Agenda

Economic Development Advisory Commission Regular Meeting

Tuesday, January 14, 2025 at 6:00 PM
City Hall Cowles Council Chambers In-Person & Via Zoom Webinar

Homer City Hall	**Zoom Webinar ID: 990 0366 1092 Password: 725933**
491 E. Pioneer Avenue	https://cityofhomer.zoom.us
Homer, Alaska 99603	Dial: 346-248-7799 or 669-900-6833;
www.cityofhomer-ak.gov	(Toll Free) 888-788-0099 or 877-853-5247

CALL TO ORDER, PLEDGE OF ALLEGIANCE, 6:00 P.M.

AGENDA APPROVAL

PUBLIC COMMENTS ON MATTERS ALREADY ON THE AGENDA (3 minute time limit)

RECONSIDERATION

CONSENT AGENDA (Items listed below are considered routine and non-controversial by the Commission and are approved in one motion. If a separate discussion is desired on an item, a Commissioner may request that item be removed from the Consent Agenda and placed on the Regular Agenda under New Business.)

A. October 8, 2024 Unapproved Regular Meeting Minutes Page 3

B. November 12, 2024 Unapproved Regular Meeting Minutes Page 8

VISITORS/PRESENTATIONS (10 minute time limit)

STAFF & COUNCIL REPORT/COMMITTEE REPORTS

A. Introductions

B. Community Development Director Staff Report Page 12

C. Chamber Director Report

D. Homer Marine Trades Association Report

E. Kenai Peninsula Economic Development District Report

F. HERC Update

G. Housing Update

H. Planning Update

PUBLIC HEARING

PENDING BUSINESS

A. EDC Strategic Plan Page 14

NEW BUSINESS

A. Agenda Item Report- Amenity Trap Page 17

INFORMATIONAL MATERIALS

A. City Manager's Report
November 21, 2024 Page 56
January 8, 2024 Page 58

B. EDC Annual Calendar 2025 Page 61

C. QOL Report Page 62

COMMENTS OF THE AUDIENCE (3 minute time limit)

COMMENTS OF THE CITY STAFF

COMMENTS OF THE COMMISSION

ADJOURNMENT

Next Regular Meeting is **Tuesday, February 11, at 6:00 p.m.** All meetings scheduled to be held in the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska and via Zoom Webinar.

CALL TO ORDER

Session 24-09 a Regular Meeting of the Economic Development Advisory Commission was called to order by Vice Chair Deborah Brown at 6:01 p.m. on October 8, 2024 at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska and via Zoom Webinar, and opened with the Pledge of Allegiance.

PRESENT: COMMISSIONERS AREVALO, BROWN, YOUNG, STEPHENS & ZUBEK

ABSENT: COMMISSIONERS DICKINSON & MARKS (BOTH EXCUSED)

STAFF: COMMUNITY DEVELOPMENT DIRECTOR ENGEBRETSEN & DEPUTY CITY CLERK PETTIT

AGENDA APPROVAL

Vice Chair Brown requested a motion and second to approve the agenda as presented.

YOUNG/ZUBEK MOVED TO APPROVE THE AGENDA AS PRESENTED.

There was no discussion.

VOTE: NON-OBJECTION: UNANIMOUS CONSENT.

Motion carried.

PUBLIC COMMENTS UPON MATTERS ALREADY ON THE AGENDA

Gloria Wahl, city resident, cited a study from a professor of economics at Erasmus University in the Netherlands, noting that while each cruise ship landing in the Netherlands generates about €60,000, nitrogen emissions cost roughly €550,000 per landing. She referenced a separate study from a psychology professor at the University of Bergen in Norway that indicated that campers and backpackers spend more per person than cruise ship passengers. Recalling from her own personal experience cruising the Inside Passage, Ms. Wahl suggested that cruise lines do what they can to encourage on board spending from their patrons. She emphasized that she never wants Homer to become like Sitka.

Scott Adams, city resident, questioned why Homer would want to receive two or more large cruise ships per week. He referenced Sitka's recent struggles with the cruise ship industry, and suggested the City take a step back and see how Sitka remedies their own problem with the amount of cruise ships they're seeing. Switching his focus to the land allocation plan, he stated that it's his belief that leases should be up for competitive bid. He reasoned that it's harder for someone with a brick-and-mortar shop to stay competitive with someone who has virtually no overhead.

RECONSIDERATION

CONSENT AGENDA

A. EDC Unapproved Minutes of September 10, 2024

YOUNG/STEPHENS MOVED TO APPROVE THE REGULAR MEETING MINUTES OF SEPTEMBER 10, 2024.

There was no discussion.

VOTE: NON-OBJECTION: UNANIMOUS CONSENT.

Motion carried.

VISITORS/PRESENTATIONS

STAFF & COUNCIL REPORT/COMMITTEE REPORTS

A. EDC Staff Report

Community Development Director Engebretsen delivered a verbal report, noting the following:

- Flyer included in the packet for the Comprehensive Plan Community Worksession
- Update regarding staffing in the Community Development Department
- Copy of the business survey results included in the packet

There was brief discussion regarding grants to additional properties that the City is aiming to purchase in the Bridge Creek Watershed Protection District.

B. Chamber Director Report

Community Development Director Engebretsen shared that the Chamber is hosting a luncheon on Wednesday, October 16th at Kenai Peninsula College that will be focused on providing an overview of the 2024 tourism season. She added that the City will follow with a “State of the City” presentation in November.

C. Homer Marine Trades Association Report

D. Kenai Peninsula Economic Development District Report

E. HERC Update

Community Development Director Engebretsen stated that the City has been in contact with the Department of Environmental Conservation regarding the City’s funding through the State. She added that the project is chugging along slowly.

F. Housing Update

G. Planning Update

Commissioner Arevalo provided an update regarding the Comprehensive Plan Steering Committee.

PUBLIC HEARING

PENDING BUSINESS

A. Business Licenses
Memorandum EDC-24-015 from Community Development Director as backup

Vice Chair Brown introduced the item by reading of the title and deferred to Community Development Director Engebretsen, who directed the Commission to her staff report and the draft memorandum included in the packet.

The Commission and Ms. Engebretsen reviewed the document, with the Commissioners posing questions and suggesting minor edits throughout the memorandum.

AREVALO/ZUBEK MOVED TO FORWARD THE DOCUMENT TO CITY COUNCIL AS AMENDED.

There was no discussion.

VOTE: NON-OBJECTION: UNANIMOUS CONSENT.

Motion carried.

B. Cruise Ships
Memorandum EDC-24-016 from Community Development Director as backup
Email re: Cruise Ship Documentary from Ms. Gloria Wahl

Vice Chair Brown introduced the item by reading of the title, noted the email from Ms. Gloria Wahl, and deferred to Community Development Director Engebretsen, who provided a verbal explanation on her memorandum in the packet.

The Commission and Ms. Engebretsen reviewed the memorandum. Edits to the memo were offered by the Commission, and there was brief discussion regarding a tourism management plan and pollution.

ZUBEK/YOUNG MOVED TO FORWARD MEMORANDUM EDC-24-016 TO CITY COUNCIL AS AMENDED.

There was no discussion.

VOTE: NON-OBJECTION: UNANIMOUS CONSENT.

Motion carried.

NEW BUSINESS

A. Land Allocation Plan
Memorandum EDC-24-017 from Community Development Director as backup

Vice Chair Brown introduced the item by reading of the title and deferred to Community Development Director Engebretsen, who reviewed her memorandum in the packet. She noted a recent proposal seen by the Port & Harbor Advisory Commission that is proposing to lease City-owned property on the Spit for the purpose of adding another fuel dock.

AREVALO/YOUNG MOVED THAT THE EDC RECOMMEND THE CITY KEEPS THE OPTIONS OPEN ON THE LAND ALLOCATION PLAN AND ALLOW FOR FURTHER INVESTIGATION.

Commissioner Young reasoned that someone wanting to invest and develop something that could be used appropriately would increase quality and lower cost. He added that he views having two fuel docks in the area as beneficial.

VOTE: NON-OBJECTION: UNANIMOUS CONSENT.

Motion carried.

Ms. Engebretsen noted that about 5 years ago, the Port and Harbor Commission identified several areas along the harbor where development would make sense. She added that Michael Yourkowski's property is one of the leases included in these areas and will be expiring in 18 months, which is when the renewal process will start. She and the Commission reviewed the options that the City and the property owner have when the time comes for lease renewal. Comments from the Commission included the following:

- The location is good and doesn't obstruct the view of the harbor
- With Mr. Yourkowski's property adjacent to the overslope, it seems reasonable that this undeveloped City overslope should be open for bid, as this could carry more cost-effective development

INFORMATIONAL MATERIALS

A. City Manager's Report
CM's Report for September 23rd, 2024

B. Datafy Destination Summary

C. Homer Comprehensive Plan Rewrite – Community Worksession Flyer

D. EDC Annual Calendar

Vice Chair Brown noted the informational materials. Commissioner Young volunteered to deliver the October 14th report to City Council.

COMMENTS OF THE AUDIENCE

Scott Adams, city resident, emphasized the strain that larger cruise ships cause for the facilities down at the harbor. He shared that he felt that 6 cruise ships a year would be a good number to start with. He advocated for the quality of life for citizens in Homer, stating that they don't want to be bombarded by tourists every day. Speaking to the land allocation plan, Mr. Adams noted that the lots on the harbor are one continuous lot, but argued that the lots should be treated as individual lots.

Gloria Wahl, city resident, commented that commonality of language would be helpful in regulating the cruise ship industry in Homer. In terms of the tourism season, Ms. Wahl stated that Homer needs to recognize that people travel year-round. She added that the cruise ship itineraries are set long in advance, often years ahead of schedule. She thanked the Commission for their time and effort spent addressing cruise ships.

COMMENTS OF THE CITY STAFF

Community Development Director Engebretsen noted that it was good to have two things to send off to Council.

COMMENTS OF THE MAYOR/COUNCIL MEMBER (If Present)

COMMENTS OF THE COMMISSION

Commissioner Stephens shared that she is getting a better idea of what it means to be a Commissioner.

Commissioner Zubek stated that this was the first meeting that she felt confident in what was going on.

Commissioner Young shared that he enjoyed the meeting. He noted the local election results, and added that he's hopeful to meet Mayor Lord.

Vice Chair Brown noted that it was a quick meeting. She added that she got married a week ago, stating that this might change things in terms of her position on the Commission. She added that she was surprised at the position that some public officials in Homer took regarding the expansion of the hospital during the recent October election, stating that such support appeared to lack the acknowledgement of the cost of living impact the bond cost would have on Homer residents, given that the cost of housing and cost of living has been a significant public discussion in recent years.

ADJOURNMENT

There being no further business to come before the Commission, Vice Chair Brown adjourned the meeting at 7:36 p.m. The next regular meeting is Tuesday, November 12, 2024 at 6:00 p.m. All meetings are scheduled to be held in the City Hall Cowles Council Chambers and via Zoom Webinar.

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ZACH PETTIT, DEPUTY CITY CLERK I

Approved:________________________________

CALL TO ORDER

Session 24-09 a Regular Meeting of the Economic Development Advisory Commission was called to order by Chair Karin Marks at 6:01 p.m. on November 12, 2024 at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska and via Zoom Webinar, and opened with the Pledge of Allegiance.

PRESENT: COMMISSIONERS AREVALO, YOUNG, DICKINSON, MARKS & ZUBEK

ABSENT: COMMISSIONERS BROWN (EXCUSED) & STEVENSON (RESIGNED)

STAFF: COMMUNITY DEVELOPMENT DIRECTOR ENGEBRETSEN & DEPUTY CITY CLERK PETTIT

AGENDA APPROVAL

Chair Marks requested a motion and second to approve the agenda as amended.

DICKINSON/AREVALO MOVED TO APPROVE THE AGENDA AS AMENDED.

There was no discussion.

VOTE: NON-OBJECTION: UNANIMOUS CONSENT.

Motion carried.

PUBLIC COMMENTS UPON MATTERS ALREADY ON THE AGENDA

RECONSIDERATION

CONSENT AGENDA

A. EDC Unapproved Minutes of October 08, 2024

Commissioner Arevalo noted a correction to be made to the October 08 Meeting Minutes. It was discussed and agreed upon within the Commission to have the correction made and the Minutes brought back to the January 17 Regular Meeting for approval.

VISITORS/PRESENTATIONS

A. Chamber of Commerce Annual Presentation

Brad Anderson, Executive Director of the Homer Chamber of Commerce walked the Commission through a slideshow presentation depicting the annual tourism trends and season recap for the City of Homer. He discussed how data is collected through phone tracking and explained the data collected is showing a decrease in visitor trips, visitor days, and average length of stay compared to previous years.

STAFF & COUNCIL REPORT/COMMITTEE REPORTS

A. EDC Staff Report

Community Development Director Engebretsen first introduced a new staff member, Jackie, to the Commission. She then delivered a verbal report highlighting the importance of building relationships with the Coast Guard and the potential for State and Federal spending to boost the local economy. She also reminded the Commission that they have a worksession with City Council on November 18th.

B. Chamber Director Report

The Commission agreed the presentation by the Chamber Director earlier in the meeting was sufficient to count as his report.

C. Homer Marine Trades Association Report
No report was provided

D. Kenai Peninsula Economic Development District Report
Chair Marks spoke on the topic, stating there was a new website that has launched and encouraged the Commissioners to take a look. She also mentioned the Alaskan Culture Industry and helping the Kachemak Shellfish Mariculture Association with getting their new flupsy.

E. HERC Update

Community Development Director Engebretsen stated that there will be an update in the next City Manager report.

F. Housing Update
Chair Marks spoke on the MAP organization and a survey they introduce into the community every so often. The latest survey results showed housing as a top priority for community health.

G. Planning Update

Commissioner Arevalo provided an update regarding the Comprehensive Plan Steering Committee. There was various discussion between the Commission regarding the Comp Plan and the survey results.

PUBLIC HEARING

PENDING BUSINESS

NEW BUSINESS

A. Budget Requests (AKSBDC, Anything Else) $25k

Community Development Director Engebretsen discussed the budget request for the Alaska Small Business Development Center Home and Business Advisory position, with a request for up to $25,000. She stated there was hope that the Borough might kick in more money.

YOUNG/DICKINSON MOVED TO REQUEST CITY COUNCIL TO PROVIDE FUNDING FOR THE ALASKA SMALL BUSINESS DEVELOPMENT CENTER HOMER AND BUSINESS ADVISORY POSITION AND THE AMOUNT OF UP TO $25,000 PER YEAR FOR THE 2026-2027 BUDGET CYCLE.

There was no discussion.

VOTE: NON-OBJECTION: UNANIMOUS CONSENT.

B. 2025 Meeting Calendar

Memorandum EDC-24-019 from Deputy City Clerk as backup

AREVALO/YOUNG MOVED TO STRIKE JULY AND DECEMBER'S SCHEDULED MEETINGS FROM THE PROPOSED CALENDAR FOR 2025 AND FORWARD THE RECOMMENDATION TO CITY COUNCIL.

There was no discussion.

VOTE: NON-OBJECTION: UNANIMOUS CONSENT.

C. Council Joint Worksession Topics- November 18, 2024

Memorandum for Community Development Director as backup

The Commission noted there may be scheduling conflicts with too many Commissioners being out during the time of the scheduled Worksession.

INFORMATIONAL MATERIALS

A. City Manager's Report
CM's Report for October 14th, 2024

CM's Report for October 28th, 2024

CM's Report for November 12th, 2024

B. EDC Annual Calendar 2024

C. 2024-25 EDC Strategic Plan

Chair Marks noted the informational materials. Commissioner Young volunteered to deliver the November 12th report to City Council.

COMMENTS OF THE AUDIENCE

COMMENTS OF THE CITY STAFF

Community Development Director Engebretsen noted City Hall is fully staffed

COMMENTS OF THE MAYOR/COUNCIL MEMBER (If Present)

Mayor Lord commented that she is still learning her capacity and vision for the Mayoral space and what that means. She also noted that she will be trying to make an appearance at more meetings with Commissions and Boards just to have a pulse on the topics presented.

COMMENTS OF THE COMMISSION

Commisssioner Zubek stated that the Commission will not be getting rid of her.

Commissioner Young encouraged the Commission to attend a Harvest Festival hosted by Fireweed Academy. He noted this event is used as a fundraising experience for the school.

Commissioner Dickinson congratulated the new Mayor.

Chair Marks commented on how well Commissioner Brown ran the last meeting in her absence

ADJOURNMENT

There being no further business to come before the Commission, Chair Marks adjourned the meeting at 7:47 p.m. The next regular meeting is Tuesday, January 14, 2025 at 6:00 p.m. All meetings are scheduled to be held in the City Hall Cowles Council Chambers and via Zoom Webinar.

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ASHLEY APPEL, DEPUTY CITY CLERK I

Approved:_______________________________________

Planning
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City of Homer

www.cityofhomer-ak.gov

TO: Economic Development Advisory Commission
FROM: Julie Engebretsen, Community Development Director
DATE: January 14, 2025
SUBJECT: January Staff Report

Happy New Year! Despite having the shortest days of the year and the holidays, it has been BUSY.

Highlights:

- The Transportation Plan was adopted by the Kenai Peninsula Borough, so its now our official plan!
- The draft Comprehensive Plan will be out in early February; save the date for a public meeting Tuesday February 5th. This will be on Commission agendas in February, with public comments due in early March.
- The Chamber of Commerce is also holding their annual membership meeting on the 5th. The event is hosted by the Porcupine and should be a lot of fun. Its exciting to have a new event venue downtown. I worked with the Chamber on the timing of the City event and their event, so folks can do both if desired.
- In partnership with the Kachemak Bay Research Reserve and the Kachemak Heritage Land Trust, I completed a grant application for $1.5M to acquire land in the Bridge Creek Watershed. This has been a long standing priority of the City. We will learn the results in late spring.
- I was Acting City Manager for two weeks in December. This was after the storm damage to Homer Spit Road, but still entailed a lot of work with state and elected officials. I learned a lot! The biggest take away is tending relationships with state and elected folks takes a lot of time and effort, and, long term progress to protect the spit is a major, MAJOR undertaking. Big projects can take years of effort with little outward progress…Spit Road might be one of them.

Things to think about:

- This packet includes the EDC's 2022 Quality of Life report. Take a look at the document – with the upcoming draft Comprehensive Plan, now is a good time to brush up on these economic and quality of life issues. Homer citizens have a strong voice on certain topics such as environmental issues, but are frequently nearly silent on economic and quality of life issues. A good community plan includes all voices.

City of Homer
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TO: Economic Development Advisory Commission
FROM: Julie Engebretsen, Community Development Director
DATE: January 14, 2025
SUBJECT: Strategic Plan

Requested Action: Review the 2024/2025 EDC Strategic Plan

Chair Marks requested the Strategic Plan be an agenda item. Annually, the EDC prioritizes a list of ongoing short, medium and long-term goals to aid the commission in charting a general course for the year and keeping on-task. Staff uses this document as a guideline to schedule speakers and make agendas.

Attachments
2024-2025 Strategic Plan

ECONOMIC DEVELOPMENT ADVISORY COMMISSION
2024 -2025 STRATEGIC PLAN & GOALS

<table>
<tr><td rowspan="2">Ongoing Goals</td><td>1. Use the Commission's SWOT analysis to develop strategies to implement policies that support Homer's quality of life.</td></tr>
<tr><td>2. Keep our ears to the ground and seek out areas of "lack." Confer with Julie about communicating with City Council and advising them on ways to overcome barriers- "the nexus of economic goals."
3. Be familiar with smart growth principles and best practices, and also green infrastructure concepts. Have these in our toolbox when development decisions come our way for consideration.</td></tr>
<tr><td rowspan="4">Near Term Goals
< 6 Months</td><td>1. Become familiar with the Community Health Needs Assessment and Community Health Improvement Plan (CHIP)

Opportunity: Invite a speaker from MaPp to educate this EDC on these plans and how they relate to community and economic health.</td></tr>
<tr><td>2. View economic development through the lens of balancing growth with quality of life.
Task: Define positive economic development, and what is the role of the EDC is in balancing growth and quality of life.
Task: Review the Business Retention and Expansion Plan for quality of life elements</td></tr>
<tr><td>3. Housing: affordable short and long term housing. Seasonal workers, general work force, seniors, etc. affordable year round housing. (Marks, Kim)
Task: Stay engaged with the City for all housing conversations
Task: Have a meeting on housing options and final housing report.
Opportunity: Stay engaged with the Guiding Homer's Growth Conversation</td></tr>
<tr><td>4. Engage in the Comprehensive Plan Process

Opportunity: Participate in public events
Opportunity: Encourage business participation at public events
Opportunity: Host a Commission event targeted to small businesses</td></tr>
<tr><td rowspan="2">Mid Term Goals
1 - 3 Years (2024 – 2027)</td><td>1. Refine how the EDC can work with KPEDD; Economic resiliency planning and other topics as they arise.
Opportunity: Attend annual KPEDD Industry Outlook Forum</td></tr>
<tr><td>2. Downtown vitalization momentum and wayfinding/streetscape plan
Status: Wayfinding and Streetscape work ongoing through implementation activities in 2024-2025
Task: Participate in the Transportation Plan, focusing on a walkable town with greenspace and connected business districts
Longer term: Consider storefront/Downtown and landscaping improvement program</td></tr>
</table>

	3. Engage in land planning for city property as well as the larger problems of constraints on the Spit, and within the Central Business District. *Opportunity:* Participate in the Land Allocation Plan annual review *Opportunity:* Participate in Comprehensive Plan and Zoning Code Rewrite projects
	4. Assess jobs training needs, workforce development, availability of workers and workforce supports including child care, housing. *Opportunity:* Invite speakers to talk about workforce development such as KPB, South Peninsula Hospital *Opportunity:* Engage in Comprehensive Plan and other outreach opportunities
Long Term Goals 5 Years or More (2025+)	1. Multipurpose community center (HERC) Pioneer redevelopment vs new facility in a new location. *Status: The City is applying for funding to remediate the existing HERC site. Separately, there is discussion about finding a different site for a new facility.* 2. Plan for a new Business Retention and Expansion Plan BR&E *Opportunity:* Consider a funding request for the FY 2026-27 budget

OVERALL EDC DUTIES AND RESPONSIBILITIES

The Economic Development Advisory Commission will act in an advisory capacity to the City Manager and the City Council on the overall economic development planning for the City of Homer in accordance with Homer City Code Chapter 2.76; www.codepublishing.com/AK/Homer. The EDC also assists with official City planning documents including the following:

- Kenai Peninsula Economic Development District (KPEDD) – Regional Comprehensive Economic Development Strategy (link will bring you to all KPEDD reports): https://kpedd.org/reports
- Homer's Comprehensive Economic Development Strategy (CEDS): www.cityofhomer-ak.gov/economicdevelopment/comprehensive-economic-development-strategy
- Business Retention and Expansion Survey Report (BR&E): https://www.cityofhomer-ak.gov/economicdevelopment/2017-business-retention-expansion-survey-report
- Homer Comprehensive Plan: https://www.cityofhomer-ak.gov/planning/comprehensive-plan

DUTIES OF COMMISSION/STAFF

Commissioners

- Attend City Council meetings as assigned.
- Attend work sessions and training opportunities.
- Come prepared to make a motion for action at meetings, or ask staff before the meeting for more information.
- Communicate with City Council members to gain support on EDC-related projects that need sponsorship at the Council level.

<u>Staff (Julie Engebretsen)</u>

- Aid the Chair in setting the agenda.
- Compile packet material from commissioners, write backup memos, and submit to Clerk.
- Provide information on items the commission needs to review annually.
- Inform the Commission of City Council actions and discussion of economic development related issues.

<u>Clerk's Office</u>

- Aid Staff in compiling packet materials and print/distribute them to the Commission.
- Aid Staff and Chair in setting the agenda.
- Tracking yearly items such as reappointments and elections.
- Help the Commission learn to be more efficient and effective in their meetings.
- Support the Commission's ability to communicate with the Mayor and City Council (through Memorandums, Resolutions, and Ordinances).

City of Homer
Economic Development Advisory Commission

Vision Statement

The Economic Development Advisory Commission provides a forum for civic and business engagement on behalf of the City of Homer with the goal of fostering sustainable growth of an economically diverse community while preserving its cultural and natural heritage to maintain a high quality of life.

Mission Statement

The Economic Development Advisory Commission (EDC) of the City of Homer is a volunteer advisory body that bridges citizens and city government. Our core mission is to foster sustainable economic growth, safeguard our rich culture and natural heritage, and promote a high quality of life for Homer residents and businesses.

The EDC serves as a resource for our local community by providing a platform for engagement in economic matters. Commissioners facilitate community quality of life initiatives and offer actionable recommendations to the City of Homer. Through collaboration and a lens of diverse perspectives, we aim to bring lasting value to our city. We believe that by engaging with our community and facilitating discussions on sustainable economic growth, we can play a role in shaping a positive economic future for our community.

EDC 25-0xx

AGENDA ITEM REPORT

Review of Amenity Trap report

Item Type: Action Memorandum

Prepared For: Economic Development Advisory Commission

Meeting Date: January 14, 2025

Staff Contact: Jackie McDonough, Community Development Associate
Julie Engebretsen, Community Development Director

Summary Statement: Review *Amenity Trap: How high-amenity communities can avoid being loved to death*. Discuss which aspects of amenity communities are particularly relevant to Homer and solutions the EDC could pursue. The report is pretty dense; staff will have a power point presentation with highlights.

Background

Headwaters Economics (an independent, nonprofit research group based in Bozeman MT) published this report in May 2023. It addresses the paradox of how the influx of people to rural areas that have great natural attractions can bring economic opportunities but also can overwhelm and deteriorate those same natural amenities.

https://headwaterseconomics.org/outdoor-recreation/amenity-trap

The authors, Megan Lawson and Kris Smith, suggest communities use creative leadership and take a proactive approach to the issue, as **waiting can compound problems** and **simply restricting growth can make an area too expensive for its original residents**. Amenity communities like Homer may need to adapt urban strategies to their rural context.

The report focuses on solutions for four specific issues: **housing shortages**, **overload on infrastructure and public services**, **inadequate fiscal policies**, and **natural disasters**. There are specific examples of strategies employed by other amenity communities for those who are interested in diving deeper!

Discussion Points

1. There is a natural tendency to react to an influx of people by limiting growth, but that only serves to make real estate more expensive and commute times longer.
2. High demand by wealthier newcomers can raise prices for all, pushing current residents into lower quality housing and even homelessness. Cash buyers raise property values, making property taxes less affordable for current residents.
3. Vacation properties have long been part of Homer's real estate landscape, but perceived competition from this use has led some communities to impose regulations. These include caps on the percent of short-term rentals, caps on rental prices, and incentives to rent/sell to

residents, funded through taxes, employer contributions, and philanthropy.

4. Revolving loan funds can be financed by philanthropic dollars (Homer Foundation?) to lower borrowing costs for builders of affordable housing.
5. The borough and state need to allow local municipalities to capture tourism revenue for increased infrastructure needs: destination fees, Tourism Improvement Districts, bed taxes.

<u>Attachment</u>
Amenity Trap report

Amenity Trap

How high-amenity communities can avoid being loved to death

HEADWATERS ECONOMICS

https://headwaterseconomics.org | May 2023

Amenity Trap

How high-amenity communities can avoid being loved to death

Published Online:

https://headwaterseconomics.org/outdoor-recreation/amenity-trap

About Headwaters Economics

Headwaters Economics is an independent, nonprofit research group whose mission is to improve community development and land management decisions. https://headwaterseconomics.org/

Authors

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Kris Smith, PhD | 802.989.5385 | kris@headwaterseconomics.org

Acknowledgments

We would like to thank Michael Tolan and Aidan Reed for their valuable contributions to this report.

HEADWATERS ECONOMICS

P.O. Box 7059 | Bozeman, MT 59771
https://headwaterseconomics.org

TABLE OF CONTENTS

1. EXECUTIVE SUMMARY

More than ever, people are visiting and moving to places with inspiring natural amenities: forests, lakes, beaches, trails, and wildlife. The influx of tourists and new residents into these cities and small towns brings economic opportunities and can create a positive feedback loop whereby new businesses and services make a place even more attractive. It can also come with serious drawbacks.

More people and new development can put pressures on existing infrastructure and contribute to growing inequality, including dramatic increases in housing costs that force long-time residents out or into the crisis of homelessness. Fiscal health, public discourse, and community well-being can be overcome with challenges.

The paradox of a place with natural attractions that make it a great place to live but also threaten it with being "loved to death" is what is known as the **amenity trap**.

The amenity trap is confounding more communities across the United States than ever before. This report offers a detailed examination of the problem by highlighting the challenges of housing, infrastructure, fiscal policy, and natural disasters. It also explores proven solutions from amenity communities across the country that leaders can adopt as they try to circumvent the problems caused by rapid growth in population and tourism.

Solutions for amenity communities

This report separates the amenity trap problem confronted by these communities into several categories. Each category suggests approaches and potential solutions for local leaders, advocates, and state and federal officials wrestling with these problems.

Housing

Amenity destinations often find housing stock and affordability issues particularly challenging. Income disparity, limited buildable land, workforce limitations, and contentious public debate can make the housing issue a top priority.

The most promising solutions are those that bring together economic development and housing strategies. Many communities are pursuing both regulations and incentives that can increase the supply of residential housing for those at all income levels by promoting modular construction techniques, limiting vacation properties, and addressing local opposition to density.

Infrastructure and public services

In amenity communities the roads and water systems, as well as the education, childcare, public health, and emergency response systems can be stressed by an influx of visitors and new residents. The costs to maintain and improve these systems often disproportionately burden residents.

Many communities are investing in capacity, implementing community benefit agreements, and using scenario planning to overcome the uncertainties that often lead to cost overruns or under-investment in infrastructure. Financing mechanisms that share costs with visitors can ease the burden on residents, and creative solutions have been devised through spending tourism taxes, municipal budgeting, financing with bonds, public-private partnerships, and more.

Fiscal policy

Raising funds to support programs that can mitigate amenity trap issues requires unique considerations. Local governments can find their options limited in the face of relatively small numbers of tax-paying residents, equity imbalances, economies heavily dependent upon a single industry, and restrictive state or federal policies.

Communities and nonprofit organizations can advocate for state and federal policy that gives local authorities more flexibility to tailor solutions unique to the amenity trap challenge. Reinvesting tourism-related revenues into programs that offset the negative impacts of tourism and promote economic diversification can improve these communities' long-term fiscal health.

Natural disasters

As climate change increases the likelihood of disasters like wildfire, flooding, and hurricanes, many communities will have to prepare themselves or risk compounding the amenity trap far beyond the breaking point. For example, when disasters destroy homes, the lost housing stock pushes rents up and affordability declines, exacerbating the housing crunch that already exists in amenity communities.

Communities are working to diversify their economies and revenue streams to enable disaster risk-reduction investments. Many communities are emphasizing resilience in housing and infrastructure policies to ensure that residents, homes, and businesses can resist and recover from disasters. This can include encouraging durable housing that can survive disasters, innovations that can protect neighborhoods from flooding, and planning that can improve the effectiveness of first responders.

Proactive solutions can make amenity communities successful

Amenity communities around the country are applying creative solutions to the challenges they face in housing, infrastructure, fiscal policy, and disaster preparation. In many cases those solutions are successful because they leverage the economic engine that natural amenities bring to their community. In others, they work because a cross-section of the community is working together to balance growth with revenues or regulations that can be used to maintain quality of life.

There may not be a magic formula, and each community will have to navigate its own solutions, but the common themes of proactive action, regional support, and creative leadership can help avoid the amenity trap and make destination communities more livable, successful, and places of opportunity for everyone.

2. INTRODUCTION

In recent decades, many communities with access to trails, open space, and outdoor recreation have seen an influx of newcomers who bring economic growth and opportunity. Pandemic-related migration has amplified the trend in many places. But this growth is a double-edged sword.

What is an amenity?

Communities that are rich in natural amenities—lakes and rivers, mountains, oceans, forests, wildlife, and more have long attracted people who want to float, climb, fish, explore, paint, and otherwise enjoy them. These places are fortunate to have built-in attractions that can make them great places to visit and live, and that can support a thriving economy.[1]

Places people like to visit will grow

As the amenities become popular with recreationists, a feedback loop begins: more people hear about a destination, they visit and tell their friends about it, and word spreads. To support recreationists, businesses nearby, such as hotels, gear stores, and guiding services, open or expand. These businesses make it easier and more appealing for even more visitors to come, and the cycle continues.

Research shows that these amenities' economic power extends well past tourism by helping to keep current residents and attract new ones.[2] Many new residents to amenity destinations first visited as tourists.[3] Many people moving to amenity destinations bring their business or entrepreneurial idea,[4] their retirement nest-eggs,[5] or their remote work.[6] These new residents in turn support a host of other businesses in a community and contribute to a robust, resilient economy.

As communities recognize the economic opportunity potential from outdoor recreation, many are developing and marketing their natural amenities as part of a focused economic development strategy to diversify economies. This is particularly true in rural communities and places historically dependent on resource extraction like oil and gas, mining, and timber.

Amenity-driven growth can stress communities and natural resources

While the feedback loop described here can bring the economic diversification and prosperity to which many communities aspire, it can also bring unwanted changes and challenges. The natural resources that first attracted people, like clean water and abundant wildlife, can become impaired. Trails and waterways, and parking lots to access them, can become overcrowded. Housing becomes less affordable to more residents, leading to more residents living in substandard or crowded housing and increased homelessness. Long-time residents often find themselves forced to leave the community. Small, rural places are faced with the challenge of providing adequate public services, like drinking water and wastewater treatment, to millions of visitors. And the perennial question of how to pay for programs to mitigate these impacts looms over many amenity communities.

Communities have a choice

Communities can feel overwhelmed when faced with rapid growth, but they do have a choice as to how they respond. Communities can focus on issues over which they have agency—such as housing policies and infrastructure spending. They can also engage with state and federal policymakers to improve the choices available, change policies that affect their well-being, and advocate for assistance. Community responses often fall into three broad categories: **wait**, **plan**, or **react**.

When a community waits, it holds off on policymaking, often in hopes that problems will abate or resolve themselves, or there emerges sufficient political will to change current policies. Meanwhile, pressures continue unabated and the challenges compound over time.

Concerned about rapid growth, some communities take a more reactive path and enact policies to try to stop growth. These reactive strategies might include limiting building permits, water taps, or establishing strict growth boundaries or zoning restrictions. These approaches can have the immediate effect of slowing down growth. They do have medium- and long-term consequences, however, that can make a community less livable. The unintended consequences of reactive approaches can include unattainably expensive housing, long commutes for workers, wider income disparities, and a limited tax base.

It is when these problems begin to materialize that communities begin to feel trapped by the negative consequences that the popularity of their natural amenities has caused. It is a phenomenon known as the amenity trap.

Fortunately, communities that plan proactively can anticipate and direct growth rather than being subject to the pressures of the market. Proactive strategies include investing in local capacity, implementing a forward-looking housing program to address housing supply and demand, and making sure that tax policies capture and invest revenue to ensure the costs of growth management programs are funded appropriately and adequately.

In this report we focus on policy solutions to highlight ways amenity communities can proactively plan to take charge of the growth pressure and maintain their character and quality of life. Regardless of which path a community follows, there is always a chance to reset and adopt a new approach.

Solutions exist

The purpose of this report is to provide elected leaders, local government and agency staff, and advocates for conservation and recreation with policy tools and community examples so they can anticipate the challenges unique to amenity-rich destinations and incorporate policies and partnerships to mitigate the impacts of growth. The goal is to provide amenity communities with strategies to ensure that they can capitalize on the economic opportunities of outdoor recreation to build an inclusive, prosperous, and resilient community.

This report separates the amenity trap problem into several categories that often confront these communities: housing, infrastructure and public services, fiscal policy, and natural disasters.

Amenity-rich places

attract new residents, visitors, and business.

Growth changes the community.

Every community has a choice.

	PROBLEM	SOLUTION
HOUSING	Amenity communities are unable to supply sufficient housing for residents at a range of income levels.	Creative approaches can increase supply, such as regional coordination, limiting vacation rentals, or promoting modular construction.
INFRASTRUCTURE	Infrastructure in fast-growing communities can't keep up, and costs contribute to unaffordability.	Scenario planning and new data methods can better forecast tourism impacts and infrastructure needs.
FISCAL	Funding local budgets often over-burdens tax-paying residents in amenity communities.	Align revenues with local economic drivers, such as tourism. State policy should give local authorities maximum flexibility.
NATURAL DISASTERS	More frequent disasters are putting housing stock at risk, compounding the challenges faced by amenity communities.	Incentivize durable housing and disaster planning to prevent losses to housing, infrastructure, and revenue.

3. HOUSING

Amenity destinations, like any community, need sufficient housing at all income levels for those who live and work in the community. When adequate housing is scarce, living costs become more expensive for everyone, making it difficult for residents to afford homeownership, businesses to hire and keep employees, and renters to find any housing at all. While communities across the United States faced unprecedented increases in housing prices during the pandemic,[7] the limited housing stock in amenity destinations has been stretched particularly thin for reasons we describe in detail in this section.

Amenity communities have a unique set of geographic, economic, and cultural circumstances that make housing a particularly complex challenge to address. Amenity communities—often rural or remote—must deal with what feel like "big-city problems." Amenity communities may need to adapt urban strategies to their rural context.

Due to the complexity of housing questions, it helps to break the challenges into two types of constraints: demand and supply. Demand constraints relate to the pressures created on housing when housing demand skyrockets. Supply constraints include factors that limit a community's ability to provide enough housing for people who want to live there.

Each of these constraints is explored further in the following section. This section is not an exhaustive catalog of affordable housing strategies and policies, but instead highlights some approaches that can be used to address both housing demand and housing supply challenges that are particularly acute in amenity communities:

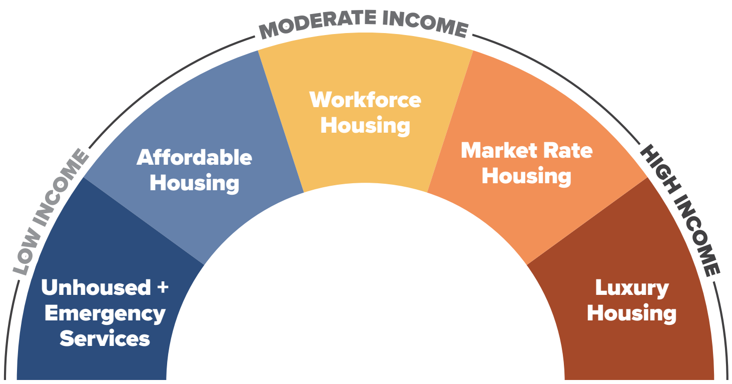
The table below summarizes the unique challenges and specific strategies amenity destinations are using to address housing affordability. The examples listed are described in more detail below.

CHALLENGE	SOLUTIONS	EXAMPLE
DEMAND CONSIDERATIONS		
Rapidly rising home prices due to rapid population growth and cash buyers	• Anticipate housing pressures early and develop a housing strategic plan alongside an economic development strategy	• Lafayette, Colorado, combined economic development and housing strategic plan
SUPPLY CONSIDERATIONS		
Limited buildable land	• Preserve existing affordable housing supply • Change zoning to increase density • Increase buildable land • Engage in regional housing planning to share resources across jurisdictions	• Cincinnati rental housing buy-back • Durango, Colorado, accessory dwelling unit policies and incentives • Summit County Housing Authority • Southern Nevada Public Lands Management Act • Boulder County Regional Housing Partnership
Limited labor supply	• Modular housing to use centralized labor force • Regional workforce development • Local workforce housing • Transportation planning	• Modular homes in western and central Colorado
Housing for residents and visitors	• Regulating short-term rentals via zoning, share of housing stock, permitting, etc. • Create incentives for long-term rentals • Deed restrictions to promote homeownership by local workers • Tradable permits for STR permits	• Short-Term Fix in Winter Park, Colorado • InDeed, deed restriction program in Vail, Colorado
Small town resistance to change	• Regional engagement • Streamline development process to reduce costs	• Summit County, Colorado, Combined Housing Authority

Demand for housing by wealthy homebuyers raises prices for all

Demand-related challenges mean that a community's popularity and desirability has grown considerably, and oftentimes are symptoms of a successful economic development strategy. In the case of an amenity destination, the community has capitalized on its assets, marketed itself to visitors, and proven to be a place with a high quality of life. Desirable communities attract new residents,[8] but when the supply of housing is limited, the price of housing rises. Amenity destinations also attract investors and second homeowners, further increasing prices. Oftentimes new residents, second homeowners, and investors bring with them greater wealth and can pay more for housing.[9] The challenges are compounded when home buyers pay cash: when a buyer is financing a house, lenders will only sell mortgages that are comparably priced to similar homes that recently sold. Cash buyers, however, do not have this limitation, subsequently freeing the purchase price from modest increases to exponential price increases.

Across all types of communities, the entire real estate market is connected, from the most- to the least-expensive, in what housing policy experts call a housing ladder or bridge. When the highest-priced housing gets even more expensive—as happens rapidly in hot markets like amenity destinations—some buyers will shift into the tier below. These buyers can out-bid people who were stretching to purchase homes in this tier, and they will shift into the tier below. This process will continue to the least expensive homes, and potential buyers of the least expensive homes will postpone homeownership and continue renting.



The housing bridge.
Housing at all price ranges are connected. Policies at any level will impact the entire housing bridge.

The challenges can become even more acute for renters, however. Renters will also be forced into lower-quality housing as housing stock gets more expensive, with outcomes that can be devastating for quality of life. Research has shown that renters are more likely to live in substandard or overcrowded housing in competitive real estate markets.[10] And those who struggled to afford the least expensive rentals can become homeless when prices rise. A 2020 study found that a $100 increase in median rent was associated with a 9% increase in homelessness.[11] This rental crunch is a noticeable trend in amenity places where seasonal and lower-wage workers are vying for rental housing.

The housing pressures in amenity destinations are created by high demand at the highest and lowest ends of this housing ladder, constraining the housing market for owners and renters of all incomes. The pandemic-era pressures on housing stretched the rungs on the housing ladder farther apart, making it more difficult for people to improve their housing situation.

Solutions to address high housing demand

Rapidly increasing housing demand is a side effect of a booming, prosperous community. When faced with rapid growth, some communities attempt to stop or slow down growth. They will limit building permits, cap the number of water taps, or establish a growth boundary. While these policies can stop the construction of new housing, they do not affect people's desire to live in these communities, or impact businesses' need to hire and house employees. Growth control policies often have the unintended consequence of driving up the cost of existing housing.[12]

While it is not possible to stop housing demand, communities can anticipate it. Historically many communities have first considered their economic development strategy, and housing needs second.[13] The crises many booming communities face today point to the need to develop an economic development and housing strategies simultaneously. Research suggests that states can use growth management laws to require or incentivize municipalities to incorporate housing with economic development plans.[14] The U.S. Economic Development Administration (EDA) and Department of Housing and Urban Development (HUD) are developing systems to help communities integrate their economic and housing strategic plans.[15] The City of Lafayette, Colorado, is currently developing a combined economic development and housing strategic plan.[16]

Housing supply is limited by available buildable land

One particularly acute supply constraint faced by amenity communities is their limited amount of buildable land due to the public lands, mountains, rivers, and canyons that make these places desirable in the first place. For example, Teton County, Wyoming, home of Jackson Hole and Teton National Park, is 97% public lands.

Solutions to a limited supply of buildable land

The solutions to a limited supply of buildable land are either:

1) optimize building on existing land, or
2) obtain new land.

Policies to optimize existing land for residential use

Communities can implement policies to use their existing buildable land more efficiently while retaining the small-town character and aesthetic of places. This includes programs to preserve affordable housing (including manufactured housing), increase housing density by allowing single-family housing on smaller lots, multi-family housing including duplexes and townhomes in more places, "accessory dwelling units" (ADUs) in backyards and above garages, and allowing residential construction in more areas.

The most important aspect of optimizing a community's use of land for housing is preserving its existing supply of affordable housing. In Cincinnati, Ohio, city leaders were concerned about the rapid increase in the share of the rental housing stock that was owned by institutional investors, who often increase rents rapidly and can easily outbid first-time home buyers. To address this concern, The Port of Greater Cincinnati Development Authority, a public agency, has begun buying back these properties. They then rent the properties or work with tenants interested in purchasing the homes.[17] While Cincinnati is a large city, smaller amenity communities may be able to adopt a similar model on a smaller scale.

The city of Durango, Colorado, used zoning changes and incentives for ADUs to increase density while retaining the community's character. In 2016, the city launched "ADU Amnesty" to legalize spaces that had been built but not permitted and increase the community's housing stock.[18] While the program legalized existing ADUs, it did not increase the supply of new ones. In 2022, the city launched an incentive program that reimburses homeowners $8,000 to construct new ADUs.[19] To receive the rebate, the ADU must be rented to someone who works at least 32 hours per week in the county. The program was accompanied by a zoning law change that expanded the locations where ADUs are allowed and reduced the number of required parking spaces.[20]

While many amenity destinations have limited land, neighboring communities may have more buildable land but fewer resources to fund construction of affordable housing. Coordinating regionally on housing can help to pool resources across jurisdictions and develop a regional goal for housing supply. The Boulder County Regional Housing Partnership, in Colorado, is a formal partnership across 10 jurisdictions. Together they have developed a goal of 12% affordable housing by 2035, shared staff resources between larger and smaller jurisdictions, and helped the region collectively advocate for housing policies at the state level.[21]

Zoning and permitting processes have developed gradually over time in most communities, eventually creating a cumbersome and time-consuming building process that adds substantially to the costs of new housing. Some communities are streamlining this process by taking a comprehensive look at the entire permitting and approval process to identify redundant, conflicting, or unnecessary requirements. Washington has taken a state-level approach, bringing consulting teams to support counties' efforts to streamline construction permitting by evaluating processes, application materials, and coordination across agencies.[22]

Policies to obtain new land for housing

Housing advocates have identified public lands, including city-, county-, state-, or federally owned properties, as one opportunity to increase the local supply of buildable land. These properties can include vacant land owned by entities such as school districts, vacant municipal buildings, or increasing development density on publicly owned parcels with structures. Best practices for these projects include prioritizing or requiring affordable housing projects and ensuring that these parcels have access to services like infrastructure, transportation, and schools.[23] California[24] has statewide legislation, and several counties or municipalities like King County, Washington,[25] and Raleigh, North Carolina,[26] have policies that prioritize affordable housing when disposing of public property.

Policies to sell federal lands for affordable housing are more controversial because these parcels are often on the outskirts of communities. In Nevada, where BLM owns land near fast-growing cities like Las Vegas and Reno, laws such as the Southern Nevada Public Lands Management Act of 1998 enable BLM to sell land within a specific boundary around Las Vegas, make land available to sell for affordable housing, and retain some revenue from these sales for local projects.[27] The Truckee Meadows Public Lands Management Act is an example of proposed federal legislation that would adopt a similar model in the Reno area.[28] At the national level, the proposed Helping Open Underutilized Space to Ensure Shelter (HOUSES) Act of 2022 would have allowed local governments to identify Department of the Interior parcels for housing, and require the agency to sell the land (with some limits for protected or sensitive lands).[29] At least 85% of the parcel sold would be required to be used for housing without specific provisions that this housing meets particular income requirements.

The details of these programs and proposals to allow the sale of federal public land are particularly important for amenity destinations. First, when the public parcels are on the outskirts of a community, building housing on them will cause developers and the community to incur steep infrastructure costs and exacerbate sprawl. Second, the federal public lands adjacent to amenity communities often are the very thing that drives the place's economy. Communities that develop these easy-to-access places for commercial or residential use may deteriorate their most valuable asset. Communities that consider purchasing federal land need to evaluate impacts on the economy, infrastructure costs, and whether the purchases realistically will improve housing affordability.

Housing supply is limited by labor force

The second house supply constraint faced by amenity communities is a relatively small local labor supply to build and maintain housing. This can slow the pace of construction and pressure much of the construction-related workforce to commute long distances to their jobs. In the expensive ski town of Telluride, Colorado, for example, much of the labor force commutes three hours from Montrose.[30]

Solutions to a limited local labor force

One approach to a limited local labor force is to reduce the number of people needed on-site to construct new homes. Modular or panelized construction involves building the components of a home in a centralized manufacturing facility where skilled tradespeople can build homes that ship across a region and are assembled on-site. These prefabricated and modular homes are typically not distinguishable from traditional stick-built houses and, importantly, must meet the same building code as stick-built homes.

Off-site construction can be particularly appealing in areas where builders are focused on the custom home market and housing for middle-income residents is not available. Faster construction times also can mean lower financing costs. Due to economies of scale, this approach can save buyers 10-20% compared to a house built on-site.[31]

A 24-unit development called Pinion Park in Norwood, Colorado, near Telluride, is underway using modular homes from Fading West, a modular home manufacturing facility in Buena Vista, about four hours away.[32] These homes are intended for county residents who work in the school district and earn less than 120% of the county's median income by household size. The county donated land and state programs and donors have enabled the project to keep housing costs between $225,000 and $426,400, while the median listing price of homes in the county exceeded $2 million in 2022.[33,34]

Communities can also develop a more localized workforce and related housing. For example, some communities incentivize offering short-term rentals to local workers (see section below). Transportation planning—including the development of transit—can also help offset the impact of a commuting workforce.

Housing supply is limited by competition with vacation properties

The third supply constraint is when a substantial portion of the housing stock is used for vacation rentals or second homes and is unavailable for residents, whether owners or long-term renters. For example, in Sedona, Arizona, 17% of the housing stock is short-term rentals (STR).[35]

Solutions to competition with vacation properties

Communities are pursuing both regulations and incentives to manage how much stock is used for short-term rentals.

Regulations include zoning that restricts where short-term rentals can operate. In Bozeman, Montana, for example, short-term rentals are differentiated between those that are owner-occupied during the rental period, such as renting out a room or garage apartment, and those that are not owner-occupied during the rental period but are otherwise the owner's primary residence. The latter are prohibited in less densely developed parts of the city. Short-term rentals that are not an owner's primary residence are not allowed in any residential areas.[36] This approach allows current residents to earn income from their properties and offset some of the rising costs of living in amenity communities.

Other communities have regulated short-term rentals by capping the share of total housing that can be short-term rentals. Durango, Colorado, anticipated the challenges associated with short-term rentals. In 2007, when the city was updating its land-use code, it capped the short-term rentals at 2-3% of a neighborhood's housing stock.[37] Other communities like Chelan County, Washington, have capped short-term rentals at 6% throughout the county, except for the most urban areas which are capped at 9%.[38]

Incentive programs can create financial incentives for property owners to rent or sell to residents. These programs recognize that property owners in resort communities can generally earn more by renting short-term compared to long-term rentals. Programs in communities like Big Sky, Montana,[39] Winter Park[40] and Summit County, Colorado, and Truckee, California,[41] provide cash payments to property owners when they lease to local workers. The payments vary depending on the size of the property and lease duration and range from $5,000 for a six-month lease on a one-bedroom unit to $22,000 for four-bedroom or larger units rented for at least 12 months. In Summit County, Colorado, 70 units of short-term housing were converted to long-term leases for the 2021/2022 ski season, housing 153 residents.[42] These programs can be funded with a combination of local tax revenue, employer contributions, and philanthropic dollars.

These programs to convert short-term to long-term rentals are advantageous because they are a quick way to house residents, especially a seasonal workforce, and they can be less costly than constructing new affordable housing units.[43] However, critics of the programs question whether these payments, particularly if they are going to relatively wealthy second homeowners, are only increasing inequality in amenity destinations. The Town of Breckenridge, Colorado, also learned of the need to place caps on the maximum rent property owners can charge, to ensure local workers can afford them.[44]

Communities also employ financial incentives to encourage property owners to sell to local residents by offering cash when the property owner places a deed restriction on the property. Deed restrictions dictate how the property can be used; in this case, they dictate that the owner (and renter, if the owner chooses to rent the property) work in the community. A homeowner places the restriction on the property's deed, and this restriction will follow the property in perpetuity much like a conservation easement. The programs compensate homeowners for the difference in selling price because restrictions limit the pool of possible buyers. McCall, Idaho; Breckenridge, Colorado; Big Sky, Montana; and Vail, Colorado, all have some version of this program. Vail's program, called InDEED, aims to enroll 1,000 deed-restricted properties by 2027.[45] InDEED pays owners 15-20% of the property's fair market value.[46]

Housing supply is limited by local opposition to density

Finally, amenity destinations often are small towns with a unique aesthetic that may be difficult to change. For example, denser, multi-family housing may look different than the existing neighborhoods. Rapid changes in housing styles and housing density can be confronted with local opposition, slowing the development process and the creation of new housing. For example, in Whitefish, Montana, successful opposition to a new affordable housing development was led by some of the town's wealthiest residents who live near the site. These residents threatened to withhold philanthropic support for other community causes if the project was built.[47]

Solutions to local opposition

Opposition from neighbors can cripple specific housing projects, but Americans increasingly recognize that unaffordable housing is a significant problem. A 2021 survey by the Pew Research Center found that 49% of Americans say that housing affordability is a problem in their community, up 10 points since 2018.[48] This points to an opportunity to build broader support among residents for policies and projects that improve housing affordability.

When strategic housing plans are developed and implemented at a regional level with input from a diverse set of constituents, individual projects are less likely to be derailed by vocal neighborhood opposition.[49] Regional housing authorities can play a role. For example, the Summit Combined Housing Authority in Summit County, Colorado, coordinates housing programs across the county and five towns including homebuyer education, financial support for homebuyers, and a hub for those looking to purchase deed-restricted housing.[50]

Local Housing Solutions, a housing policy clearinghouse, has many resources to help local leaders improve the affordability of housing, including an extensive set of resources to build public support for affordable housing.

4. INFRASTRUCTURE AND PUBLIC SERVICES

Amenity communities face unique considerations

Infrastructure and public services are the critical but often overlooked inner workings of any community. While these systems typically operate and exist without fanfare, they can become lightning rods of debate when they fail to keep up with the rapid population growth that often marks amenity destinations. Further, infrastructure costs are often paid for by residents, not visitors, and can contribute to a range of cost-of-living issues in amenity destinations.

Flathead County, Montana – an amenity destination and the fastest growing micropolitan area in the United States – provides a case at hand. Residents in Flathead County are grappling with the tradeoffs of building a new septage treatment facility. As the region's population has grown, land for dumping sewage from individual septic systems has become increasingly scarce, leading to concerns of illegal dumping. The proposed septage facility offers a regional solution, but residents have voiced concerns about its perceived negative impacts, ranging from siting issues and traffic to the price tag. The debate in Flathead County is indicative of the tough infrastructure decisions facing many amenity destinations.

Infrastructure decisions are both shapers and outcomes of political, socioeconomic, and environmental conditions. They can address or reinforce inequities, contribute to economic diversification, or lock communities into undesired trajectories. Inadequate or unmaintained infrastructure can lead to rippling problems within the community, eroding public health and safety, community wellbeing, economic development, and land conservation.[51] In some amenity communities new infrastructure planning may fail to address issues faced by lower income, older, or long-time residents. As such, infrastructure investments require strategic, coordinated, and long-term planning within the community and the region.

This section outlines the challenges associated with infrastructure and public services in amenity destinations while identifying strategies for proactive infrastructure planning and investments that enable people to live well together. For this report, we define infrastructure as the fixed capital assets that support critical community needs such as roads, water and wastewater systems, and electric supply. Public services include education, childcare, public health, public safety, emergency response, and other services that are funded by local governments and districts.

The table below summarizes challenges and solutions related to infrastructure and public services in amenity destinations.

CHALLENGE	SOLUTIONS	EXAMPLE
Planning infrastructure in places with rapid growth or seasonal population changes is complex, highly uncertain, and requires more coordination	• Use scenario planning and better data about visitation • Plan infrastructure holistically with other community goals	• Moab's focus on sustainable tourism
Large number of visitors requires more infrastructure and services than necessary for residents, but the cost is borne by residents	• Reinvest tourism taxes on infrastructure • Use priority-based municipal budgeting • Use innovative funding and financing	• Longmont, Colorado, uses priority-based budgeting
Infrastructure needs are regional, but decisions are local	• Coordinate regionally • Invest in creative partnerships	• Adirondack Community Recreation Alliance (part of Northern Forest Center) • Yosemite Area Regional Transportation System • Watford City partnership for affordable housing and daycare
Unaddressed infrastructure challenges create tension between locals and visitors	• Identify infrastructure solutions that address multiple community benefits • Invest in infrastructure that benefits locals • Measure and track community wellbeing, sense of place, happiness	• Northeast Kingdom • Moab, Utah • Bar Harbor, Maine

4. Infrastructure & Public Service

Planning infrastructure is challenging when costs and demand are uncertain

Local governments typically use growth and population projections to predict demand and then design infrastructure that will meet their long-term needs. However, in places experiencing rapid growth and/or seasonal swings in visitors these projections can be quite inaccurate. The uncertainties related to population projections make right-sizing infrastructure particularly challenging. Infrastructure investments tend to be expensive and long term, creating tradeoffs that stakeholders must weigh as their community grows and changes. Infrastructure that is under- or overbuilt can expose residents to unnecessary tax burdens and maintenance costs, inefficiencies within infrastructure systems, and even failures.

Unfortunately, the full costs of infrastructure and services are rarely accounted for in economic impact studies of tourism and amenity development. Costs to public services and infrastructure can be tricky to separate from routine costs, leading many communities to overestimate the economic value of tourism and/or fail to create systems to capture costs from visitors.[52]

For instance, the American Prairie Reserve, a large-scale conservation effort managed by a nonprofit in central Montana, has contributed nearly $39 million in economic development to the region since 2002.[53] However, this estimate does not account for the costs of gravel road maintenance and emergency services that local governments have had to absorb as a result of APR's activities. Cost-share or community benefit agreements could help address these gaps, but few assessments and tools are available to local governments to help them understand the full range of costs from tourism.

Solutions to planning with uncertainty

Use scenario planning and novel datasets

For amenity destinations trying to make infrastructure decisions despite uncertainty and varying population projections, scenario planning is a critical tool.[54] Scenario planning helps decision makers and residents imagine different futures and, consequently, different strategies for infrastructure.

In addition to scenario planning, investing in novel datasets can be useful. Amenity destinations need frequently updated data on how many people are visiting, when, and for how long to help them plan infrastructure improvements and maintenance. Novel datasets, such as cell phone data, can be useful for communities but can also be expensive. Nonetheless, accurate visitation data are critical for estimating the full costs and benefits of tourism. These data can then be leveraged for grant applications and/or can be used to justify the costs of capital improvements. In many cases the data can be used to proactively address inequity issues or the needs of vulnerable populations that were overlooked in older infrastructure and public service decisions.

Plan infrastructure holistically

Moab, Utah, is an example of a community that is tackling infrastructure challenges by planning holistically and long term. Water scarcity is a key concern for Moab residents given the area's desert ecosystem.[55] The city's water supply must service its 5,300 year-round residents, as well as a projected 2,500 new residents over the next 40 years and the 2 million visitors the region hosts annually. Tourists who stay overnight in Moab account for 16% of the city's commercial water use.[56]

To accommodate peak tourist season, the city invested in additional water storage capacity, including three tanks and several aquifers and wells, and is planning additional capacity projects in anticipation of more growth. Given the uncertainties of growth and expected climate impacts to its water supply, the city is rethinking its approach to water infrastructure. The city is using sustainable tourism principles to develop new initiatives to decrease overall demand, including incentivizing desert-compatible landscaping, water recycling, and other water conservation measures.

Infrastructure can reinforce inequities and limit future opportunities

Paradoxically, public infrastructure can become obsolete or overbuilt to the changing needs of rural communities.[i] When this occurs, the community can become locked into an undesired economic trajectory.[ii] Amenity destinations that are transitioning away from natural resource extraction may have legacy infrastructure that needs to be dismantled or transformed to meet new needs.

For example, Colstrip, Montana's economic dependence on coal has resulted in critical municipal infrastructure like water towers and streets that, due to their scale and operational costs, could limit the community's ability to diversify its economy beyond manufacturing.[iii] The expense of maintaining the older infrastructure simply overwhelms other community priorities.

Other amenity destinations may have derelict infrastructure or infrastructure that is widely seen as problematic – such as roads that divided neighborhoods – that exacerbate inequities. Addressing these legacy infrastructures is expensive and may take decades to realize. State and federal funding, such as the U.S. Department of Transportation's Reconnecting Communities program, can help offset costs. This work is key to creating more inclusive, diverse, and successful economies in amenity destinations.

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ii Freudenburg WR. (1992). Addictive economies: extractive industries and vulnerable localities in a changing world economy. *Rural Sociology*, 57(3), 305-332.

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Infrastructure needs are driven by visitors, but costs are borne by residents

Amenity destinations must build and maintain infrastructure and services for capacities that are far higher than their year-round populations. There is often a mismatch between who benefits from the infrastructure and services and who pays the costs—typically locals.

Further, infrastructure costs can be uneven year-to-year, compounding planning and budgeting challenges. When a threshold in population or visitors is crossed, the new infrastructure that might be needed can costs tens of millions of dollars. With few residents to foot the bill, funding and financing these projects and services can create significant challenges. Moreover, most state and federal funding sources available to local governments for infrastructure are for upfront costs with little funding available for operations, maintenance, and services.

Local governments rely on a mix of funding and financing tools to plan, build, and maintain infrastructure. Debt financing – including private loans, general obligation bonds, and revenue bonds – are the most common strategy that local governments employ for capital improvements.[57] Many of these funding and finance tools rely on property taxes and fees that are paid for by local property owners. Fiscal tools such as local option sales taxes, room and board taxes, and short-term rental taxes can be leveraged to capture revenue from visitors. Aligning tax and fee structures to capture revenue equitably is a top challenge for local governments in amenity destinations.

Infrastructure funding and financing strategies can create or reinforce inequities when revenue structures are misaligned. State policies can drive these misalignments. For example, many states limit the ways that local governments can raise and spend revenue, including limiting total debt amounts.[58] These fiscal policies can constrain local government flexibility and create significant challenges for meeting the infrastructure demands of a rapidly growing population.

The following communities exemplify the types of misalignments between infrastructure benefits and costs that can occur in amenity destinations:

- Bozeman, Montana, hosts an estimated 1.4 million overnight visitors annually. However, state fiscal policies prevent the city from having a local option sales tax. While the influx of tourists has significant impacts on public infrastructure, including on the road, water, and wastewater systems, the costs of maintenance and upgrades is footed by the residents – largely through property taxes. In this case, tourists are not paying for their fair share of costs associated with tourist impacts to public infrastructure. If Gallatin County (Bozeman's parent county) was able to implement a 3% sales tax on nonessential goods, it would raise an estimated $30 million in revenue to help offset these costs while ensuring that infrastructure costs are spread between visitors and residents.[59]

- Sturgis, South Dakota – a small town of 7,000 people – swells with more than 500,000 visitors during its famed summer motorcycle rally. To accommodate the influx, the Sturgis Police Department hires 10-day officers, expanding its workforce to become the third-largest department in South Dakota during the week of the rally. [60] The city budgets an extra $300,000 for police expense related to the rally – an expense that is offset by revenue from state and local taxes, sponsorships, and permits and fees related to the rally.[61,62] Meade County also has increased costs to its sheriff office but does not benefit from sales tax revenue due to state fiscal policies. Instead, it relies on vendor fees to offset its costs.

- West Yellowstone, Montana, is a gateway community for Yellowstone National Park. While its year-round population is approximately 1,100 people, the community hosts over 4 million visitors annually. The region's tourism puts an enormous stress on the community's services and infrastructure, including roads and wastewater.[63] The community's medical and first responder services are particularly stressed as most of the calls are related to tourism, but the expenses are paid for from local budgets.[64]

4. Infrastructure & Public Service

Solutions to misaligned revenue structures

Reinvest tourism taxes on infrastructure

Local governments should think creatively about how to justify spending tourism taxes and impact fees on infrastructure investments benefit residents and visitors. In some cases, this may require policy changes. For instance, Utah counties are required to spend 47% of their tourism tax revenue on tourism promotion, even though many of tourism-impacted counties have significant infrastructure needs.[65] Other revenue strategies that amenity destinations can put in place are impact fees and government surcharges. Some of these ideas are explored in this report's Fiscal Policy section.

Use priority-based municipal budgeting

Another way to ensure that infrastructure needs and community goals are being met is to use priority-based budgeting, which shifts municipal budgeting from a line-item strategy to budgeting by priorities. The method can illuminate how effective a local budget is at achieving its goals. This strategy has successfully been used to identify funding infrastructure and climate resilience projects in larger cities and is also being used by Longmont, Colorado, to find funding for infrastructure.[66,67]

Use innovative funding and financing

Local and state governments are increasingly experimenting with new funding and financing tools for infrastructure, including green and social impact bonds, public-public or public-private partnerships, revolving loan funds, and state infrastructure banks. These tools provide needed options for amenity destinations.[68]

This report's Fiscal Policy section details other ways a community can creatively raise and deploy funding.

Infrastructure and service needs are regional, but decisions are local

Many of the infrastructure challenges facing amenity destinations, such as transportation, are regional in nature.[69] However, decisions about infrastructure tend to be made at the local government level. This can create fragmented responses to infrastructure challenges that could be better addressed with a regional strategy. Thus, infrastructure shortfalls can be indicative of interconnected problems of governance as much as budgeting constraints.[70]

Traffic congestion and impacts to road infrastructure are a telling example. Poor road conditions and traffic are common complaints in communities with significant population growth and tourism. From an engineering and cost-efficiency perspective, road systems are usually not designed to meet peak demands. For decades, urban governments have invested in active traffic management and transportation demand management to diversify options and spread out peak traffic hours. Many of these strategies, such as investments in public transit, bike paths, and pedestrian infrastructure, have also been adopted in rural amenity destinations.

While roads are key for regional connectivity, their funding and governance are highly fragmented and decentralized.[71] State departments of transportation are responsible for state roadways, but at the local level counties, cities, and townships build, fund, maintain, and/or de-commission roads.

For the smaller local governments, road construction and maintenance costs are typically the largest expenditures in their budgets. State and federal sources for transportation funding can be unpredictable, making it hard to plan and coordinate larger solutions. The fragmentation in governance and funding sources heightens the risk that local governments will absorb costs associated with regional economic drivers beyond their control.[72]

As noted previously, although amenity destinations are often rural, they can experience planning and development problems associated with more urbanized areas. Yet research demonstrates that many of these local governments are staffed very differently from urban governments, often due to budget constraints. They often lack critical government capacity and expertise, such as full-time city managers and planners.[73]

Solutions to local capacity limitations

Tackling infrastructure constraints in amenity destinations requires rethinking governance structures and investing in local capacity. Amenity destinations would benefit from regional collaborations, as well as increased partnerships between public and private stakeholders, including tourist associations, nonprofits, private companies, and local, state, and federal agencies.

Coordinate regionally

Regional collaborations can provide coordinated solutions to the interconnected issues of growth, economic transitions, and infrastructure needs. Regional collaborations can range from simple intergovernmental agreements and shared personnel across multiple local governments, to more coordinated responses.

For example, the Adirondack Community Recreation Alliance is a regional coordinating initiative in New York that seeks to manage impacts from recreation while promoting sustainable forestry, infrastructure investments, and economic diversification.[74] In 2020 the group launched an Innovation Fund to invest in community-based recreation initiatives, including increasing connectivity and emergency rescue planning.

The Yosemite Area Regional Transportation System (YARTS) provides another example of how local governments can work together to solve infrastructure problems.[75] Merced, Mariposa, and Mono counties created the regional system through a joint powers authority in 2000 in response to growing traffic concerns around Yosemite National Park in California. Tuolomne County recently joined the agreement, and the Merced County Association of Governments manages its operations. Today, YARTS provides bus services to Yosemite National Park from gateway communities in six counties to help decrease traffic. Bus service is increased during the height of the tourism season to accommodate influxes in passengers.

Invest in unexpected partnerships

Partnerships between local governments, school districts, and private entities can also lead to creative solutions to infrastructure and service problems. For instance, Watford City, North Dakota, is the gateway community to the North Unit of Theodore Roosevelt National Park. In addition to tourism, the community faced significant pressures on its infrastructure and services due to rapid oil and gas development in the 2010s, including a lack of affordable housing and childcare. In response, the city partnered with the county, the local school district, and a private company to fund and develop affordable housing that included a public daycare.[76]

Unaddressed infrastructure and service shortfalls can deepen tensions between locals and visitors

Infrastructure provides basic services to communities, and problems can severely detract from quality of life. When infrastructure problems are blamed on visitors, it can deepen tensions between locals and visitors. In Bar Harbor, Maine, planning documents identify tourism as a primary driver of the economy but then acknowledge that "tensions within the community are prompting questions around the level of economic impact provided, taxes paid, amount of municipal services required, and perceived transportation and infrastructure impacts."[77] Mismatches between perceived benefits and costs of tourism can lead to divisions amongst residents about the community's direction and vision for growth.

Vermont's Northeast Kingdom provides another case in point. The Northeast Kingdom is home to Kingdom Trails, an extensive mountain bike trail system located predominantly on private land. Kingdom Trails attracts $10 million annually in economic benefits to a rural region of fewer than 10,000 people.[78] However, the region has struggled to keep up with traffic and congestion, creating tensions between trail users and locals. The conflict came to a head in 2020 when multiple landowners prevented access to their private land for biking.[79] In response, local and state government agencies are working with the nonprofit that manages the trails to help solve the infrastructure issues by creating more parking, a welcome center, expanded pedestrian infrastructure, and additional trails to spread out users.

Infrastructure limits can also be used strategically by factions within the community to limit growth. In Big Sky, Montana, constraints on the water system prevented new hook-ups. Residents who were opposed to additional growth in the community also opposed investments in a new water treatment plant. An unfortunate consequence of the water constraint, however, is that it contributed to high prices in Big Sky, pricing out workers. Despite some disagreement, the community is moving forward with a new water treatment plan that is also enabling a new workforce housing development to help address the housing shortage.[80]

Solutions to community tensions

Proactive infrastructure planning can ensure the community functions for everyone, helping to alleviate tensions between locals and visitors. In fact, tourism can allow rural communities to have expanded services and infrastructure beyond the typical rural community. This can create win-win scenarios for both visitors and locals.

Ensuring that locals benefit from tourism needs to be an intentional process. For instance, Moab's "Tomorrow Together: Vision & Strategic Action Plan" identifies the need to develop dedicated community infrastructure for locals, such as meeting spaces and events.[81] Investments in schools, libraries, meeting places and community facilities, childcare, and public transportation can help mitigate some of the negative impacts that locals may associate with visitors.

Communities can also build strategies to measure and track community cohesion. Standard community and economic development metrics will likely fail to capture the nuances of how well locals in the community are handling the community's growth and change. Alternative metrics and processes have been developed that can help local governments assess community wellbeing, sense of belonging, and happiness.[82] For example, Santa Monica's Wellbeing Index includes nontraditional metrics such as strength of local networks, equitable access to community spaces, mental health status of residents, and business diversity.[83]

Further, identifying the many facets of infrastructure decisions can build support for projects and form alliances among stakeholders that may seem unlikely. They can also create benefits that align with the amenities that make these places attractive for residents and visitors in the first place. For instance, when Big Sky, Montana's wastewater system was overwhelmed by demand, it created not only a public health problem but a water quality issue for the Gallatin River watershed.[84] Identifying the conservation benefits of the solutions helped build support for the project. Similarly, in Bar Harbor, Maine, plans to significantly upgrade pedestrian infrastructure may also decrease the community's greenhouse gas emissions, helping the community reach its sustainability goals.[85]

5. FISCAL POLICY

Fiscal policy encompasses all the ways that governments generate revenue from economic activity, like taxes and fees, and how governments use these revenues to pay for services like roads, schools, public safety, and hospitals.

To accommodate the pressures of growth, amenity communities will have to invest in programs, incentives, enforcement measures, and government capacity, all of which cost money. It is possible for fiscal policy to raise sufficient revenue for these programs equitably, ensuring that the burden of paying for the costs of government services is not borne disproportionately by residents, visitors, or the business community.

Amenity communities face unique considerations

Like municipal governments everywhere, the governments in amenity destinations often struggle to pay for the infrastructure, policy programs, and other services they need. Unique among amenity communities is the need to provide services for visitors, who far outnumber residents, while also conserving the amenity that is supporting the community. Some local governments suffer from legacies of dependence on single sectors and mismatched revenue. In many places, state policies hamstring local government options. This section explores some of these distinct fiscal challenges and solutions.

Without carefully considered tax policies, local governments will be unable to raise sufficient revenue, leading to diminished quality of life and degraded resources. Residents can also be left paying disproportionately for programs that benefit residents and visitors alike. This disproportionate burden can lead to higher cost of living, driving out current residents.

Amenity communities face several particularly acute fiscal challenges, including:

- Volatile tax revenue that does not keep pace with growth and a changing economy;
- Tax policies that exacerbate rather than ameliorate inequality; and
- Unique local needs not reflected in state fiscal policies and federal programs.

The table below summarizes the fiscal challenges and solutions amenity destinations are using to generate sufficient tax revenue. Each is further described below.

CHALLENGE	SOLUTIONS	EXAMPLE
Volatile tax revenue that does not reflect a changing economy.		
• Revenue is dependent on a single industry, creating vulnerability to disruption.	• Diversify revenue sources.	• Utah's Urban Wealth Fund
• Mismatch between historical sources of revenue and today's economic drivers	• Link revenue streams to existing economic drivers.	• Montana's resort tax
Tax policies that exacerbate inequality		
• Rising real estate values increase property taxes, pricing out locals	• Create real estate transfer taxes that can be reinvested locally in housing and conservation.	• Vermont Housing and Conservation Board • Massachusetts Community Preservation Act
• Fees imposed universally on residents help pay for services used by visitors	• Create a tourism improvement district and use revenue to offset costs created by visitors.	• Huntington Beach Tourism Improvement District
Local needs not reflected in state fiscal policies		
• Tax and expenditure limits prevent local governments from having enough revenue	• Allow local governments more tax options and local control over spending.	• Vermont and New Hampshire have strong tourism sectors and do not impost local limitations on property taxes.
• Rules for tourism-related taxes require marketing for more tourism	• Change the rules or interpret the rules more broadly so revenue can be used to support development and maintenance of tourism-related needs	• Utah Transient Room Tax • Bend, Oregon Sustainability Fund
• Federal funding tied to capital improvements	• Create federal resources for stewardship of resources	• SHRED Act

Revenue can be volatile and not keep pace with changes, creating long-term challenges

Amenity destinations often have a rapidly changing and growing economy. Rapid growth and a shifting economic foundation create two specific fiscal challenges.

First, communities that rely heavily on any one industry to support their economy are more likely to experience volatile tax revenue, making long-term planning difficult. When economic shocks or other disruptions like recessions, pandemics, or natural disasters occur, fewer people visit amenity communities. Decreased visitation will affect local businesses that rely on visitors, directly and indirectly.

For example, if a guiding service's clients cancel a trip, the guide is likely to postpone hiring a contractor for home repairs, the contractor will not purchase materials from a building supply store, and so on. Depending on the state's tax policies, these businesses will pay less in sales taxes, lodging taxes, income taxes and, if the community's real estate market dips, property taxes. Thus, the decrease in visitation reduces the tax revenue streams that rely on visitors, directly and indirectly. Decreased revenue will affect local government's ability to provide essential services to residents.

Communities with the most dependence on a particular industry and the fewest resources to weather revenue volatility are the most vulnerable to severe disruptions to local services. For example, the many Native American tribes whose tax base depends heavily on tourism to fund essential services like public safety were disproportionately affected when the COVID-19 pandemic drove tribes to close their lands to visitors to protect residents' health.[86] The Havasupai Tribe, in Arizona near the Grand Canyon, has been closed to visitors since the pandemic began and revenues from visitors dropped to zero. As the tribe developed plans to reopen in 2022, floods wiped out critical infrastructure.[87] The Havasupai Tribe's experience exemplifies the challenges that accompany dependence on a single economic sector.

The second challenge faced by quickly changing amenity economies is a mismatch between historic sources of tax revenue and today's economic drivers. States whose primary source of wealth historically has been commodity production can struggle when wealth is generated today from amenities or other sectors. Many amenity destinations have developed gradually as local leaders sought ways to diversify the historical economy that was dependent on the cyclical nature of commodity production. While the economies of these places have diversified, oftentimes the tax structure has not. Consequently, the bulk of state revenue oftentimes is reliant on commodity production, like severance taxes, royalties, and revenue sharing, and does not effectively capture revenue from today's sources of wealth, like real estate sales, visitor spending, and investment income.

When revenue is not aligned with how states generate wealth today, state and local governments will be underfunded. States provide revenue transfers to local governments to support critical services like education, public safety, and health services. Distribution formulas vary by state and by revenue types, but on average these transfers amount to nearly half of what local governments generate independently.[88]

Misaligned fiscal policy can also hinder economic diversification. For example, Wyoming's tax structure depends so heavily on fossil fuel revenues that new jobs created outside the energy industry, such as in recreation, technology, or health care, will not generate enough revenue to cover the costs of roads, public safety, or water infrastructure needed to support the growth. In other words, new non-energy jobs come at a net cost to state government.[89]

Solutions to address volatility and mismatch between economy and revenue sources

States and communities are pursuing fiscal solutions to promote economic diversification and tax revenue diversification and align revenue generation with wealth generation. Aligning state tax structure with today's sources of wealth better positions state and local governments alike.

In Montana, to improve the alignment between today's economy and sources of tax revenue and allow incentives for economic diversification, tourism-dependent communities can enact a resort tax. Incorporated towns with a population of less than 5,500 that the Department of Commerce has deemed "tourism-dependent" can levy a sales tax on lodging, restaurants, bars, and destination ski or recreation facilities. Voters in these communities both choose whether to enact the tax, the rate to set (capped at 3% of revenue, plus an additional 1% possible for infrastructure-specific projects[90]), and how to spend the revenue it generates. At least 5% of revenue must be used to offset local property taxes.[91] Currently 11 communities in the state have a resort tax and they use it for a range of needs, including property tax abatement, drinking water source protection, water treatment, trail maintenance, affordable housing funds, and local matches for loans and grants.[92]

Several aspects of Montana's resort tax system are ideal for amenity destinations. First, the revenue raised locally gets reinvested locally in a manner determined by voters. Second, the revenue is raised largely by tourist spending, ensuring that visitors fund programs that conserve the amenities and offset the impacts of visitors on the community. However, the benefits of this mechanism are limited to the places narrowly identified as resort communities. This means that the counties surrounding these communities, which provide public safety services like search and rescue, cannot levy a tax on visitor spending. It also prevents cities above the population threshold of 5,500, which are gateways to the resort towns and host many visitors each year, from generating revenue and offsetting local impacts from visitors. Additionally, the 3% cap may be too low for communities to raise sufficient funds to meet their needs. Finally, communities that use resort tax revenue to offset property taxes today without investing in other means of fiscal diversification can create an excessive dependence on tourism.

In Salt Lake County, Utah, leaders are evaluating a novel approach called an Urban Wealth Fund to diversify and increase public revenue that can keep pace with rapidly growing communities. In this approach, the local government identifies unused municipal properties, like parking lots or inholdings. Rather than selling these properties for market value, local governments retain ownership, partner with development entities, and retain an investment in these properties as a new revenue source.[93] Several U.S. cities are taking initial steps to evaluate the potential for an Urban Wealth Fund.[94] While current practices have focused on mid- to large-sized cities, the high property values in amenity communities could provide an untapped revenue opportunity in smaller towns.

The New Mexico State Land Office has undertaken projects in a similar vein on its state trust lands, retaining ownership of the lands but leasing the land to businesses and community organizations.[95] The State Land Office auctioned off a lease to a parcel in central Albuquerque for an affordable housing project for seniors. The project will generate revenue for the State Land Office and help meet the community's needs.[96]

Fiscal policies can exacerbate inequality

When residents bear a disproportionate share of the costs of growth, such as funding expanded infrastructure and public services through property taxes, a community's long-term residents can be displaced and economically excluded. Research has demonstrated how newcomers in rapidly changing communities are often better positioned due to education and social connections to take advantage of economic shifts, while many long-term residents are left behind.[97]

In amenity destinations, community leaders may be unable to capture sufficient revenue from the activities generating economic activity like retail purchases, guided trips, and hospitality. With insufficient revenues, services to support residents and visitors are cut, or their cost is borne through rising property taxes or fees.[98] Fees, such as water treatment, parks, or street improvement fees, often are regressive, as they are generally implemented as a flat fee rather than based on a person's ability to pay or use of the service or resource.[99] When amenity destinations implement fees on residents for services enjoyed by all (including visitors), the cost of living increases for residents.

As amenity destinations prosper, real estate and businesses attract outside investors, oftentimes leading to the consolidated ownership of local businesses and long- and short-term rental stock. For example, in Big Sky, Montana, two development companies own the vast majority of real estate and hospitality venues. When the ownership of businesses and properties is consolidated into a small number of companies there often are fewer opportunities for local business ownership and wealth building, and more competition to purchase properties.[100]

Solutions to improve equality using fiscal policies

Fiscal policies can be used to invest in residents' needs and help alleviate the inequality associated with rapidly growing amenity communities.

To help support home-grown entrepreneurs and small businesses, communities are establishing programs like business incubators and loan programs. For example, the Williston, North Dakota, STAR Fund provides funding for technical assistance to start-ups and small businesses, including funds to buy down interest rates for loans on property or equipment, renovate buildings, create quality-of-life enhancements in the community, or obtain licenses. The STAR Fund is funded by a 1% city sales tax and has supported 250 businesses since 2010.[101]

While an influx of wealth contributes to unaffordable housing, some states have targeted policies like real estate transfer taxes or deed recording fees that generate revenue to offset the negative impacts. Several states direct a portion these funds toward outdoor recreation-related infrastructure. For example, the Vermont Housing and Conservation Trust Fund, administered by the Vermont Housing and Conservation Board (Board), is unique in its coordinated focus on economic development, land conservation, and housing affordability. The state's real estate transfer tax rate, applied to all property sales, varies depending on property value and whether the property will be used as a primary or nonprimary residence. Buyers of primary residences pay 0.5% for the first $100,000 and 1.25% for any amount greater than $100,000. Buyers of nonprimary residences pay 1.25% of the sale price. The revenue is used to support grants or loans for municipalities and housing or conservation nonprofits, and the Board prioritizes projects that include elements of land conservation and housing affordability. By prioritizing projects that meet multiple goals, the Board has supported creative collaborations between housing and conservation advocates.

The Role of Property Tax Relief

Communities with rapidly increasing property values also face rapidly increasing property tax bills that can overburden residents.

To alleviate growing expenses for property owners, some communities look to property tax relief measures. For example, in Montana's communities that levy a resort tax, at least 5% of the resort tax revenue must be applied to reduce the property tax levy for the following year. Columbia Falls, the most recent community to pass a resort tax levy, uses 25% of its revenue to offset resort tax revenue.

While property tax relief can help alleviate rising housing costs, communities need to consider three important shortcomings.

First, reducing property tax rates does not increase housing supply, which is the primary driver behind rising housing costs. Communities that enact property tax relief without also developing a robust policy to increase the supply of housing limit the improvements they can make in the housing cost burden.

Second, the benefits of property tax relief are likely to go mostly to property owners, not renters. Because rents generally are fixed, with property tax expenses rolled into total rent, few landlords are likely to adjust rents up and down annually as property taxes fluctuate.

Finally, communities need diversified tax revenue streams. Places that rely on tourism revenue to offset property taxes that fund essential services will face fluctuating property tax bills and budget shortfalls when tourism drops, such as during a recession or after a natural disaster.

While property tax relief is an important tool to address housing costs, it must be used judiciously.

Statewide policies can incentivize local investments. In Massachusetts, the Community Preservation Act (CPA) was designed to create incentives for communities to prioritize their quality of life through investments in preserving open space and historic sites, investing in outdoor recreation facilities, and creating or maintaining affordable housing. Communities that participate in the program add a surcharge to their own property taxes, which then makes them eligible to receive matching funds from the state. Communities can also issue bonds against future revenue streams to fund large projects.

For example, Provincetown, Massachusetts, is an amenity destination at the far end of Cape Cod, an area dominated by second homes and vacation rentals where permanent residents struggle to find housing. The city used CPA funds to purchase and remediate a property downtown to create 50 housing units to serve year-round residents primarily earning low to moderate incomes.

Businesses that benefit from tourism also can lead the way in creating revenue streams that reduce tourism's impact. Tourism Improvement Districts (TIDs), modeled after Business Improvement Districts, allow hospitality businesses to assess themselves to raise revenue from their industry. The fees are passed on to visitors, appearing as "destination fees." While these largely have been used to fund additional destination marketing, TIDs could be structured to create a revenue stream to subsidize employee housing, transportation, or otherwise offset the high cost of living and working in amenity destinations.[102] The city of Huntington Beach, California, is using some of the revenue from its TID to fund electric shuttles in the downtown area to alleviate congestion.[103]

States and federal fiscal policies can limit local flexibility

States play a critical role by enabling or limiting municipalities' ability to creatively raise and save revenue. Many states limit the ways in which municipalities can raise and spend revenue, known as tax and expenditure limits (TELs). Some limit property tax rates or their growth rate;[104] others prohibit sales taxes entirely, or the goods and services that qualify for sales taxes;[105] and many states prohibit or otherwise limit local income taxes. These restrictions, intended to protect taxpayers from excessive or unjust tax burdens, can leave municipalities with insufficient revenue or the inability to adapt to a changing economy.[106]

Many states with lodging taxes limit spending of that revenue to only those activities that promote additional tourism. Many states restrict how revenue from tourism-related taxes can be spent, and often the requirements do not reflect current economic conditions. For example, in Colorado, many tourism destinations were inundated with visitors during the COVID-19 pandemic, and these communities did not have the hotel rooms, restaurant employees, or parking spaces to absorb new visitors. Despite the fact that communities were already exceeding visitor capacity, state regulations dictate that lodging tax revenue must be spent on tourism marketing and promotion.

Finally, federal policy and grantmaking often support one-time capital projects, such as expanding water treatment, rather than ongoing programs like operation and maintenance for the capital investments, or social services.[107]

The Role of Philanthropy

Many amenity destinations are fortunate to have residents who donate generously to local charitable causes. Funding through individual donations or private foundations can be particularly powerful in places where state policies limit municipalities' ability to raise and spend revenue.

While philanthropic dollars support a wide range of activities, the amount of funding reflects donors' greatest interests, not necessarily the community's greatest needs. In wealthy communities like Jackson Hole, Wyoming, for example, organizations that address the environment and the arts are far better funded than social service organizations.[i]

Communities that can channel philanthropic dollars toward the community's greatest needs will be better positioned to leverage philanthropic opportunities.

One mechanism is via community foundations, grantmaking organizations that pool donations from individuals, private foundations, and businesses. Community foundations take a more holistic perspective of a community's charitable needs and allocate grants to local organizations in a manner that reflects the values of the community rather than individual donors. The success of these organizations, particularly in rapidly growing communities, depends on a well-balanced board comprised of long-time and newer residents reflecting a range of perspectives.

Philanthropic dollars are also well-suited to finance revolving loan funds (RLFs). These funds can be used to finance the construction of affordable housing, preserving foundation endowments while lowering borrowing costs for builders. RLFs also can be used for upfront costs on projects that are funded by grants that reimburse expenses.

i Farrell, J. (2021). Billionaire wilderness: The ultra-wealthy and the remaking of the American West (Vol. 24). Princeton University Press.

Solutions that allow communities to creatively raise and spend revenue

Amenity communities can advocate at the state and federal level for greater flexibility in how they can raise and spend revenue locally, expanding their ability to reinvest revenue to address local needs.[108]

Amenity communities have been working to find more flexibility with how they can spend tourism-related revenues by both changing the enabling legislation for the tourism-related taxes and by interpreting the regulations around those taxes more expansively.

Municipalities must have the flexibility to spend revenue in a manner that reflects the community's needs in its amenity-based economy. For communities early in developing their amenity economy, this could include developing facilities like trailheads and wayfinding, or promoting the area's attractions. For communities that are established amenity destinations, the revenue may best be used by expanding infrastructure like wastewater treatment facilities, supporting affordable housing programs, or increasing funding for public transportation or public safety like search and rescue.

Leaders in Grand County, Utah, home of Moab, were able to advocate to change state law governing the allocation of the transient room tax to shift a greater share of revenue toward mitigating the impacts of tourism in gateway communities and supporting economic diversification activities.[109] Revenue used to mitigate the impacts of tourism primarily is spent on law enforcement and search and rescue. Economic diversification activities include a grant program for small businesses, a small business resource center run through Utah State University, free business planning classes, and a revolving loan fund.[110]

Leaders in Colorado resort communities have been working to change state legislation and enable local voters to direct how lodging tax funds are allocated.[111] Though legislation has not yet passed, resort communities continue to elevate the need to change state policy and make it easier for communities to apply this revenue where it is most needed.

Bend, Oregon, allocates a portion of its lodging taxes to the Bend Sustainability Fund. Any community organization is eligible to apply for grants to "protect, steward or create a tourism-related facility with an impactful life of greater than 10 years." While the facility must have substantial use from visitors, the term "tourism-related facility" is interpreted broadly to include constructing new trails, improving the quality of beginner cross-country skiing trails, and improving trailheads and signage to better disperse visitors. As of 2022, the program awarded $2.3 million to 17 projects.[112]

In Taos, New Mexico, where wildfire risk is severe and growing, the city is using funds from lodging tax revenue, which dictates that revenue must be spent on tourism promotion, to restore nearby forests.[113]

As recreational use of public lands has increased, recreational budgets have not kept pace. This mismatch has led to resource degradation, poorly maintained trails and trailheads, and lax enforcement of rules for recreation facilities. For communities that depend on outdoor recreation attractions on nearby public lands, insufficient budgets to manage recreation on public lands poses a threat to their economic well-being.

Some communities, like Eagle County, Colorado, where Vail is located, have recognized the threat this poses to their amenity-based economy and have used local tax dollars to pay for U.S. Forest Service staff to monitor trails and campgrounds.[114]

Lawmakers also have proposed legislation that would retain more revenues at the Forest Service units where recreational permit fees are generated. Currently revenue from recreational fees, such as those paid by ski areas, go to the U.S. Treasury. The Ski Hill Resources for Economic Development (SHRED) Act,[115] in committee as of late 2022, would keep 75% of those fees on Forest Service units that generate $15 million or less, or 60% for those units that generate more than $15 million. These funds could be used by the Forest Service unit to support activities related to visitor experience and administration of ski areas, wildfire preparedness, avalanche information and safety, and general recreation management. Legislation like the SHRED Act could provide units with sufficient funds to manage recreation well, reducing the burden on local governments to support management on public lands.

Recently the Census Bureau redefined "urban" communities to consider housing units as well as population. This change could bump resort communities with low population but a high number of second homes into the urban category. Reclassified as "metropolitan," these places will have access to federal funding sources only available to urban areas such as transportation planning.[116]

6. NATURAL DISASTERS

As disasters like wildfires and floods become increasingly common, the underlying amenity trap challenges intensify and the need for solutions becomes more urgent. While much of the world is increasingly exposed to natural disasters like flooding and wildfire, amenity communities face severe hazards because of their inherent proximity to natural areas. Because the economies of amenity destinations depend on their natural environment, disasters are particularly disruptive. Natural disasters affect many aspects of life in amenity destinations, including the three other focal areas for this report: housing, infrastructure, and fiscal security.

In places where affordable housing is already difficult to come by, a severe natural disaster can further wipe out housing stock and increase the cost to insure the housing that remains. The impacted communities, along with nearby communities, see a significant rise in rental costs as people seek temporary housing while they rebuild. Mobile and manufactured homes, an important component of many communities' affordable housing stock, are more likely to be damaged during floods and wildfires, and residents are less likely to have insurance or other funds to rebuild. The effects are felt well beyond the immediate communities impacted by fires and floods as communities throughout the region experience rapid growth from displaced residents, placing unanticipated demands on schools, roads, and wastewater treatment.

Natural disasters often damage other critical infrastructure as well, and the uncertainty and intensity of climate-related disasters make planning and funding more challenging. Commonly, amenity communities have smaller populations and limited tax revenue to pay for the maintenance and upgrades needed to withstand disasters. For communities that depend on tourism, disrupted services such as providing drinking water and wastewater treatment will limit their ability to host visitors. In Gardiner, Montana, for example, visitors and residents were unable to consume municipal water when floods damaged the town's water main.[117]

Communities with overly specialized economies are more vulnerable to disruption. This is true of amenity communities whose tax base depends largely on tourism-related activities to fund essential services. For example, in the aftermath of the Yellowstone River floods in 2022, lodging tax revenue declined by 92% in Gardiner, Montana, compared to July-September in 2021.[118]

Solutions to reduce disruption from natural disasters

The increased frequency and severity of natural disasters adds urgency to the solutions highlighted elsewhere in this report. Amenity destinations must anticipate that a changing climate will affect their ability to house residents and visitors, infrastructure needs, and fiscal health. Five critical solutions are highlighted here.

Build homes less vulnerable to disasters.

As amenity destinations increase their housing supply, they must seek ways to minimize risk from natural disasters. Towns can avoid new construction in areas of highest risk and build structures that are resilient to disasters. This might include requiring wildfire-resistant construction[119] and elevating housing in areas of flood risk.[120] For example, Chelan County, Washington, is at the forefront of communities developing a comprehensive policy to make housing less susceptible to wildfire through detailed risk assessment, zoning, regulations, and voluntary measures.[121]

Invest in infrastructure to reduce risk

Communities across the country are investing in projects that reduce natural disaster risks and build climate resilience. From increasing water storage to building microgrids to reducing wildfire fuels, climate adaptation infrastructure projects are growing in popularity because they improve safety and reduce the impacts of future disasters. Many mitigation solutions create additional community benefits such as improving water quality and access to nature trails, making them especially smart investments for amenity communities.

Create plans that improve resilience and address equity.

Communities experiencing amenity-related growth have an urgent need for proactive and inclusive planning, including for land use changes, economic development, and emergency management. Given the inequities that can exist in amenity communities, local government should prioritize efforts to protect vulnerable residents. Development, hazard mitigation, and emergency management planning documents can address not only where natural hazards are likely, but where vulnerable populations may experience disproportionate impacts. Inclusive engagement is especially important, but amenity communities often have populations that are hard to reach, including second homeowners and visitors, older residents, migrant laborers, and mobile home residents. Creating engagement processes that include these voices is challenging but key for directing the community's future growth in ways that benefit everyone. Many tools are available to communities to help identify vulnerable populations, including Wildfire Risk to Communities, Neighborhoods at Risk, and FEMA's Resilience Analysis & Planning Tool.

Invest in capacity

Amenity communities experiencing rapid growth can become overwhelmed and forced into a reactive mode. Communities often need to hire additional staff or even create new departments within local governments to respond to changing demands and enable proactive decision making. Communities with limited resources may need to think creatively about how to expand local capacity without adding large expenses. For example, multiple communities may invest in a shared staff position such as a grant writer or a resilience coordinator. Joining a regional project or initiative to address hazards, such as flood or wildfire risk, is another way to add capacity at the local level.

Diversify revenue

Communities that can diversify their revenue streams and save for a rainy day will be better able to withstand disruptions from natural disasters. Disaster aid often is based on population; reforms to state and federal programs that recognize the unique challenges faced by amenity destinations with a high number of visitors and second homeowners can help these communities fund infrastructure to meet their needs.[122]

7. CONCLUSION

Amenity destinations can benefit greatly from tourism and economic growth, but those benefits can also lead to painful challenges, particularly in housing, infrastructure, fiscal policy, and disaster resiliency. To address these negative impacts local leaders need latitude to experiment with new policies and partnerships. It is vital that state and federal policy recognize this need for local flexibility. There is ample evidence from around the country that local leaders can bring solutions to their communities when they can be creative.

The benefits of amenity communities are enjoyed by both residents and visitors, but all too often, it is residents who bear the costs of amenity-related growth. When these costs are borne equitably by residents and visitors, a community is more likely to avoid the negative consequences of rapid growth or overbearing waves of tourism.

In fact, aligning solutions with the very forces behind the challenges can be one of the most successful strategies for amenity communities. Just as spreading costs across visitors *and* residents can better preserve infrastructure and affordable housing, so too can land use policies alleviate the impacts of sprawl and enhance public land access. Business incubators and loan programs can encourage homegrown entrepreneurship, alleviating inequality as well as workforce challenges. Aligning revenue generation with wealth generation can give communities the resources they need to adapt to growth.

Above all, proactive action is required for amenity communities to maintain the qualities that make them great. These places have a vibrancy that depends on protecting the very things that attract people to live and play there. Once amenities begin to erode, it can be very difficult to get them back.

Each community will need to build its own set of solutions, applying strategies that work for its population size, culture, and urban or rural setting, as well as leveraging regional and state resources. Communities across the nation are using dozens of approaches to reap the benefits of amenity-rich locations without sacrificing fiscal health and community well-being. We have a tremendous opportunity now to share solutions and avoid the amenity trap.

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City of Homer

www.cityofhomer-ak.gov

Memorandum

TO:	Mayor Lord and Homer City Council
FROM:	Melissa Jacobsen, City Manager
DATE:	November 21, 2024
SUBJECT:	City Manager's Report for November 25, 2024 Council Meeting

Harbor Float Replacement Not Selected for Competitive Port Infrastructure Development Program Grant Funding

I regret to inform the City Council that our application for the Homer Harbor Critical Float Replacement project was not selected for federal grant funding through the FY24 Port Infrastructure Development Program (PIDP). The following link will take you to the Maritime Administration's awards announcement: https://www.maritime.dot.gov/newsroom/investing-america-biden-harris-administration-announces-nearly-580-million-ports. The only large project awarded in Alaska was for the Don Young Port of Alaska to replace a cargo terminal. Five small awards, ranging from $9 million to $11 million were also awarded to Alaska projects.

This was the City's second submission to the program. Our FY23 application scored well and made it to the Secretary of Transportation's desk, and revisions were made to the FY24 application based on agency feedback and suggestions from the Maritime Administration's Pacific Northwest and Alaska Gateway director, but was ultimately not awarded funding. Funding of the PIDP under the Federal Infrastructure Improvement and Jobs Act will continue through 2026; staff will request a debrief from the Agency to learn about areas to improve competitiveness of a potential third application, which could potentially be requesting a lower grant amount for System 4 only.

The Homer Harbor Critical Float Replacement Project was successful in garnering Denali Commission and potentially appropriation funding for design, environmental review and permitting activities, which could help another application's PIDP competitiveness. Staff is currently working with the Denali Commission on a grant award agreement, which will come to Council for consideration in early 2025. Maintaining the port and harbor float system infrastructure is a top priority, and we remain committed to seeing these improvements through. As we look ahead, we recognize the valuable role our Congressional Delegation plays in federal funding decisions. Engaging our federal legislative advocates more extensively in future grant applications may help strengthen our position in these competitive processes.

Utility Billing Software

The City has successfully transitioned to Xpress Bill Pay to accept secure online water and sewer bill payments. Customers are encouraged to pay their utility bill online automatically, and those who already had autopay set up will need to set up an Xpress Bill pay account before December 15th when the next bills are due. Easy to follow instructions are on the City's website https://www.cityofhomer-ak.gov/finance/create-log-and-make-utility-payments-xpress-bill-pay or contact the Finance Department at 907-435-3114 during regular business hours.

November 16 Storm Surge and Coastal Erosion

On Saturday afternoon, November 16th, the west side of the Homer Spit was hit with a 23-foot-high tide and strong southwesterly winds sending waves up and over the Homer Spit Road damaging the road, depositing debris on the bike path across the street, damaging buildings, and severely eroding an area of the beach past just past the revetment wall.

We really appreciate the State's quick and coordinated response to make repairs to road, and QAP and their team who were quick to staff up and get rock delivered and placed to secure the roadway. I'd like to give a shout out to our Fire Department, Police Department, Port and Harbor and Public Works staff for their speedy response to manage traffic immediately following the tidal event and to respond at the affected areas to ensure utilities were intact and look for immediate potential safety issues. A team from State Emergency Operations Center and Kenai Peninsula Borough Office of Emergency Management were onsite Wednesday to conduct a preliminary assessment and initiate coordination with other entities who can assist with recovery.

Attachment:

- Revised FY26/27 Budget Development Schedule
- Employee Anniversaries December

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Memorandum

TO:	Mayor Lord and Homer City Council
FROM:	Melissa Jacobsen, City Manager
DATE:	January 8, 2025
SUBJECT:	City Manager's Report for January 13, 2025 Council Meeting

Surplus Sale

Sealed bids for City surplus equipment are being accepted through Wednesday, January 22. For full details visit, www.cityofhomer-ak.gov/cityclerk/city-homer-surplusequipment-sale-winter-2025 . Looking ahead to future surplus sales I've asked the City Clerk to research some online auction platforms, such as Ritchie Brothers and Alaska Premier Auctions where the City can upload the information and the auction company facilitates the online bidding and collection of payment. My understanding is the auction company retains a portion of the sales and submits the balance to the City. For the amount of staff time for the Clerk's office to manage these surplus sales, we may find a savings. This also has the potential to expand our pool of bidders. More to come!

Digitization of the *Homer News* Completed

In late October the Library shipped the entire collection of the *Homer News* on microfilm to Ancestry.com, who spent a couple months scanning and indexing the materials. The archive from 1954 to 2021 is now available online. It can be accessed from any computer in the Library or a personal subscription to Newpapers.com.

Library Author Talk and Award Presented

On Dec. 17, Tom Kizzia and Rich Chiappone visited the library to talk about history and writing, drawing a crowd of 63 people. Tom Kizzia was presented with a State of Alaska legislative citation honoring his contributions to Alaskan literature. The award was presented by Representatives Andrew Gray and Sarah Vance.

Notable Work Anniversaries

In December we had two notable work anniversaries to celebrate. Chief Robl celebrated 40 years with the City and Bryan Hawkins celebrated 25 years with the City. Your commitment and excellence over the years have made a lasting impact—thank you both for all that you do!

Celebrating Kristen Faulkner

On Dec. 27, the City partnered with the Chamber of Commerce for an event celebrating Kristen Faulkner, Homer's very own Olympic medalist! On a visit home for the holidays, Kristen welcomed the community to Homer High School Mariner Theatre for a heartwarming Q&A session, with Jim Anderson, Jon and Sara Faulkner, and former Mayor Ken Castner. Kristen was presented with a City of Homer Award of Excellence from former Mayor Castner. She was also presented with a State of Alaska legislative citation from Representative Sarah Vance.

Karen Hornaday Park Campground

With the recent mild winter weather Parks Maintenance Coordinator Chad Felice has been able to do some cleaning up at the Karen Hornaday Park Campground. The campground has been closed for a few years and the alders have taken over the campsites and roadway. Prior to the closure the City was having problems with illegal camping and other activities in the campground because the amount of alder and brush made it easy to hide out. The City has also heard feedback that the overgrowth made the park area feel unsafe for the kids playing on the playground. With the help of Public Works equipment operators, work is being done to selectively clear out the alder overgrowth and open up lines of sight around the campground. I walked the area with Chad, Public Works Superintendent Mike Zelinski, and Public Works Director Dan Kort this past Wednesday. Most campsites now have great views so campers can see the bay, watch a ballgame, or see their kids on the playground, and there will still be some buffer between campsites when the trees and remaining alders leaf out in the spring and summer. When the selective alder clearing is complete there will be areas where Parks can make improvements with landscaping and selective tree plantings. Stump removal around the campground is planned, along with some additional clearing and ditching below to help with drainage. We will be discussing options for opening the Karen Hornaday Campground during our departmental budget discussions, with a timeframe still to be determined.

There have been questions about some clearing that has been done near the park area on the hospital side of Woodard Creek. The City is not working in that area; it is right of way clearing along the power lines by Carlos Tree Service for Homer Electric Association.

Landslide Hazard Susceptibility Reporting

The Alaska Division of Geological & Geophysical Surveys (DGGS) has finished mapping landslide hazard susceptibility for the City of Homer and nearby Kachemak City. These maps are designed to help local officials and the public better understand areas that could be at risk for slope failures. They're also meant to support long-term regional planning, boost resilience, and guide updates to Homer's Comprehensive Plan.

While the maps don't predict future landslides, they highlight spots where landslides have happened in the past and recommend areas where further geotechnical studies might be needed, especially if development is planned.

Attachments:

State of Alaska Press Release DGGS publishes Homer landslide hazard susceptibility maps
Landslide Hazard Susceptibility Mapping in Homer, Alaska Executive Summary
Landslide Hazard Susceptibility Mapping in Homer Report
Landslide Maps

ECONOMIC DEVELOPMENT ADVISORY COMMISSION
2025 Calendar

	AGENDA DEADLINE	MEETING	CITY COUNCIL MEETING FOR REPORT*	ANNUAL TOPICS/EVENTS
JANUARY	Wednesday 1/8 5:00 p.m.	Tuesday 1/14 6:00 p.m.	Monday 1/27 6:00 p.m.	• City Budget Review/Develop Requests *may be n/a during non-budget years • Land Allocation Plan Review • KPEDD Industry Outlook Forum
FEBRUARY	Wednesday 2/5 5:00 p.m.	Tuesday 2/11 6:00 p.m.	Monday 2/24 6:00 p.m.	• KPC Job Fair
MARCH	Wednesday 3/5 5:00 p.m.	Tuesday 3/11 6:00 p.m.	Monday 3/24 6:00 p.m.	• Clerk Reappointment Notices Sent Out • Update from Public Works Director • KPEDD CEDS Review
APRIL	Wednesday 4/2 5:00 p.m.	Tuesday 4/8 6:00 p.m.	Monday 4/14 6:00 p.m.	• Terms Expire April 1st • Advisory Body Training Worksession
MAY	Wednesday 5/7 5:00 p.m.	Tuesday 5/13 6:00 p.m.	Tuesday 5/27 6:00 p.m.	• Annual Review of Commission's Bylaws • Election of EDC Officers
JUNE	Wednesday 6/4 5:00 p.m.	Tuesday 6/10 6:00 p.m.	Monday 6/23 6:00 p.m.	• Comprehensive Plan Review
JULY	No Regular Meeting			
AUGUST	Wednesday 8/6 5:00 p.m.	Tuesday 8/12 6:00 p.m.	Monday 8/25 6:00 p.m.	• Capital Improvement Plan Review • Update from Public Works Director
SEPTEMBER	Wednesday 9/3 5:00 p.m.	Tuesday 9/09 6:00 p.m.	Monday 9/22 6:00 p.m.	• Workforce Development Speaker
OCTOBER	Wednesday 10/8 5:00 p.m.	Tuesday 10/14 6:00 p.m.	Monday 10/27 6:00 p.m.	• Annual Review of EDC's Strategic Plan/Goals & BR&E
NOVEMBER	Wednesday 11/5 5:00 p.m.	Tuesday 11/11 6:00 p.m.	Monday 11/24 6:00 p.m.	• Chamber's Annual Presentation to EDC • Approve Meeting Schedule for Upcoming Year
DECEMBER	No Regular Meeting			

*The Commission's opportunity to give their report to City Council is scheduled for the Council's regular meeting following the Commission's regular meeting, under Agenda Item 8 – Announcements/ Presentations/ Borough Report/Commission Reports.

HOMER QUALITY OF LIFE

City of Homer Economic Development Commission

September 2022

Background

The City of Homer Economic Development Advisory Commission has an ongoing goal of defining what is positive economic growth for Homer, and how it leads to the quality of life and growth outcomes desired by the community. The Commission has begun working on this goal by conduction a SWOT analysis - strengths, weakness, opportunities and threats- for Homer's quality of life. There are four board categories included in this document: Business Climate, Built Environment, Natural Environment and Social Climate. As the Commission discovered, it's the people who make Homer, Homer. This analysis is offered as a gateway to a larger community conversation about Homer's future as a place to live, work and thrive as we proceed to Homer Comprehensive Plan.

Acknowledgments

Economic Development Commission
Karin Marks, Chair
Nicole Arevalo
Deborah Brown
Jay Cherok
Luke Gamble
Hazel Pearson
Adele Person
Tulio Perez
Debbie Speakman

Staff
Julie Engebretsen, Economic Development Manager
Rachel Tussey, CMC, Deputy City Clerk II

QUALITY OF LIFE

Strengths

- Small town feel and scale
- Eclectic businesses, buildings and people
- Wide variety of locally owned small businesses
- Integrated town with outdoor environment
- Connected community with vibrant cultural and business groups

Weaknesses

- Lack of worker support: Housing, Childcare, Training.
- Difficulty for early to mid- career residents to thrive
- Some infrastructures is in need of repair (roads) or expansion - storm water + green infrastructure
- Local regulation is not resulting in the patterns and development the community would like to see.

Opportunities

- Encourage multi-family housing
- Increase ease of walking and biking
- Collaborate with community partners on habitat, climate, erosion and other natural environment issues that impact quality of life
- Find ways to keep young or returning residents in the community

Threats

- Difficult to recruit new talent
- Poor retention of workers
- Loss of town/wildlife interface
- New residents may not become involved in the community; slow loss of volunteer run organizations, events and services; Risk of gentrification; becoming a community of empty households.
- Costs of living and doing business

Business climate

Strengths	Variety of businesses and activities.	Working town with rich history.	Lots of jobs for entry level workers.	Small, locally owned business are the majority; few chains.	Vibrant cultural community that has rich opportunities for arts, sports, music, gathering, education, and entertainment.	Community that is growing and maturing, that is developing opportunities for families, businesses, visitors, but at a pace that does not create change so quickly that what is here is lost or displaced.
Threats + Weaknesses	Low availability of vocational training.	Not enough homes available for sale or rent to meet the demand. Affects the work force and tax paying residents.	Lack of year round affordable housing. Problem for entry level and low income workers, and also potential future middle income workers. Losing the potential to build up the work force due to entry/early hurdles.	Cost of living and doing business here is increasing. Harder to live and move here. (food, housing, development, energy costs).	Risk of over-regulation. Potential mis-match between level of local regulation and community desire for regulation.	Uncertain energy supplies and future prices (natural gas in Cook Inlet).
Opportunities	Tax breaks could encourage growth by certain groups that could improve commerce. A tax break to encourage certain business activities, such as construction of multi family homes.	Solicit developers (could be from outside of Homer) to build multifamily housing.	Keeping youth in the community and providing skills training to grow the local work force. Kachemak Bay Campus, voc tech training/apprenticeship programs , and partnerships with existing businesses such as NOMAR, Bayweld and other small manufacturing operations are all opportunities.		Promote policies that are favorable to economic growth (tax environment, seasonal labor initiatives, etc.).	Balance growth with cohesive town "feel."

Built Environment - Town buildings and infrastructure

Strengths	Eclectic, organic feel to the town. Human scale buildings.	Integrated town with the outdoors - can observe wildlife (moose, eagles) and be in nature.	Small town feel and scale.	Multiple economic zones; Homer Spit, spit trail & boardwalks, Pioneer Ave, Old Town, Ocean Drive, East End Road.	Wild spaces - less manicured yards, trails in town, remote access opportunities to the back country and across the bay.	Unique houses, not cookie cutter.
Threats + Weaknesses	Lack of mechanisms to pay for growth or balance the pace of change.	Infrastructure - road system in need of repair, limited access options. Storm water management is a growing issue.	Lack of housing including multi family housing and creative ideas for seasonal housing.	Low density can cause sprawl; cost of utilities and infrastructure increases as a result.	Lower levels of energy efficiency, at risk for pricing swings in energy prices.	Cookie cutter buildings/strip mall.
Opportunities	Accommodate population growth with zones of increased density & reduced commute. Encourage ADU's (Accessory Dwelling Units).	Use the City HART Fund wisely to address roads maintenance + trails.	Increase walkability/biking. Promote an easy flow of people whether they walk, bike or drive within the community, with wayfinding. Plan for all transportation modes to keep the small town feel and the opportunity to meet.	Manage growth wisely, such as road and infrastructure planning with new subdivisions, planning for pedestrian and storm water drainage, and rezoning to allow more housing and tiny homes.	Collaborate with the Homer Chamber of Commerce to help maintain focus towards building up our local small businesses across sectors.	Aesthetics: Use some natural living landscape to break up box store type look. Blend built environment with nature.

Natural Environment

Strengths	Natural beauty	Community connection to outdoors, nature, skiing and beaches in the same day.	Coastal living - maritime culture of sport and commercial fishing and water based activities	Abundant and pristine natural resources.	Large areas of park and public lands surrounding Homer.
Threats + Weaknesses	Human affect on natural environment. Pollution, overfishing, lack of crab in K Bay, warming climate.	Development of lands without consideration of wildlife/habitat corridors, wetlands (salmon habitat, water connectivity) + groundwater + storm water flow channels.	Destruction of built and natural environment. Storm drains and roads based on 1970's planning and engineering ideas.	Oil + gas lease sale potential in lower cook inlet.	Fisheries: closure of lowed CI salmon fishery, other declining or poorly managed fisheries. Large vessel trawl fleets. (threat to marine economy, wealth + culture).
Opportunities	Local potential for use of alternative energy sources from Tidal energy to household heat pumps.	Study groundwater to increased understanding of this local resource and the ability to plan for the natural environment.	Collaborate with partnerships to create connected greenspace for trails, water management, and wildlife. Purchase or preserve key habitat locations.	Identify wildlife and habitat corridors, and take steps to maintain the health of local fish and wildlife within these corridors.	Fisheries: City could be participating more in partnerships that aim to identify solutions to bycatch issues.

Social Climate

Strengths	Community has many social connections between residents, and also with the natural environment.	Small business and small non-profit, integrated nature of the community (fundraising, meeting community needs).	Community feeling: People are here by choice at the end of the road.	Eclectic nature of the town and people	Safety - low crime	Diverse and rich heritage.	"Work from Anywhere" trends increasing nationally to benefit novel living locations.
Threats + Weaknesses	Cost of living does not support middle/low income work. Median income 60K, Median House costs of $20K/year	Many young families need to work outside of Homer to live year-round. Childcare difficult to obtain.	How to entice mid-career small business owners to move to Homer, and have all new residents embrace Homer culture.	Explosive growth (outside wealth outpacing local population) second homes, short term rentals, rapid change.	Addiction education - need for resources, outreach, networking.	Risk of losing the full character of Homer. Not talking to enough people about Homer's future.	Not a very age - diverse population. Unbalanced demographics. 20% of the population over 65. Increasing rate of snowbirds.
Opportunities	Provide education on what government does. Highlight what makes Homer a unified community.	Educate the community on how decisions will impact taxes, utility rates, and cost of living as Homer grows.	Use social appeal to support businesses in obtaining out of area workers. Resource in helping get H2B & vetted workers.	Art/murals/ landscaping as a draw for downtown, in a thoughtful way. Could encourage more businesses participation, cost sharing	Partner w NTC or SVT on community health, well being & cultural heritage. They have other funding streams not available to the City.	Revisit the Parks, Art Rec+ Culture needs assessment, and potential city partnerships with other organizations	Provide a spectrum of housing for all residents: housing first.