

Homer More Than a Fishing Town

An economically diverse city at the end of the road



The city of Homer was inhabited long before its namesake, Homer Pennock, arrived and lured other settlers with the ultimately unfulfilled promise of gold.

Alaska Natives had used the area's bountiful natural resources for thousands of years before Russians first arrived seeking fish, furs, and trade. After the Russians came the beginning of coal mining, then the 1896 arrival of gold mining company promoter Pennock.

Homer's beginning as an official city started with a roar. In 1964, the Good Friday earthquake destroyed the port and caused the Homer Spit to sink 2 to 8 feet into the water. Homer became an incorporated city four days later, on March 31, and the port was eventually rebuilt with federal funds.

Today, the southernmost town on the state's contiguous highway system is a growing and economically diverse community. Since 2000, the city has added residents at an average rate of 0.6 percent annually for a 2012 population of about

5,200. In 2005, the growing town finally got its first traffic light.

Despite some similarities to the rest of the state, Homer has key differences in industry makeup, income, and demographics.

Older and less diverse

Homer has grown in past years from attracting new residents as well as from births. The 2000 and 2010 censuses show approximately 2,000 adults between ages 25 and 54 moved to the area and often brought children with them. Like much of Alaska, more 20-to-24-year-olds left than arrived, which is typical for young people everywhere when they pursue outside job opportunities or further education.

Though Homer isn't a retirement community, it does have an older population — a high percentage of people between 55 and 74 moved to Homer over the last two decades, reflected in the area's higher median age of 44 versus 33.8 for the whole state. (See Exhibit 1.)



This aerial photo shows the Homer Spit. Photo courtesy of the Alaska ShoreZone Program, National Oceanic and Atmospheric Administration, National Marine Fisheries Service

Homer stands out in other ways as well. Its population is overwhelmingly Caucasian — over 90 percent on average between 2007 and 2011 compared to 67 percent statewide — with just 5 percent Alaska Native or American Indian residents versus 14 percent statewide. Less than 1 percent were black and just one-tenth of 1 percent were Native Hawaiian or Pacific Islander.

Homer also has a large population of veterans despite being nowhere near a military installation. Its veteran residency rate is 14.2 percent — slightly less than the state as a whole but much

higher than the nation's 9.1 percent.

Some costs are higher

Many facets of everyday life cost more in Homer than in the encompassing Kenai Peninsula Borough or Anchorage. (See Exhibit 2.) Food costs in 2008 were 13 percent higher than in Anchorage while transportation and clothing cost 20 and 21 percent more, respectively.

The highest relative costs were for utilities and airfare, at 63 and 56 percent more than Anchorage. These costs will likely come down over the next few years as natural gas is piped into Homer and households transition to gas from other heating methods.

Not everything in Homer is more expensive, though. Housing, which is typically a family's largest expenditure, was 21 percent cheaper than in Anchorage, and Homer's medical costs were just 3 percent higher.

A different industry mix

Homer's distribution of jobs in health care, manufacturing, and transportation is nearly identical to the state's overall job market, but the similarities end there. (See Exhibit 3.) Homer has no oil or mining to speak of — key industries in Alaska — and its high proportions of local government and leisure and hospitality far exceed the state average.

Local government is Homer's largest sector, which is common for small communities, and its most common occupation is a teacher or instructor. Public schools make up most of local government, which was responsible for 19.5 percent of Homer's employment in 2011.

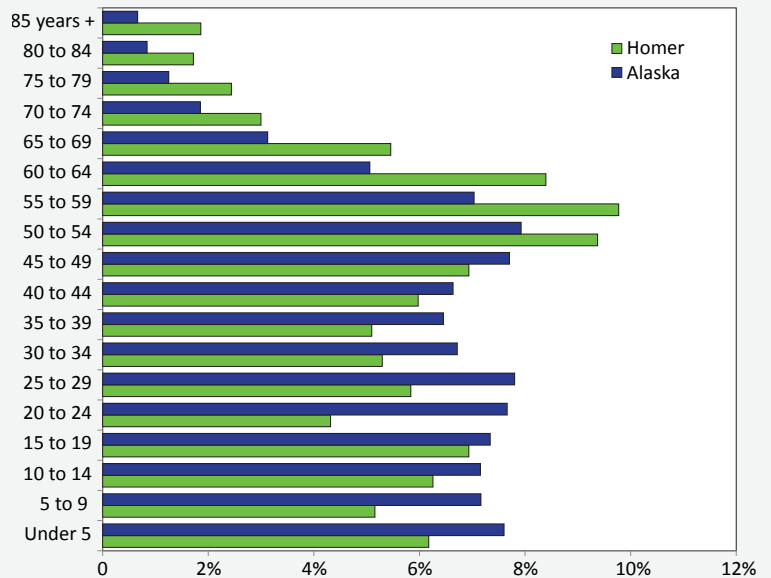
Leisure and hospitality, a frequent proxy for tourism, was the second-largest industry at 16.3 percent. It includes food and entertainment such as hotels, restaurants, bars, bowling alleys, and movie theaters.

Earnings versus income

Homer's industry makeup largely

1 Homer Residents Tend to Be Older

Homer and Alaska, 2010



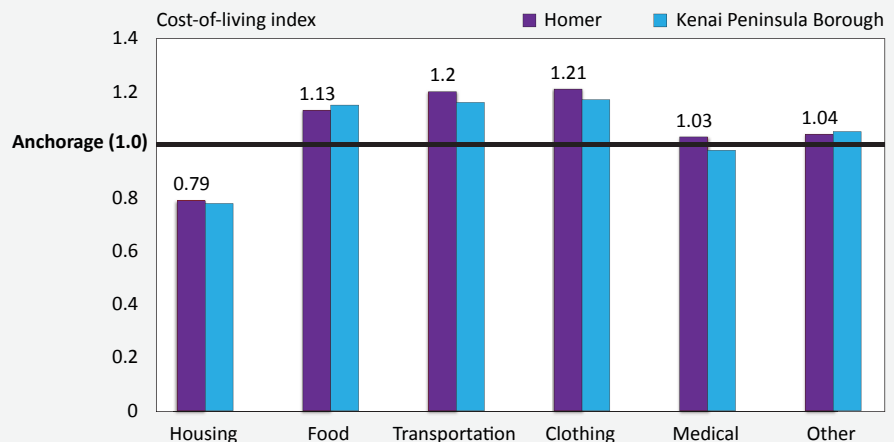
Source: U.S. Census Bureau

explains its low average earnings of \$36,000 in 2011, considerably less than the statewide average of \$48,900. The area has relatively few high-paying jobs — such as those in oil and gas — and has a higher proportion of lower-paying leisure and hospitality jobs.

Leisure and hospitality's average pay is \$16,500 a year, partly because many of its jobs are part-

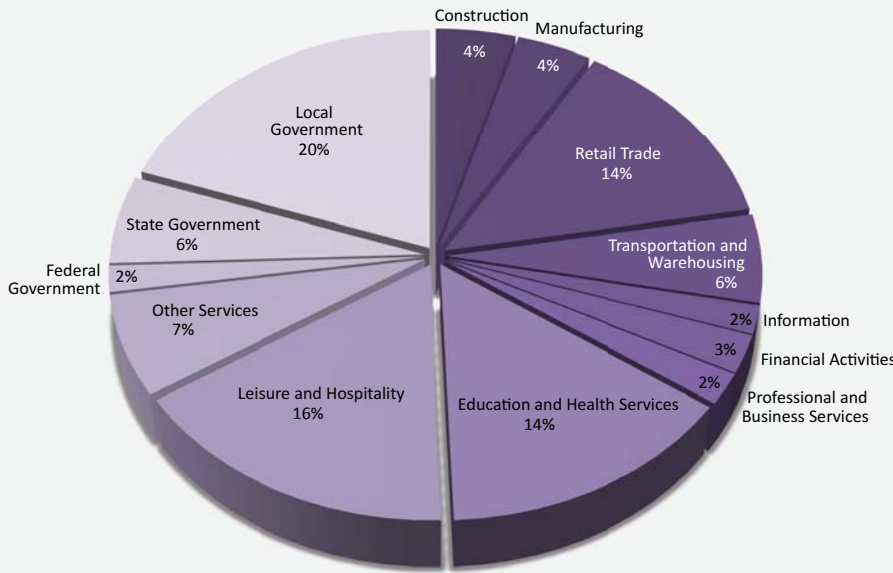
2 Most Costs Are Higher in Homer

Relative to Anchorage and Kenai borough, 2008



Source: Alaska Geographic Differential Study, 2008

3 Local Government Largest Industry Homer, 2011



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

time. Even statewide, this industry averaged just \$20,300 per year.

Homer's earnings were lower than the statewide average in every category except local government. (See Exhibit 4.) However, average earnings don't tell the whole story, because not everyone who lives in Homer works in Homer. Sixteen percent of employed Homer residents worked outside the Kenai Peninsula Borough in 2011 — 6 percent worked in Anchorage and 4 percent in the North Slope Borough. These commuters' earnings were not reported in Homer but still infused money into the Homer economy.

Per capita income, an inclusive measure of all money going into residents' pockets and not just their wages, was also lower than the statewide average by nearly \$14,200 and below the Kenai Peninsula Borough average by \$10,300.

Like earnings, though, part of the difference in income is due to data availability. At the borough level, a higher percentage of income came from transfer payments, including retirement and disability insurance, than at the statewide level. However, this level of detail doesn't exist for Homer, where transfer

payments are likely significant because 14.5 percent of the population was 65 or older in 2010, compared to just 7.7 percent statewide.

Fishing an important piece of the economy

Sport and commercial fishing are important pieces of Homer's economy, but because most seafood harvesters are considered self-employed, their earnings are reported differently and they aren't counted in the previous jobs and earnings breakdown.

On the commercial fishing side, the number of pounds of fish caught and gross earnings have been on the rise over the last decade (see Exhibit 5) but volatile due to changes in fish prices and the amount available for harvest.

The highest grossing year was 2008, when commercial fishing brought more than \$86 million into Homer. However, it was in 2010 that the greatest poundage came across the docks, with more than 122 million pounds of crab, halibut, herring, various shellfish and groundfish, sablefish, and salmon.

Among sport fishermen, more than 35,600 salt

4 How Earnings Compare in Homer Versus Alaska average, 2011

Industry	Homer	Statewide
Total	\$36,008	\$48,845
Natural Resources and Mining	n/a	\$112,910
Construction	\$55,463	\$70,125
Manufacturing	\$25,199	\$38,518
Trade, Transportation, and Utilities	\$37,642	\$41,760
Retail Trade	\$25,952	\$28,663
Transportation and Warehousing	\$45,555	\$58,906
Information	\$34,475	\$58,488
Financial Activities	\$43,052	\$52,210
Professional and Business Services	\$33,948	\$56,890
Health Care and Social Assistance	\$25,336	\$44,336
Leisure and Hospitality	\$16,501	\$20,316
Other Services	\$29,662	\$29,991
Federal Government	\$71,767	\$71,784
State Government	\$49,430	\$51,205
Local Government	\$49,256	\$43,066

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

water anglers logged a total of 56,400 fishing days in Homer in 2011 and caught an estimated 73,100 pounds. This generated additional business for other Homer industries such as retail and leisure and hospitality, as fishermen need lodging and food and many spend money on additional gear and services during their trip.

A busy port

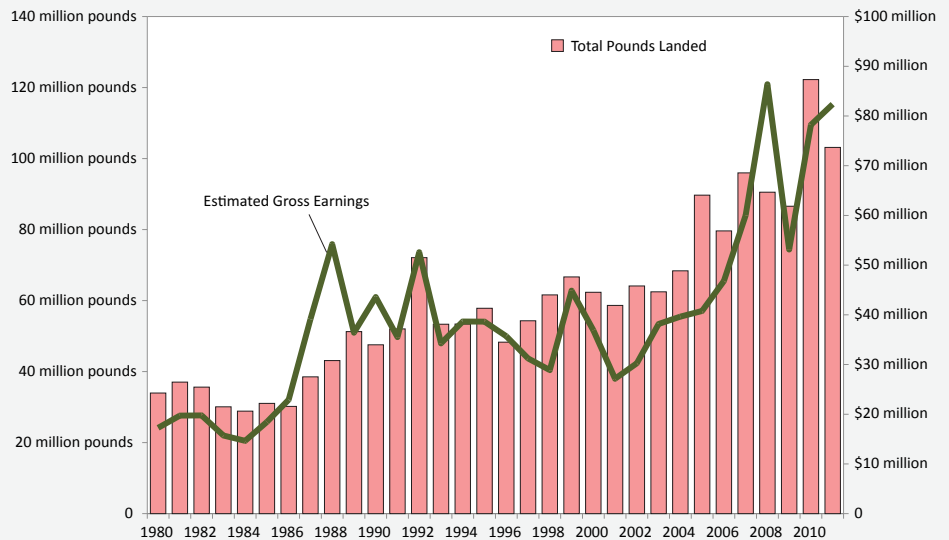
The Homer deep water port and harbor is extremely popular, and it has seen many large vessels since its repair and completion in 1964. For its size, it's well-equipped to serve the needs of vessels large and small. Services include everything from carpentry, hydraulics, welding, and general repair to finance and insurance — and recently, a small Coast Guard Station.

There were nearly 800 annual reservations for moorage in 2012, more than 1,700 monthly transient moorage sales, and more than 2,200 daily transient moorage sales. Approximately 1,300 additional boats were on the waiting list for a stall.

Industries foster balance

Despite the characteristics that make Homer unique, its economy shares a key similarity to many Alaska communities — seasonal jobs such as fishing and tourism boost the town in the summer while its public services, the industrial harbor, retail, lodging, and manufacturing provide stable, year-round jobs and keep money flowing.

5 Pounds of Seafood and Total Earnings Homer, 1980 to 2011



Source: Commercial Fisheries Entry Commission