

CHAPTER 7 ECONOMIC VITALITY

Vision Statement: Homer's economic industries remain strong and show continued growth.

Overview

This chapter presents goals and objectives related to economic development. While the private and non-profit sectors, along with state and federal spending, ultimately drives much of the economic activity, local government plays an important role in stimulating and guiding growth through its land use and infrastructure policies and projects.

The 1989 comprehensive plan stated:

Though it is generally recognized that fishing has been the backbone of the Homer economy for the past forty years, diversification of the Homer economy has taken place, especially in the last few years. Tourism, commercial and government services, retail trade, and a retirement population have been added in [the 1980s]...

These trends have continued and perhaps accelerated in the years since the 1989 plan. Additionally, as state and federal funding has changed, local and regional governments are bearing increased costs in providing services. Private sector economic health and growth are required to build the tax base if residents want to maintain existing government services and facilities.

Most of the economic development actions presented here are tied to topics addressed in other chapters. For example, recommendations regarding commercial development are included in Chapter 4 – Land Use. As a result, much of the value of this chapter is for those readers who are focused on economic issues and want to see a compilation of plan policies regarding economic development together in a single chapter. In 2011, the city adopted the Community Economic Development Strategy (CEDS). The CEDS document is a broad document covering many sectors of Homer's economy.

Homer's quality of life is a principal economic asset. Maintaining and improving the quality of life in Homer is crucial to keeping existing business and attracting new business and professional activity. Quality of life is challenging to define because it involves many dimensions of a community to which people place varying degrees of importance. The elements of quality of life that are particularly valuable to economic development are those that make the community especially attractive to residents, visitors, and small businesses. While there is room for further improvement, Homer currently possesses many such elements.

Homer's Quality of Life Elements

- A strikingly beautiful natural setting
- A diverse, engaged, involved community, and rich civic life
- Diverse culture and leisure activities, including ready access to parks and a wide range of year-round outdoor recreation
- Eclectic neighborhoods such as Old Town and Pioneer Ave.
- Access to education and lifelong learning
- A feeling of safety and freedom from crime
- A clean, healthy, natural environment
- An active arts community, tradition of skill and interest in performing and visual arts
- Multiple transportation and access options, a developing trail system, and road access to Anchorage
- Access to commercial and recreational activities in and around Kachemak Bay
- High quality, comprehensive healthcare service

Summary of Goals

GOAL 1: Define and encourage economic development that meets the desires and interests of Homer residents and supports the unique character of the community.

GOAL 2: Encourage the retention and creation of more year-round and higher wage employment.

GOAL 3: Identify and promote industries that show a capacity for growth.

GOAL 4: Support renewable and non-renewable energy services.

GOAL 5: Strengthen Homer as a tourism destination.

GOAL 6: Support community efforts to establish affordable housing.

Goals and Objectives for Economic Vitality

GOAL 1: Define and encourage economic development that meets the desires and interests of Homer residents and supports the unique character of the community.

Homer residents would like to foster economic development in its many existing sectors. Education, sustainable tourism, health care, construction, commercial fishing and marine industries, arts, and culture are the industries that Homer has been built upon. These industries are viable and stable today and offer good prospects for growth. The remainder of this chapter looks in more detail at steps to strengthen Homer's economy, and to do so in a manner that provides economic opportunity while sustaining Homer's unique character and high quality of life.

Implementation Strategies

- Support local businesses with internal and external policies.
- Partner with organizations that have interests in the success of local merchants and products.
- Review and update city economic plans.



GOAL 2: Encourage the retention and creation of more year-round, higher wage jobs.

Homer residents desire more year round, living wage jobs. This in turn will help support small businesses, and the tax base.

Objective A: Increase year-round employment that will enable local people to work, live, and raise their families in Homer.

While almost all city actions will ultimately affect the course of economic change and job growth, city actions to promote year-round jobs include those listed below:

Implementation Strategies

- Consider zoning regulations that support new business opportunities while minimizing negative impacts.
- Evaluate opportunities to create and support public and private infrastructure.
- Encourage science, information infrastructure, and technology-based business development.
- Evaluate regional or other successes for opportunity within Homer.

Objective B: Encourage retention of existing and the relocation of new Federal and State Government jobs and training programs to Homer.

Government jobs are an important part of the local and regional economy. Government employment, whether research, visitor or education related, comprises 17.5% of local jobs. (American Community Survey 2014). Some government employment is found in every community, such as local, borough and state jobs related to day-to-day activities (airports, roads, schools, etc.). In addition, Homer has many residents who are employed through state agencies such as state parks, the court system, public health, the university, including the Kachemak Bay Research Reserve, and federal agencies such as the U.S. Fish and Wildlife Service and the Alaska Maritime National Wildlife Refuge, which are headquartered in Homer. The Coast Guard also has a presence in the community. The City of Homer is also known as an important base for marine research and education activities.

Implementation Strategies

- Work to retain existing state and federal jobs.
- Promote Homer as a place to expand and attract government operations



Homer: Not just the Halibut Capital of the World

Objective C: Support efforts to increase the scale and scope of the education industry to support a skilled workforce.

Education is important to Homer's economic vitality for two reasons. First, it provides residents with the ability to acquire the skills and knowledge ("human capital") needed to succeed in the global economy, and find a local job. To the extent people can acquire these skills and knowledge without leaving home, they can earn higher incomes, create new businesses and jobs for others, keep their education expenditures circulating in the local economy, and provide the skilled workers needed for existing local jobs. Education is also an exportable product if people come to Homer to learn.

University of Alaska provides essential post-secondary and vocational education to Homer residents. The economic impact is broad and significant. Additional educational programs are provided by several nonprofit organizations operating in Homer and across Kachemak Bay. The marine environment and spectacular setting of Homer and Kachemak Bay are significant assets that could lead to growth of the education industry. The implementation strategies below apply not only to Kenai Peninsula College (KPC), but also to any other interested educational institution.

Implementation Strategies

- Support development of programs that prepare individuals through workforce development
- Support opportunities for partnerships and collaborative educational programs

GOAL 3: Identify and promote industries that show a capacity for growth.

Objective A: Recognize emerging industries.

Homer is a place of big ideas and entrepreneurial spirit. Examples include the fervor with which local agriculture has developed, particularly high tunnel cultivation and commercial peony growing. These are growing local and regional business opportunities. Over time, there will be new economic opportunities that arise; the city should be open to these new ideas and support those that show reasonable opportunities for growth.

Implementation Strategies

- Interact with those involved in introducing new industries and services to Homer

Objective B: Promote the marine trades including mariculture and shipping industries.

Homer's harbor and associated marine trade and services activities are an important component of the local and regional economy. Marine related activities could be expanded to increase the number of living wage, skilled jobs in the community. Local seafood processing, boat building, and fabrication services offer a chance for a local product to reach the local, state and national markets. Homer's public and private port facilities also serve as a staging area for freight destined to more remote parts of the coast.

Implementation Strategies

- Work to identify and support infrastructure for marine related industries

Objective C: Promote recreation, the arts, and non-governmental organizations as a complement to tourism and as an export industry.

Recreation and the arts are key components of the Homer economy and support the tourism industry and Homer's quality of life. Actions to promote the arts include those listed below. Some of these objectives are best carried out by the City, while others are best undertaken by local arts groups and tourism marketing organizations with City cooperation and encouragement.

Implementation Strategies

- Consider and review zoning for opportunities that support the arts industry
- Support sustainable recreational facilities and opportunities (*see Objective E of Chapter 6, Public Services and Facilities*)

Objective D: Support the health care and wellness industries.

Health care and wellness are a growing sector of Homer's economy. This is partially driven by an aging population, but also by resident's desire for improved health. Over the past decade, South Peninsula Hospital has completed a major expansion, several new dental clinics have been constructed, and the Seldovia Village Tribe constructed both a medical clinic and a wellness center. Specialized medical services such as surgeries, sleep studies, oncology and VA care are also available. As the health care industry continues to change, Homer can expect to see growth in the types of medical services available, and more jobs in this field.

Implementation Strategies

- Support allied programs and businesses that strengthen Homer's local health care opportunities

GOAL 4: Support regional renewable and non-renewable energy exploration and production.

Homer citizens support researching and pursuing renewable energy projects. Outside of the city, oil and gas exploration continues. Supporting the exploration, extraction, and renewable energy industries does not necessarily have to compromise Homer's scenery or quality of life. There are many opportunities to benefit from the construction, research, and extraction activities, whether through direct employment, or by providing services such as worker housing, catering, fuel, payroll, and transportation to local and non-local contractors who work on site (*also, see Chapter 8, Energy Plan*).

Implementation Strategies

- Consider Homer's ability to provide support services

GOAL 5: Strengthen Homer as a tourism, business travel, education and recreation event destination.

Homer is already one of Alaska's premier tourist destinations and appears to be enjoying continuing growth in visitation and expenditures. A trend is also emerging to hold professional conferences and educational events in the community in addition to the many athletic, cultural and recreation opportunities. City actions can have a significant impact on the economic importance of the visitor economy by promoting longer stays, increased expenditures per person, and more repeat visitation.

Equally important, City government plays a crucial role in guiding the growth of tourism to maximize its benefits and to minimize the costs imposed on the people of Homer.

Objective A: Invest in local infrastructure, parks, and civic improvements that will serve locals well as visitors by promoting longer stays, increased expenditures per person, and more repeat visitation as a form of economic development.

One economic development strategy is to find ways to encourage visitors to stay in the community longer during their visit, or to visit again in the future. The Farmer's Market in downtown Anchorage is an example; visitors to the market also visit other downtown businesses. Even staying an hour or two longer in the community may result in visitors eating more meals in local restaurants or spending more money shopping. The City benefits through increased sales tax revenue. To keep Homer an attractive destination requires that the City and private business work in partnership to provide the basic services that visitors and locals expect. These improvements and public expenditures should also benefit local taxpayers.

Effort should be made in the future to have more tourists visit downtown Homer to support year round businesses. Seasonally, the Spit will continue to be a huge draw, but investment in tourist amenities should be equally focused on downtown Homer.

Implementation Strategies

- Maintain a welcoming environment that serves the needs of visitors

Objective B: Support efforts to improve community attractions, including land and water trails, and access to marine activities and the marine environment. Improve links between attractions.

Homer can be considered to have three main tourism destination areas: The downtown and Old Town area, the Spit, and the area across Kachemak Bay. While each of these areas currently attracts numerous visitors, it is likely that more tourists could be accommodated and more spending could be encouraged if the unique attributes of each area were further developed and if better connections were made among the three areas. Ideally, the enhancements that attract more tourists equally benefit local residents as well, resulting in an increase to business activity, tax receipts, and quality of life.

Implementation Strategies

- Improve the ability and convenience of travelers to travel throughout Homer

Objective C: Increase the net benefits that tourism brings to Homer.

Homer's distinctive character and attractions create substantial economic benefits to the community in terms of jobs, business opportunities, and tax revenues. Tourism also helps the community host a greater number and diversity of businesses and services than what local spending alone can support. While tourism creates a wide array of benefits, it can also be disruptive to local life. For example, tourism may exacerbate traffic congestion, transform commercial areas from local to visitor-serving, cause crowding at recreation destinations enjoyed by residents, and potentially adversely affect fish, wildlife, and other elements of the natural environment. Community members have expressed a desire to encourage tourism activities that do not require extensive changes to the existing environment, but rather help to conserve Homer's natural setting and improve the area.

As a result of this mix of positive and potential negative impacts, Homer should pursue a guided tourism growth policy. The community will promote tourism growth, but do so in a manner that helps sustain the qualities of the community that attract residents and visitors.

Implementation Strategies

- Promote tourist amenities that provide benefits beyond the tourist season
- Review the cost to maintain tourist amenities and minimize the amount of local subsidy
- Promote tourist activities that have the least negative impact to locals
- Promote Homer as a tourist destination

GOAL 6: Support community efforts to establish affordable housing.

Many residents expressed the view that economic development depends, at least in part, on a balance between income and the cost of living. Strategies to promote a diverse range of housing options are discussed in *Chapter 4, Land Use*. This goal is included as a component of economic vitality to explicitly reflect the connection between housing opportunities and the economic well-being of Homer.

City government has few tools to address the issue of affordable housing. The direct role of the City of Homer is limited by the fact the City is not a housing authority, and city taxation and development fees are relatively low. In recent years, the Economic Development Commission (EDC) has studied Homer's tax policies. The EDC found that the tax credits for housing that the city could institute do not significantly affect the cost of housing. The market demand is for homes that are more expensive, and the high cost of real estate and land development results in very few new 'affordable' housing units. However, the city can support the efforts of other groups in building new affordable housing units, which will free up units on the private rental market.

Implementation Strategies

- Consider support mechanisms for special population

Economic Vitality Implementation Table

Table 10. Chapter 7, Economic Vitality Implementation Table

Project	Timeframe			Ongoing	Primary Duty
	Near Term	Mid Term	Longer Term		
Goal 1 - Encourage Economic Development					
1-1 Support Chamber’s Buy Local campaign and source city purchases locally when price competitive.				x	Administration
1-2 Continue the local bidders preference in city procurement policies.				x	City Council
1-3 Review and make zoning recommendations that promote local agriculture and other locally sourced products.	x			x	HAPC
1-4 Plan for economic development by partnering with organizations such as the Chamber of Commerce. Retain an active board role with the chamber, and involvement with Kenai Peninsula Economic Development District, Inc. (KPEDD), Homer Marine Trades, non-profits and other similar organizations.				x	Administration
1-5 Review the Community Economic Development Strategy (CEDS) Plan.		x			EDC
1-6 Create an action plan from the CEDS plan.	x				Administration, EDC
1-7 Stay abreast of the requirements of information technology infrastructure.				x	HAPC, EDC
Goal 2 - Encourage Year-round Jobs					
2-A-1 Review zoning regulations to ensure new businesses and development are not unduly restricted.				x	HAPC
2-A-2 Continue to invest in community infrastructure and transportation systems (see Chapter 5, Transportation).				x	City Council, Administration
2-A-3 Identify business needs through business retention program participation.				x	EDC
2-A-4 Stay abreast of the needs of technology-based business and review the ability of the city to support.				x	EDC
2-A-5 Partner with KPEDD to identify options for incentives to encourage local business growth.	x			x	EDC, Administration
2-A-6 Work with KPEDD to identify regional successes.	x			x	EDC, Administration
2-B-1 When local state or federal jobs are being considered for elimination or relocation, lobby to retain them.				x	City Council, Administration

Project	Timeframe			Ongoing	Primary Duty
	Near Term	Mid Term	Longer Term		
2-B-2 Actively work with the Coast Guard to support the retention and expansion of facilities in Homer.	x			x	City Council, Administration
2-B-3 Work with state and federal authorities to promote the expansion of their activities in Homer.				x	City Council, Administration
2-C-1 Keep abreast of KPC program offerings and consider resolutions of support.				x	City Council
2-C-2 Review zoning requirements in regard to student housing opportunities.		x			HAPC
2-C-3 Support collaborative educational programs.				x	City Council
2-C-4 Connect sources of information that contribute to identifying local job training needs.				x	EDC, Administration
Goal 3 – Promote Growing Industries					
3-A-1 Periodically review land use regulation effects upon new business opportunities.				x	HAPC, Planning
3-B-1 Make ice available year round for fish processing, when demand dictates.		x			Port
3-B-2 Continue to evaluate demands and plan to address ways to support the fishing industry.				x	Port and Harbor Commission
3-B-3 Continue efforts to expand the Deep Water Dock and other Harbor infrastructure.	x			x	Administration, Port, City Council
3-B-4 Continue East Boat Harbor expansion studies.				x	Administration, Port, City Council
3-C-1 Review zoning for opportunities that accommodates art studio, art education activities, and residential living (<i>also, see chapter 4, Land Use</i>).	x				Planning, HAPC
3-C-2 Investigate options for creating a new, multi-purpose cultural, performing arts and community center in Homer's town center (<i>see the Town Center Plan and Park Art Recreation and Culture Needs Assessment</i>).			x		Administration
3-D-1 Lobby for support of Kenai Peninsula College (KPC) programs supporting the local healthcare industries.				x	City Council
3-D-2 Consider shared marketing opportunities to also include Homer as a healthcare destination.				x	Administration, Chamber of Commerce

Project		Timeframe			Primary Duty
	Near Term	Mid Term	Longer Term	Ongoing	
Goal 4 – Support Energy Exploration and Production					
4-1 Maintain and/or expand industrial zones.				x	Planning Commission
4-2 Support community efforts to remediate brownfield locations via letters and resolutions of support and technical assistance for grant applications.				x	Administration, City Council, other departments as appropriate
4-3 Continue to review zoning options for provisions of renewable energy systems in the City.				x	Planning Commission
4-4 Promote renewable energy development regionally with resolutions of support.				x	City Council
4-5 Review how land use policies may be used to support energy, mining, oil, and gas support services.				x	Planning Commission
Goal 5 – Strengthen Homer as a Destination					
5-A-1 Support and fund beautification efforts on Pioneer Avenue through budget appropriations, CIP, cost sharing and grant applications.				x	City Council, Administration
5-A-2 Ensure that City facilities are sufficient to support events that draw visitors such as festivals and activities (e.g., clean restrooms on the Spit, RV dump stations, adequate trash collection, park maintenance, etc.).				x	City Council, Administration, Public Works
5-B-1 Review opportunities to improve shuttle stops (also, see 5-B-3).				x	Public Works, City Council
5-B-2 Design and build a wayfinding system that includes the Spit, Pioneer Ave., and Old Town, consider a local partnership.		x			City of Homer, Chamber of Commerce, community partner
5-B-3 Consider constructing ADA accessible sidewalk improvements and installing benches and trashcans at central shuttle stops, such as the corner of Bunnell and Main.	x				Public Works, City Council
5-C-1 Adequately fund maintenance of public facilities.				x	City Council, Administration, Public Works
5-C-2 When planning new amenities, evaluate projects benefits for both residents and visitors (e.g., trails).				x	City Council, Administration, Public Works
5-C-3 Support eco-tourism concepts and passive or quiet low-impact recreation activities in marketing information.				x	City partnership with Chamber of Commerce

Project	Timeframe			Ongoing	Primary Duty
	Near Term	Mid Term	Longer Term		
5-C-4 When opportunities arise, work with private sector partners to support private sector establishment of conference and convention capabilities.				x	Administration
5-C-5 Review infrastructure capacity for the ability to meet current and future demands.				x	Public works
5-C-6 Recommend and support taxation policies and fee structures that result in revenues from tourism that cover the city's costs in providing services to tourists.	x			x	City Council and City Departments
5-C-7 Support shoulder season activities that are not seasonally dependent as a way to expand the local economy.				x	Public Works, Administration, City Council
5-C-8 Identify, promote and expand, and target visitor markets, including Alaska residents, out-of-state independent travelers, and small group package tour travelers.				x	Chamber of Commerce, KPTMC
5-C-9 Accommodate and encourage events such as the Shorebird Festival and Kachemak Bay Writers' Conference, professional and educational conferences, and sporting tournaments.				x	Administration, City Council, and community partners
Goal 6 – Support Efforts to Establish Affordable Housing					
6-1 Support the efforts of other organizations to provide housing for target populations such as seniors, low income and special needs residents. Write letters or pass resolutions of support.				x	City Council, Administration
6-2 Support senior housing that allows seniors to age within the community, such as assisted living and long term care. Write letters or pass resolutions in of support for grant applications to expand housing.				x	City Council, Administration
6-3 Maintain land use regulations that support cradle to grave housing options for special populations.				x	HAPC

