

ECONOMIC DEVELOPMENT ADVISORY COMMISSION  
REGULAR MEETING  
JANUARY 13, 2015

Session 15-01 a Regular Meeting of the Economic Development Advisory Commission was called to order by Chair Barth at 6:00 p.m. on January 13, 2015 at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

PRESENT: COMMISSIONER ARNO, BARTH, BROWN, MARKS  
Ex-Officio Cinda Martin and David Friedlander, Marine Trades Association  
Patrice Krant, Chamber of Commerce Interim Director

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

**AGENDA APPROVAL**

ARNO/MARKS 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. Regular Meeting Minutes November 10, 2014

ARNO/MARKS MOVED TO APPROVE THE MINUTES.

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

**VISITORS**

A. Steve Rouse, Executive Director KPHI

Mr. Rouse was unable to attend and will be rescheduled at a future meeting.

**STAFF & COUNCIL REPORT/COMMITTEE REPORTS/ BOROUGH REPORT**

ECONOMIC DEVELOPMENT ADVISORY COMMISSION  
REGULAR MEETING  
JANUARY 13, 2015

- A. Memorandum from Community and Economic Development Coordinator Koester Re: Updates since last regular meeting

Community & Economic Development Coordinator Koester introduced City Manager Yoder who has been appointed until a permanent City Manager is hired. Mr. Yoder was invited up to talk to the commission.

City Manager Yoder said he was pleased to learn that Homer has an Economic Development Commission; it is something a lot of communities like to get involved in. He posed the notion of increasing sales tax from the view of can you raise more sales tax by sales, rather than by just upping the rate. Homer is at the end of the road, so there aren't a lot of people driving through and there is a defined piece of pie here and how it is sliced up. Does more business bring in more dollars or does it just slice the pie thinner? He suggested it might be a question to ask of the business community. The port and all the things associated with it as one of the big economic drivers is another area to look at. Another thing to look at is studies that are already done that talk about how many of the dollars are exported to Soldotna and Anchorage, and look at ways to keep those dollars here. Mr. Yoder said these are things he has brought up with Katie as things for the Commission to think about.

**PUBLIC HEARINGS**

**PENDING BUSINESS**

- A. Affordable Housing  
i. Email from City Attorney Klinkner re: Municipal Authority for Tax Incentives and Deferrals

Chair Barth reported that he talk to Council at their November meeting and the feedback was encouraging regarding the thoughts the Commission had about a possible tax incentive to develop undeveloped lots. He would like the Commission to be able to get some thoughts on paper to submit to Council for them to respond to.

Chair Barth provided a brief overview of the Commission's work to date relating to affordable housing.

The Commission discussed ideas of what they could submit to Council for development in an effort to narrow down their approach. Comments included:

- Incentives for developing affordable housing may not necessarily be monetary, it may be process related. An ease of a process that might equate to less cash outlay by a developer. Improving the way developers deal with the city and land in the city that can make things easier for them and give the incentive to build here.
- Talking to builders about what their hurdles are for development and knowing what would make it easier for them to develop in the city limits would be helpful. Unless we know what the issues or disincentives are, we don't know what to address.
- Tax incentives don't necessarily help the builder unless they plan to continue to own the building.
- Tax deferral on the assessed value for the city after the home is built wouldn't have as much impact on the city.

ECONOMIC DEVELOPMENT ADVISORY COMMISSION  
REGULAR MEETING  
JANUARY 13, 2015

- Natural Gas is an incentive. If developers are offered a choice of tax deferral or natural gas install, they may likely select natural gas.
- Incentive could be broken down into residential development owner occupied lots and the developer who wants to come in and build multi-family housing. Question one could be do you support a tax incentive for owner occupied development. Question two, do you support it for duplex and four-plex sized units. Question three could be on the larger scale. That would allow them to gauge Council support or interest. Outreach to developers is also important.
- Develop a reliable survey from construction organizations locally, regionally, statewide, and pacific northwest and use them as comparatives to find out why so much development is happening in some areas as opposed to others.
- It could be beneficial for Commission members to talk to a couple people over the next few weeks to get their opinions. Sometimes the public is reluctant to talk with staff or come to city meetings.
- There are details about tax incentives that need to be formulated before staff can get some educated information on what they may look like.
- The lending piece of the construction process can also be a deterrent. From a lending perspective construction is still high risk. Commercial construction is a bit easier because lenders are dealing with a business rather than an individual and the builders are more experienced.
- If someone is building a four-plex and running it themselves they have to have the money to invest and then want to have rental business. That's why you don't see that type of construction here from local builders. An incentive may make people want to build here.
- From an investment perspective, there has to be a breakeven point for the investment. When dealing with affordable or low income housing, it will be difficult to get to that breakeven point without a subsidy.

More specific incentive recommendations included:

- Property owners are already being taxed for the vacant land. An incentive could be to defer taxes on the added value on the property for three to five years once the improvements are complete. Perhaps residential improvements a five year deferral and multi-family a three year deferral, based on new construction. Increasing housing for the city means more revenue. More people who can come to the city is growing Homer and our economy. More building means more jobs and new development should be incentivized across the board.
- Rather than an across the board exemption, maybe it would work to define what kind of housing we want to promote and offer incentives for those types of improvements. The retirees and second home owners have increased, but it isn't just about growing the numbers of people but also have people who are here year round. People who live here year round will also need year round jobs. We need to look beyond just having people live here.

BROWN/ARNO MOVED THAT WE GO AHEAD AND SUBMIT TO CITY COUNCIL A MEMO STATING THAT WE BELIEVE THAT A TAX INCENTIVE MAY BE A VIABLE OPTION TO HELP PROMOTE RELIABLE HOUSING IN OUR CITY. WE CAN IDENTIFY THE DIFFERENT CATEGORIES OF BUILDINGS, AND WITH RESPECT TO THE CONCEPT THAT IT MAY IMPACT OUR BOTTOM LINE WITH THE CITY BUDGET; IT WOULD GIVE US OPPORTUNITY TO EXPLORE OPTIONS AND PERCENTAGES. THE GOAL IS THAT AS A RESULT OF THIS THERE WOULD BE MORE BUILDINGS TAKING PLACE IN HOMER AND THAT IT WOULD PROVIDE AN IMPETUS FOR OUR INFRASTRUCTURE TO DEVELOP AND THAT THE BENEFIT IS THAT WE'RE LOOKING AT LONG TERM RESIDENCY AND BUSINESSES ESTABLISHED AND THRIVING IN OUR CITY.

ECONOMIC DEVELOPMENT ADVISORY COMMISSION  
REGULAR MEETING  
JANUARY 13, 2015

There was discussion that they should probably identify the categories for the memo. They identified the categories as single residence family homes, commercial properties, and multiple owner occupied residences, such as a four-plex, and perhaps apartment buildings.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

Commissioner Arno expressed interest in inviting Sheldon Beachy with Beachy Construction, Tim Steiner with Steiner Construction, and also Bruce Petska to talk them. Chair Barth also suggested it would also be helpful to know what we are potentially giving up and so a report from or inviting someone involved in making the financial predictions regarding the city budget.

BROWN/MARKS MOVED TO CONTACT CONSTRUCTION ORGANIZATIONS AND GATHER INFORMATION PERHAPS THROUGH SURVEY MONKEY OR PUBLISHED DATA THEY HAVE AS TO WHAT THEY CONSIDER THEIR GREATEST MOTIVATORS TO CAUSE THEM TO HAVE INCENTIVES TO WANT TO BUILD IN THE HOMER AREA.

Chair Barth expressed that their last work on a survey was painstaking thing to accomplish, even though it sounds relatively simple. The group has to decide what survey they want to conduct, and word questions and choices specifically. They can't just task staff with making a survey and sending it out.

Commissioner Brown suggested that from different trade organizations there should be consistently published data and from that we should be able to glean enough information to provide insight to their concerns might be.

Ms. Krant further suggested gather data from areas that have experienced a lot of building growth by contacting Mrs. Koester's peer in those communities and ask to what extent are builder incentives responsible for the growth they are experiencing.

Commissioner Brown said he would work to gather information from Bloomington, Indiana.

VOTE: NO: ARNO, MARKS, BROWN, BARTH

Motion failed.

## **NEW BUSINESS**

### **INFORMATIONAL ITEMS**

- A. Email from Commissioner Brown re: Updates and Directives
- B. City Manager's Report – December 8, 2014 and January 12, 2015
- C. Industry Outlook Forum Agenda

No discussion.

**COMMENTS OF THE AUDIENCE**

**COMMENTS OF CITY STAFF**

**COMMENTS OF THE COUNCILMEMBER**

**COMMENTS OF THE CHAIR**

Chair Barth welcomed Commissioner Marks to the commission.

**COMMENTS OF THE COMMISSION**

Commissioner Arno said he is glad to have Commission Marks at the table.

Commissioner Brown commented that it's nice to have a quorum and encouraged looking for new members. He appreciated the feedback from the Chamber and Marine Trades representatives and also from City Manager Yoder. He is encouraged and anxious to see wonderful things develop.

Commissioner Marks thanked everyone for welcoming her and looks forward to working with the Commission.

Mr. Friedlander commented that he agrees with the earlier comments about Homer's needs to be a year round town. Playing off being a google city for two years, there are many tech companies out there that are booming and those folks can work remotely. He questions at what point they start recruiting people to live in Homer and be here year round.

Ms. Krant and Mrs. Martin had no comments.

**ADJOURN**

There being no further business to come before the Commission the meeting adjourned at 7:44 p.m. The next regular meeting is scheduled for Tuesday, February 10, 2015 at 6:00 p.m. at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

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MELISSA JACOBSEN, CMC, DEPUTY CITY CLERK

Approved: \_\_\_\_\_