

# Homer, Alaska Area Livability

## Overview and Analysis

### FACTORS OF LIVABILITY

#### NEIGHBORHOOD

Measured by metrics and policies focused on proximity to key destinations, safety, and supporting mixed-use development.

#### HEALTH

Measured by metrics and policies that promote healthy behaviors including smoking cessation, and exercise opportunities.

#### ENGAGEMENT

Measured by metrics and policies that include voting rights, human rights, and cultural engagement.

#### OPPORTUNITY

Measured by metrics and policies that capture job availability, government creditworthiness, and graduation rates.

#### ENVIRONMENT

Measured by metrics and policies related to air and water quality, as well as energy efficiency, and hazard mitigation plans.

#### HOUSING

Measured by metrics and policies that promote affordability, availability, and accessibility.

<https://livabilityindex.oarp.org>

## Cost of Living

The cost of living in Alaska is 28% higher than the national average. Housing is 28% higher than the national average, while utilities are 53% higher. When it comes to basic necessities such as food and clothing, groceries are around 16% higher than in the rest of the country, while clothing costs 16% higher.

Healthcare services such as doctor check-ups and dentistry cost 53% higher in Alaska compared to the national average. At the same time, non-necessary expenses such as entertainment and grooming services are 16% higher.

<https://www.rentcafe.com/cost-of-living-calculator/us/ak/>

COST OF LIVING IN ALASKA categories	COMPARED TO NATIONAL AVERAGE
HOUSING (BUY AND RENT)	28% HIGHER
UTILITIES (MONTHLY)	53% HIGHER
FOOD	34% HIGHER
HEALTHCARE	53% HIGHER
TRANSPORTATION	10% HIGHER
GOODS AND SERVICES	16% HIGHER

## Housing Affordability

### What Is the 28/36 Rule?

If you're looking to buy a home, some financial experts also recommend using the 28/36 rule to determine what you can afford. The 28/36 rule stipulates that in order for a home to be considered within your budget, your housing expenses (such as mortgage payments, taxes and insurance payments) shouldn't exceed 28% of your gross monthly income. Your total debt (including credit cards, student loans and car loan payments) shouldn't exceed 36% of your gross monthly income.

### What is the 30% Rule?

The most common rule of thumb to determine how much you can afford to spend on housing is that it should be no more than 30% of your gross monthly income, which is your total income before taxes or other deductions are taken out.

For renters, that 30% includes rent and utility costs like heat, water and electricity. If you own your home, you should include interest, homeowners insurance, property taxes and utilities, in addition to your mortgage.

The 30% rule is based on how much a family can reasonably spend on housing and still have enough money left over to afford everyday expenses like food and transportation.

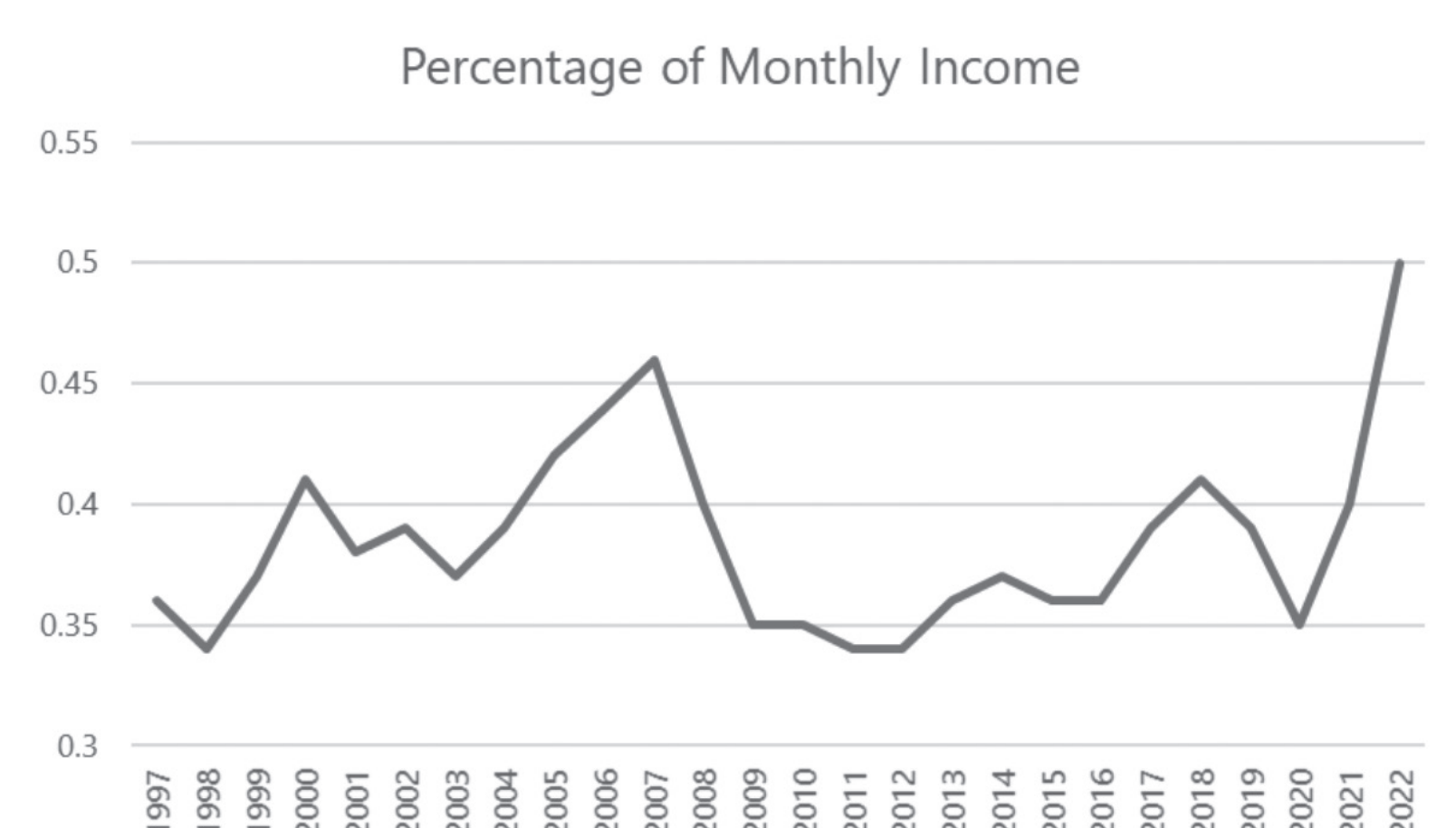
<https://www.cnbc.com/2021/07/14/how-much-of-your-income-you-should-spend-on-housing.html>

This "affordability chart" shows the percentage of monthly income the average American would have to pay had they bought an average house that year. It is a measurement of affordability and it hovers around 39% for most of the last 25 years. In the run up to 2008, we saw this measurement increase to 46%. It was at this point that buyers and the entire banking system "threw in the towel" forcing prices and interest rates to collapse.

**Average monthly rent in Homer is \$1,232 according to American Community Survey data.**

A person earning minimum wage (\$15.51/hour) would need to work approximately 185.5 hours per month to afford housing at 30% of their total income, assuming a monthly rental cost of \$1,232.

INCOME AND SALARY	AFFORDABLE HOUSING RATE AT 30%
MINIMUM WAGE	\$806.09 /month
\$45,000/YEAR	\$1,125 /month
\$60,000/YEAR	\$1,500 /month



<https://fred.stlouisfed.org/series/CSUSHPINSA>  
<https://fred.stlouisfed.org/series/MORTGAGE30US>

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## Living Wage Calculation

The living wage shown is the hourly rate that an individual in a household must earn to support his or herself and their family. The assumption is the sole provider is working full-time (2080 hours per year). The tool provides information for individuals, and households with one or two working adults and zero to three children. In the case of households with two working adults, all values are per working adult, single or in a family unless otherwise noted.

The state minimum wage is the same for all individuals, regardless of how many dependents they may have. Data are updated annually, in the first quarter of the new year. State minimum wages are determined based on the posted value of the minimum wage as of January one of the coming year (National Conference of State Legislatures, 2019). The poverty rate reflects a person's gross annual income. We have converted it to an hourly wage for the sake of comparison.

	1 ADULT				2 ADULTS (1 WORKING)				2 ADULTS (BOTH WORKING)			
	0 Children	1 Child	2 Children	3 Children	0 Children	1 Child	2 Children	3 Children	0 Children	1 Child	2 Children	3 Children
Living Wage	\$16.83	\$35.15	\$46.08	\$61.68	\$26.68	\$33.19	\$38.17	\$43.32	\$13.34	\$19.68	\$25.25	\$30.93
Poverty Wage	\$8.17	\$11	\$13.84	\$16.68	\$11	\$13.84	\$16.68	\$19.51	\$5.50	\$6.92	\$8.34	\$9.76
Minimum Wage	\$10.85	\$10.85	\$10.85	\$10.85	\$10.85	\$10.85	\$10.85	\$10.85	\$10.85	\$10.85	\$10.85	\$10.85

<https://livingwage.mit.edu/counties/02122>

## Typical Expenses

These figures show the individual expenses that went into the living wage estimate. Their values vary by family size, composition, and the current location.

	1 ADULT				2 ADULTS (1 WORKING)				2 ADULTS (BOTH WORKING)			
	0 Children	1 Child	2 Children	3 Children	0 Children	1 Child	2 Children	3 Children	0 Children	1 Child	2 Children	3 Children
Food	\$4,686	\$6,916	\$10,392	\$13,774	\$8,591	\$10,702	\$13,802	\$16,795	\$8,591	\$10,702	\$13,802	\$16,795
Child Care	\$0	\$10,717	\$21,435	\$32,152	\$0	\$0	\$0	\$0	\$0	\$10,717	\$21,435	\$32,152
Medical	\$3,042	\$8,948	\$8,958	\$8,883	\$7,112	\$8,958	\$8,883	\$9,036	\$7,112	\$8,958	\$8,883	\$9,036
Housing	\$10,040	\$13,206	\$13,206	\$18,565	\$10,102	\$13,206	\$13,206	\$18,565	\$10,102	\$13,206	\$13,206	\$18,565
Transportation	\$5,316	\$9,561	\$11,691	\$14,058	\$9,561	\$11,691	\$14,058	\$15,073	\$9,561	\$11,691	\$14,058	\$15,073
Civic	\$2,920	\$5,801	\$6,480	\$8,835	\$5,801	\$6,480	\$8,835	\$7,025	\$5,801	\$6,480	\$8,835	\$7,025
Other	\$4,596	\$8,020	\$9,463	\$10,386	\$8,020	\$9,463	\$10,386	\$11,617	\$8,020	\$9,463	\$10,386	\$11,617
Required annual income after taxes	\$30,732	\$63,301	\$81,756	\$106,785	\$49,319	\$60,631	\$69,302	\$78,243	\$49,319	\$71,348	\$90,737	\$110,395
Annual taxes	\$4,279	\$9,818	\$14,090	\$21,511	\$6,172	\$8,395	\$10,099	\$11,856	\$6,172	\$10,501	\$14,311	\$18,268
Required annual income before taxes	\$35,012	\$73,119	\$95,846	\$128,295	\$55,491	\$69,026	\$79,400	\$90,099	\$55,491	\$81,849	\$105,047	\$128,663

<https://livingwage.mit.edu/counties/02122>

## South Peninsula Housing Stats

TOTAL HOUSING UNITS 8,483 | TOTAL VACANT HOUSING UNITS 2,272

CENSUS TRACT*	TOTAL HOUSING UNITS	VACANT HOUSING UNITS	VACANCY RATE
ANCHOR POINT CDP	1,357	407	30%
DIAMOND RIDGE CDP	701	118	17%
FOX RIVER CDP	354	178	50%
FRITZ CREEK CDP	1,249	280	22%
HAPPY VALLEY CDP	576	248	3%
HOMER CITY	2,851	467	16%
KACHEMAK CITY	307	48	16%
NIKOLAEVSK CDP	171	33	19%
NINILCHIK CDP	917	493	54%
<b>SOUTH PENINSULA AREA</b>	<b>8,483</b>	<b>2,272</b>	<b>30%</b>

\*Census Designated Place (CDP) area designations and data derived from the 2020 Decennial Census.

A **HOUSING UNIT** is a house, an apartment, a mobile home, a group of rooms, a single room occupied as a separate living quarter or vacant units intended for occupancy.

A housing unit is classified as **OCCUPIED** if it is the usual residence of the person(s) living in the unit.

**VACANT UNITS** include housing units with no one living in them at the time of the Census, temporarily occupied units where the usual residence is elsewhere (such as vacation homes), and new units not yet occupied.

The **TOTAL NUMBER OF HOUSING UNITS** is equal to the number of occupied units + the number of vacant units.

<https://www.census.gov/housing/hvs/definitions.pdf>