

ECONOMIC DEVELOPMENT ADVISORY COMMISSION
REGULAR MEETING
FEBRUARY 10, 2015

Session 15-02 a Regular Meeting of the Economic Development Advisory Commission was called to order by Chair Barth at 6:00 p.m. on February 10, 2015 at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

PRESENT: COMMISSIONER ARNO, BARTH, BROWN, STANISLAW
Cinda Martin, Marine Trades Association Representative

ABSENT: MARKS, FRIEDLANDER

STAFF: DEPUTY CITY CLERK JACOBSEN
DEPUTY CITY PLANNER ENGEBRETSEN

AGENDA APPROVAL

BROWN/ARNO MOVED TO APPROVE THE AGENDA.

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

PUBLIC COMMENTS REGARDING ITEMS ON THE AGENDA

None

RECONSIDERATION

None

APPROVAL OF MINUTES

A. Regular Meeting Minutes January 13, 2015

ARNO/BROWN MOVED TO APPROVE THE MINUTES.

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

VISITORS

A. City Planning Staff – Affordable Housing

Deputy City Planner Engebretsen commented about starter housing for working families. Something that helps in talking about that is to put a dollar amount on it, for example is it people who make the average income in our community? She reported construction is picking up in the community and we have a lot more rentals in the form of small cabins being constructed, however they accommodate singles, couples, or parent and a child, not family housing. She also acknowledged Council's suggestions of incentives for multi-family housing, rentals, and increased Coast Guard housing.

Regarding incentives, easy things for the city to do would be things like waiving fees, such as zoning fees and water/sewer hookup fees. A tax incentive is more difficult to make happen. Property improvements aren't always recognized and assessed within the first year. Cost of land also drives our housing market. Land costs are high and one thing that could be looked at is the special assessment districts. She explained situation with the Hillside Acres subdivision that had a costly water and sewer assessment about 10 years ago. The cost to subdivide an acre lot and pay the assessments on the newly created lots makes it cost prohibitive for the land owner. It's a long term issue.

There was discussion of the process for Special Assessment Districts, water/sewer hookup fees, subdividing, and potential challenges of working with the Borough on tax incentives.

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

Mrs. Martin reported that there is a Round Haul, a social get together, on February 27th from 5 to 7 pm at Redden Marine. She also said the Association is working with the City to produce a Marine Trades Promotional Video and an RFP is being prepared for advertisement.

PUBLIC HEARINGS

PENDING BUSINESS

- A. Affordable Housing
 - i. Staff Report on tax exemptions and other affordable housing measures
 - a. Average Sales Price/Days on Market
 - b. Residential Sales Comparison 2013-2014
 - c. Land Sales Comparison 2013-2014
 - d. 10 Year Comparison Report
 - e. Real Estate Market Review
 - f. What can the City do?

The Commission continued to discuss the notion of a tax incentive. They acknowledged that there may be some hurdles in working through it but also feel the benefits make it worth pursuing. Comments of support include:

- There is more savings with a tax incentive over time.
- The savings from offsetting taxes in the first few years could increase buying/building power.
- It incentivizes businesses to come to town resulting in more business, and more jobs.

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- Tax credits for developers and buyers while interest rates are low.
- Property tax on new improvements wouldn't be a direct loss in revenue because the City isn't receiving the income yet. It would be a delay in the property tax income, but the sales taxes collected by the development and the new home owner would be recognized.
- Waiving property tax for the first year for the purchaser.

Other incentives addressed were:

- Waiving city fees for permitting.
- Educating the public, with the low interest rate the incentive is there now.
- Looking at smaller lots than 10,000 square feet rural residential and 7500 square feet in urban areas could make lots more affordable.
- Waiving hookup fees for two years for water and sewer and other costs incurred to the city for developing property.
- Allowing developers of subdivisions to bring in infrastructure improvements like curb, gutter, and paving after selling a certain number of lots, rather than developing it all off the top.

Other comments included:

- Based on past discussions, the Coast Guard generally prefers regular housing over formal Coast Guard housing as they prefer to be in a regular neighborhood in the community.
- Consider addressing the incentives in phases, starting with waiving some fees for the first two years. It's simple and in City's control and they can see if it made a difference. Then decide whether to move on to a second phase of implementing some tax incentives or something like that.
- Construction loans are more difficult to obtain than a regular mortgage loan. It is questionable whether these temporary incentives would have any impact in qualifying for a loan; lenders have a pretty specific review process that likely won't be deviated from.
- The Senior Center is planning to construct more housing and inviting Keren Kelley to a meeting would give them a chance to ask if the incentives discussed could benefit their project. Also extending another invitation to Steve Rouse with KPHI.

Chair Barth summarized their intent to recommend waiving city fees to develop a property and continue to pursue the options for a tax incentive. Information they would like for their next meeting is:

- They would like to receive feedback from the Borough Assessor's office to find out what is involved in establishing a tax deferral on new development to see if it is a feasible undertaking.
- They would like more information from planning regarding reducing lot sizes in the residential districts.
- Information about the assessments issued to newly created lots through subdivision.

NEW BUSINESS

A. Election of Chair and Vice Chair

BROWN/ARNO MOVED TO NOMINATE MIKE BARTH AS CHAIR AGAIN.

Chari Barth accepted the nomination and no other nominations were proposed.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

BARTH/ARNO NOMINATED PATRICK BROWN AS VICE CHAIR.

Commissioner Brown accepted the nomination and no other nominations were proposed.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

INFORMATIONAL ITEMS

- A. City Manager's Report February 9, 2015
- B. Memo to Council Re: Affordable Housing Tax Incentive
- C. Memo 15-002 and 15-008 Re: EDC Appointments

COMMENTS OF THE AUDIENCE

Larry Slone, city resident, commented that he has a different view of affordable housing than what the commission seems to be taking. They are looking at how contractors can be assisted in developing subdivisions and how the city can benefit from income from the taxes as opposed to assisting groups of individuals who are low income, such as people making \$30,000 to \$40,000 per year. He doesn't think the low income earners are their perspective. From the Commissions perspective, affordable housing in Homer is a non-entity. When considering the regulatory environment, challenges in obtaining funding, the cost of materials and labor, and the cost of property, he thinks there is no such thing as affordable housing in Homer. He thinks incentivizing would only work if you're in competition with another area, say Kachemak City, but that isn't the case. What would bring people here in the first place is jobs and industry. Without the industry, incentivizing is an insignificant effect. He commented that he served on the Planning Commission and reducing the minimum lot size will be like pulling teeth. It's an extremely difficult process including amending master plans and convincing a large segment of the city that it's to their benefit. In the rural residential areas, people want those larger lots with more space. He appreciates their perspective, but doesn't think the core group they are identifying exists out there.

COMMENTS OF CITY STAFF

Deputy City Clerk Jacobsen commented staff will work on getting information gathered for their next meeting.

COMMENTS OF THE COUNCILMEMBER

Councilmember Zak said good job tonight and welcomed Mr. Stanislaw.

COMMENTS OF THE CHAIR

Chair Barth welcomed Mr. Stanislaw and thanked everyone for their work.

COMMENTS OF THE COMMISSION

Commissioner Arno thanked Mr. Slone for his comments and welcomed Mr. Stanislaw.

Commissioner Brown appreciates the Commission confidence in selecting him for Vice Chair. He thanked Mr. Slone for his comments and welcomed Mr. Stanislaw to the group.

Commissioner Stanislaw thanked everyone for their input, he learned a lot tonight.

ADJOURN

There being no further business to come before the Commission the meeting adjourned at 7:45 p.m. The next regular meeting is scheduled for Tuesday, March 10, 2015 at 6:00 p.m. at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

MELISSA JACOBSEN, CMC, DEPUTY CITY CLERK

Approved: _____