgrades, and other system efficiency upgrades financed partially through programs like the Renewable Energy and Energy Projects appropriations in the state capital budget.

Telecommunications spending will also be higher this year, driven by new firms moving into the market (Verizon), as

⁷ Excluding exploration and development costs associated with environmental studies, community outreach, and engineering.

⁸ Although we include utilities and hospitals/health care spending in private spending, there is also a significant amount of public spending for some projects in these categories.



Providence Alaska Cottages, Anchorage, Davis Constructors and Engineers and Superior Plumbing and Heating

well as continued expansion and upgrading of facilities by existing companies like GCI and Alaska Communications. Telecommunications spending in Alaska benefits from funds generated by the Universal Service Funds, which channel revenues collected from services provided in other locations to help pay for needs in Alaska.

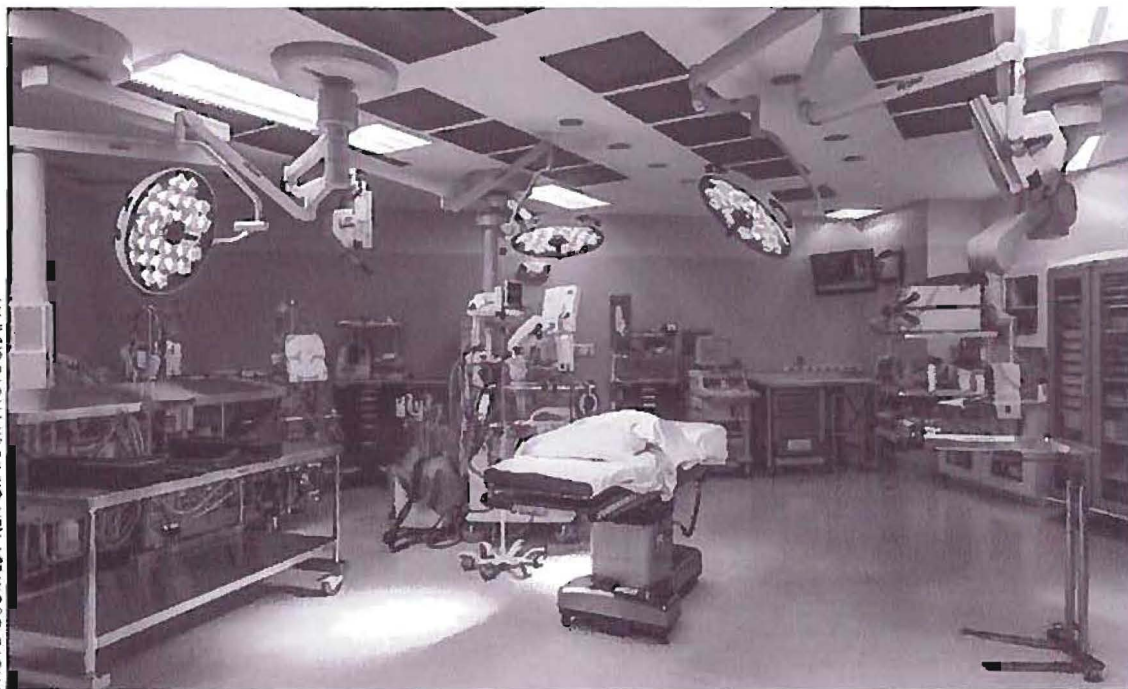
Spending by ENSTAR, the natural gas utility, will be up as it continues expansion in the Homer area. But the state project to transport LNG from the North Slope to Fairbanks has yet to get underway.

Hospitals and Health Care: \$230 million

Spending was down in 2013, because new hospitals had been completed at Barrow, Nome, and Fairbanks. Spending for hospitals and other health care facilities in 2014 should be about the same as last year.

Hospitals around Alaska are continuously renovating and expanding. This year the largest planned project is at the Alaska Native Medical Center in Anchorage, where a state-financed residential housing facility for patients and their families is scheduled for construction, along with a new parking garage. Providence Hospital is

PHOTO COURTESY KEN GRAHAM PHOTOGRAPHY



Providence Generations Surgery Center, Anchorage, Davis Constructors & Engineers

nearing the end of its multi-year "Generations" expansion project, and Alaska Regional Hospital has announced modest renovations. Expansions are also expected to begin at hospitals in Ketchikan and on the Kenai Peninsula.

Smaller projects are underway across the state, in response to the growing need and aging of the population. For example, a new blood bank facility in Anchorage, and a long-term care facility for veterans in Haines, will be under construction.

No large projects have been identified for military hospitals this year.

Other Commercial: \$170 Million

Commercial construction spending consists primarily of office buildings, banks, hotels, retail space, and warehousing.* The level of spending from year to year can be influenced by a few projects, like large office buildings. Vacancy rates for commercial space have been falling over the last three years in the larger markets, and we project modest growth this year in office space in response to both the tightening of supply and the expectation of future need associated with expansion in the oil patch. For example, Cook Inlet Regional Corporation (CIRI) is building a new larger headquarters to replace its existing building in Anchorage.

New national chains, such as Cabela's and Bass Pro shops, continue to move into the Alaska market, and a large new shopping mall is planned for the Mat-Su Borough, in response to a growing population there.

Residential: \$480 Million

The residential housing market continued to tighten last year, as reflected in rising prices, higher rents, lower vacancies, and quicker sales—but that was not reflected in construction activity. For example, the number of new residential building permits in Anchorage did not increase last year.

We expect that the upward pressure on the market will result in a modest increase in new housing starts this year in the major markets in the Railbelt and Southeast.

PUBLICLY FINANCED CONSTRUCTION

National Defense: \$395 Million

Defense spending, which had been falling and was projected to continue to shrink as the federal budget tightens, will take a

PHOTO BY DANNY DANIELS



Tolsona River Bridge (Glenn Highway), Mowat Construction

* Our commercial construction figure is not comparable to the published value of commercial building permits reported by Anchorage and other communities. Municipal reports of the value of construction permits may include government-funded construction, which we capture elsewhere in this report. We have also excluded hospitals and utilities from commercial construction, so we can provide more detail about those types of spending.



Seward Highway Reconstruction, Anchorage, QAP

big jump this year. The budget for MILCON (military spending for facilities on bases), which was only \$33 million last year, is forecast to be \$103 million. Funding includes seven new projects at Fort Wainwright, of which the largest is a \$36 million warm-storage hangar. The environmental program budget, including FUDS (Formerly Used Defense Sites), will also be larger, at \$127 million in 2014. This program includes cleanup of hazardous substances and contaminants at former defense sites as well as on current Army and Air Force installations.

Spending on the smaller civilian programs and other interagency programs will be similar to that in past years. This spending mostly funds Corps of Engineer projects for other federal agencies, and projects done in cooperation

with Alaska communities, such as harbor improvements.

Missile defense spending, concentrated at Fort Greely, will increase this year to \$90 million from only \$18 million last year. This is the start of an announced \$1 billion expansion that will add 14 interceptor missiles to the defense system at Fort Greely over the next several years.

Transportation— Highways and Roads: \$765 Million

Spending on highways and roads will be marginally lower this year, because the large Tanana River Bridge project is nearly complete, and road funding from state sources is marginally lower.

But federal funding for highways will be at an all-time high, because the state was able to re-obligate about \$100 million of unexpended federal dollars it had received in years past. Together with the annual federal appropriation under MAP21 (the Federal Transportation Reauthorization Act) and the state matching money, there should be more than \$500 million available this year for highways funded through federal programs.¹⁰

These funds will pay for major projects throughout the state, such as reconstruction along the Parks highway, pavement preservation on the Seward and Sterling highways, bridge construction in Aleknagick, and extension of major arteries in Anchorage. Some federal funds also go directly to Alaska Native tribal organizations for transportation projects.

The state also funds road construction through both the Department of Transportation and grants disbursed by the Department of Commerce, Community, and Economic Development. This source of funds will be marginally lower this year because the large size of the grant program in FY 2013 was not repeated in FY2014. Some money was also allocated for the state's Roads to Resources program, largely for continued planning. The state will continue to pay for deferred maintenance.

The \$453 million state general obligation bond package for transportation that passed the legislature in 2012 included \$227 million for highways and \$35 million for bridges, with the rest allocated to ports. But not much highway construction associated with that bond package is expected in 2014. The bond money was divided between state highway construction and grants to local communities. Some of the specified projects are not yet "shovel ready," so it will take some time before this money hits the street. Also, many of the projects will need additional appropriations by the legislature to be fully funded and put out to bid.

The current federal legislation under which transportation funding is allocated to the states is scheduled to expire later this year. There is concern that Alaska will receive a smaller share under any new legislation.

Transportation —Airports, Ports, and Harbors: \$425 Million

Federal funds, mainly from the Federal Aviation Administration's AIP (Airport Improvement Program), will provide the bulk of funding for airport improvements both at the large international airports in Anchorage and Fairbanks and

¹⁰ Not all of the federal appropriation funds highway construction because it also includes the funding for the main highway system and research and planning of transportation facilities.



Cuddy Park Playground, Anchorage, JTA Construction

PHOTO BY DANNY DANIELS

the smaller state-owned airports across the state. Major planned improvements at the Kodiak airport will boost airport spending marginally higher than last year.

Spending related to ports and harbors will be less than last year, because no activity is anticipated for the Port of Anchorage. A combination of federal funding, state general funds, the transportation bond package, and local sources is supporting many smaller projects around the state, including at Ketchikan, Port Lions, and Homer. No major work is yet underway to expand the Seward Marine Industrial Park to overwinter the Bering Sea fishing fleet, and potential expansion of Nome and Kotzebue harbors to provide a base for Arctic operations is still on hold.

Spending for the railroad spur line to the port at Point Mackenzie in the Mat-Su Borough is expected to be up this year, as construction continues.

Alaska Railroad: \$23 Million

The core capital construction program for modernizing and upgrading the Alaska Railroad will be modest this year. State funding will allow continued work on a federally mandated collision avoidance system, a large, multi-year project. (Spending for the Tanana River bridge and the Port McKenzie rail extension are included in other parts of this report.)

Denali Commission: \$9 Million

The Denali Commission—an innovative federal-state partnership Congress created in 1998 to more efficiently direct federal capital spending to rural infrastructure needs—continues to decline in importance. Most of its modest capital budget will be for energy-related projects.



PHOTO BY DANNY DANIELS

Tanana Chiefs Conference, Chief Andrew Isaac Health Care Center, Fairbanks, GHEMM Company

Education: \$477 Million

Spending for education will be lower this year. In the past two years, the state has appropriated general funds for construction of several new rural schools, as part of the settlement of the Kasayulie case. Two of those schools, at Emmonak and Koliganak in western Alaska, will be largely completed in 2014. Construction will be underway at another, in Quinhagak, but construction at Nightmute and Kwedluk will not begin until next year. The general fund also contains numerous education-related grants for local school districts throughout the state.

New schools will be under construction in Valdez and Kodiak, and several in the Mat-Su Borough alone, funded by local bonds that are largely reimbursed by the state. Local school bonds in Anchorage, Fairbanks, the Mat-Su Borough, and elsewhere are also funding a large number of upgrades and renovations for other educational facilities.

University of Alaska construction spending will be lower this year, as the new Seawolf Arena in Anchorage is completed. Work in Anchorage will also include the building portion of the new engineer-

ing complex and renovations of several older buildings. In Fairbanks, work will also continue on a new engineering building as well as expansion of the Wood Center dining facilities. A variety of projects are also planned for the community colleges around the state.

Other Federal: \$300 Million

Other federal construction should be higher this year due to an increase in direct procurement, led by spending by the Coast Guard on housing in Kodiak and a hangar at Cold Bay. Direct spending by other federal agencies—the Department of the Interior (National Park Service, U.S. Fish and

Wildlife Service, and Bureau of Land Management), the Postal Service, the Department of Agriculture, and NOAA (the National Oceanic and Atmospheric Administration)—will be modest.

In addition to funding a large share of spending on transportation infrastructure through grants from the Department of Transportation, the federal government funnels construction dollars to the state through many other programs.¹¹

¹¹ It is difficult to track all the federal dollars that find their way into construction spending in the state, because there are so many pathways, and they change every year. The possibility of double counting funds as they pass from agency to agency, or become part of a larger project, also creates difficulties for the analyst.



Akutan Airport, Kiewit Infrastructure West

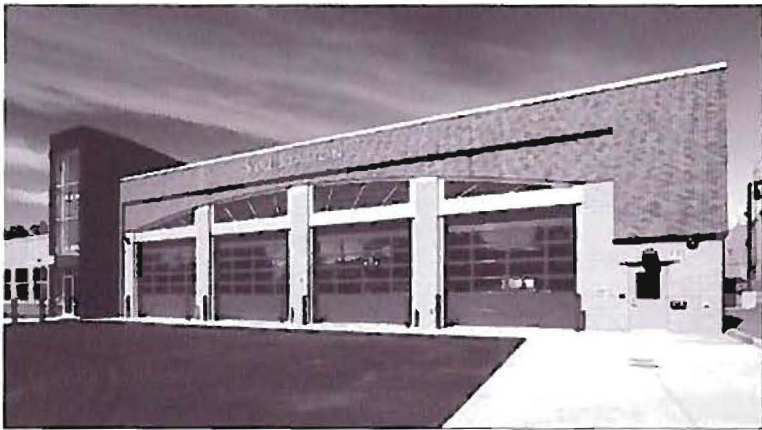


PHOTO BY DANNY DANIELS

Municipality of Anchorage, Fire Station 5 Replacement, Roger Hickel Contracting

Most of the funding for the state-administered Village Safe Water program for rural sanitation comes from federal sources, including the Environmental Protection Agency and the Indian Health Service. With the state contribution, it is expected to be constant at about \$60 million this year. Other types of federal grants fund armories and veterans' facilities and ferry terminals, among other things.

The federal government also provides construction grants to Alaska tribes, non-profit organizations, and local governments across the state.¹² Alaska Native non-profit corporations, housing authorities, and health-care providers receive most of this money. The largest of these programs in Alaska is NAHASDA (the Native American Housing Assistance and Self-Determination Act), which provides about \$100 million annually for housing construction in Alaska Native communities, through grants to federally recognized tribes and Alaska Native housing authorities statewide.

Other State and Local: \$515 Million

State and local government capital spending—excluding

transportation (roads, airports, and ports), education, health, and energy—will be marginally higher this year, as many of the projects in the large state capital budgets of the last two years are completed. Many of these projects were funded through the grants by the Department of Commerce, Community and Economic Development to local governments and non-profits throughout the state.

The state budget also includes the ongoing state weatherization and home energy rebate programs, which have now been expanded to include commercial buildings. Work is expected on a number of state-funded buildings, including the new library-museum in Juneau. The first phase of the South Denali visitor center should be completed. This category also contains about \$100 million of deferred maintenance spread across all state departments.

Local government capital spending, from general funds and bonds as well as enterprise funds and direct federal grants, tends to be modest and stable from year to year. A large share of this spending is for water and sewer facilities, but it also includes other construction, such as buildings, recreational facilities, and solid waste facilities.

WHAT'S DRIVING SPENDING?

The three primary drivers of construction spending are private basic sector investment (mainly petroleum and mining), federal spending (military and grants to state and local governments and non-profit organizations), and state capital spending (which ultimately depends on petroleum revenues), through the general fund and bond sales.

These large external sources of construction funds also give a general boost to the economy—and thus add to the aggregate demand for new residential, commercial, and private infrastructure spending.

CONSTRUCTION IN THE OVERALL ECONOMY

Construction spending is one of the important contributors to overall economic activity in Alaska. Annual wage and salary employment in the construction industry in 2013 was about 16,300 workers, with an average

annual payroll of \$70 thousand, second only to mining (including petroleum). But that figure doesn't include the "hidden" construction workers employed in other industries like oil and gas, mining, utilities, and government (force account workers). In addition, it does not account for the large number of self-employed construction workers—estimated to be about 9,000 in 2011.

Construction spending generates activity in a number of industries that supply inputs to the construction process. These "backward linkages" include, for example, sand and gravel purchases (mining), equipment purchase and leasing (wholesale trade), design and administration (business services), and construction finance and management (finance).

The payrolls and profits from this construction activity support businesses in every community in the state. As this income is spent and circulates through local economies, it generates jobs in businesses as diverse as restaurants, dentists' offices, and furniture stores.



Ketchikan Berth I and II Rehabilitation, Orion Marine Contractors

¹² Federal spending on health care projects for the Alaska Native community funneled to Alaska Native organizations is included in the Hospital/Health Care section of this report.

Melissa Jacobsen

From: Jo Johnson
Sent: Thursday, March 13, 2014 2:48 PM
To: Melissa Jacobsen; Renee Krause; Julie Engebretsen; Katie Koester; Rick Abboud
Cc: Ann Dixon; Bryan Hawkins
Subject: FW: Open Meetings and Advisory Commissions

Please include this email from City Attorney Klinkner in your next board and commission packets.

Jo Johnson, MMC
City Clerk

City of Homer
491 E. Pioneer Avenue
Homer, Alaska 99603
907~235~3130
jjohnson@ci.homer.ak.us

PUBLIC RECORDS LAW DISCLOSURE:

Most e-mails from or to this address will be available for public inspection under Alaska public records law.

From: Thomas Klinkner [mailto:tklinkner@BHB.com]
Sent: Tuesday, March 11, 2014 2:32 PM
To: Jo Johnson
Cc: Walt Wrede; Holly Wells
Subject: Open Meetings and Advisory Commissions

Jo,

At last night's Council meeting a Parks and Recreation Advisory Board member asked how the Open Meetings Act applied to City boards and commissions whose functions are solely advisory. The board member who spoke to me asked whether he was correct in believing that as few as two members of that Commission could constitute a meeting subject to the Open Meetings Act. The answer to that question is that he correctly stated the law before a 2009 amendment to the Open Meetings Act, but since that amendment more than three members or a majority of the members, whichever is less, also must be present to constitute a meeting of an advisory body under the Open Meetings Act. The purpose of this message is to provide the answer to this question in a form that can be shared with members of all such boards and commissions.

AS 44.62.310(h)(2) contains two alternative definitions of the term "meeting" for the purpose of the requirement that all meetings of a governmental body of a public entity must be open to the public:

(2) "meeting" means a gathering of members of a governmental body when

(A) more than three members or a majority of the members, whichever is less, are present, ***a matter upon which the governmental body is empowered to act is considered by the members collectively,***

and the governmental body has the authority to establish policies or make decisions for a public entity;
or
(B) more than three members or a majority of the members, whichever is less, are present, ***the gathering is prearranged for the purpose of considering a matter upon which the governmental body is empowered to act***, and the governmental body has only authority to advise or make recommendations for a public entity but has no authority to establish policies or make decisions for the public entity;

Separate definitions of “meeting” apply to (i) a body that has the authority to establish policies or make decisions (such as the Council or the Planning Commission), and (ii) a body that has only authority to advise or make recommendations (such as the Parks and Recreation Advisory Commission). In each case the number of members who must be present to constitute a meeting (more than three or a majority, whichever is less) is the same. The “more than three members or a majority of the members” language only was added to the definition of a meeting of an advisory body in 2009. Before that amendment, a gathering of as few as two members of an advisory body could constitute a meeting subject to the Open Meetings Act.

Since the 2009 amendment, the only distinction between the two definitions of “meeting” is in the formality of the gathering that is required. The necessary number of members constitutes a meeting of a body that has the authority to establish policies or make decisions whenever the members consider collectively a matter upon which the body is empowered to act, regardless of the formality with which the gathering is convened. In contrast, the necessary number of members constitutes a meeting of a body that has only authority to advise or make recommendations when ***the gathering is prearranged for the purpose of considering a matter upon which the body is empowered to act***. Thus, a gathering of members of an advisory body is not a meeting unless the gathering is prearranged. A spontaneous encounter among members of the body, regardless of what the members may consider, is not a meeting subject to the Open Meetings Act.

Let me know if you have any questions.

Thomas F. Klinkner | Birch Horton Bittner & Cherot
1127 W 7th Avenue | Anchorage, AK 99501
Tel: (907) 276-1550 | Fax: (907) 276-3680
Email: tklinkner@bhb.com | Website: www.birchhorton.com

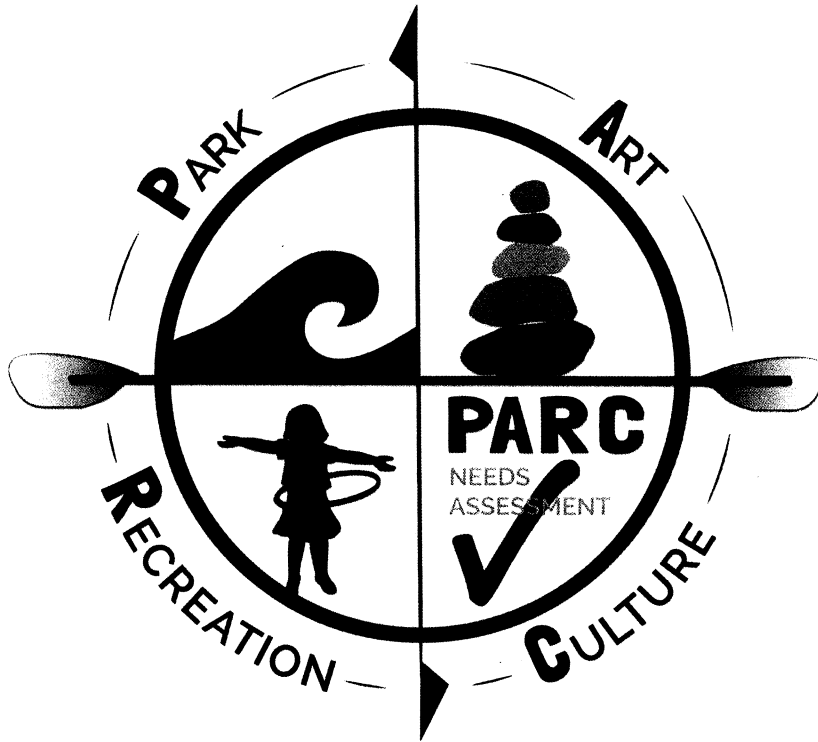
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For Community Members in:
Homer + Anchor Point + Kachemak City + Diamond Ridge + East End

Take the Survey: City of Homer Parks and Recreation Website
(Paper surveys available at City Hall, Library, Community Recreation office in the Homer High School Commons, and Homer Council on the Arts)

Go to: www.cityofhomer-ak.gov/recreation

Save the Date: Thursday, November 13th
Community Meeting, Islands and Ocean Visitor Center

PARC = Parks, Art, Recreation + Culture Needs Assessment

Homer + Anchor Point + Kachemak City + Diamond Ridge + East End

For a long time, the Homer area has had a rich offering of parks, arts, recreation and cultural amenities. Community parks, indoor and outdoor sports, visual and performing arts, cultural events and festivals are all part of life in Homer. This is part of what makes the area what it is, attracts new friends and family to live here, and keeps us healthy and engaged in community life.

The City and a number of community organizations have overcommitted or inadequate physical facilities, face tight budgets and other limitations to their ability to sustain programming and facilities. **It's time** to get creatively organized – as a community – about how to make the most of what we have, to build on our existing foundation to provide new amenities, or to move existing programs and facilities in new directions.

A needs assessment is not simply a wish list. It is a thoughtful look forward over the next 10 to 15 years to understand the big picture of our existing PARC activities and resources, what is missing, and which changes we – as a community – would like to see. Please join in the discussion. Your participation is important!

Take the online survey: <http://www.cityofhomer-ak.gov/recreation>

Not online? Paper copies will also be available at City Hall, Library, Community Recreation office in the Homer High School Commons, and Homer Council on the Arts

The Needs Assessment will also include:

- **Focus group discussions** with youth, seniors, and differently-abled community members to better understand their particular needs and resources.
- **Telephone survey** to provide an objective, statistically valid picture of the PARC activities, programs and facilities Homer-area residents value. If you are called, please take a few minutes to give your input!
- **A summary report** with public review and comment opportunities. Check back to the website throughout the next few months for more information.

Project Timeline:

- Fall 2014: Gather information, including surveys, community workshop.
- Winter 2014-2015: Produce needs assessment.
- Spring 2015: Release summary report for community review and approval.

Come to the community workshop:

Thursday, November 13, 2014 at the Islands and Ocean Visitor Center.

Questions? Contact Julie Engebretsen at 235-3106

