



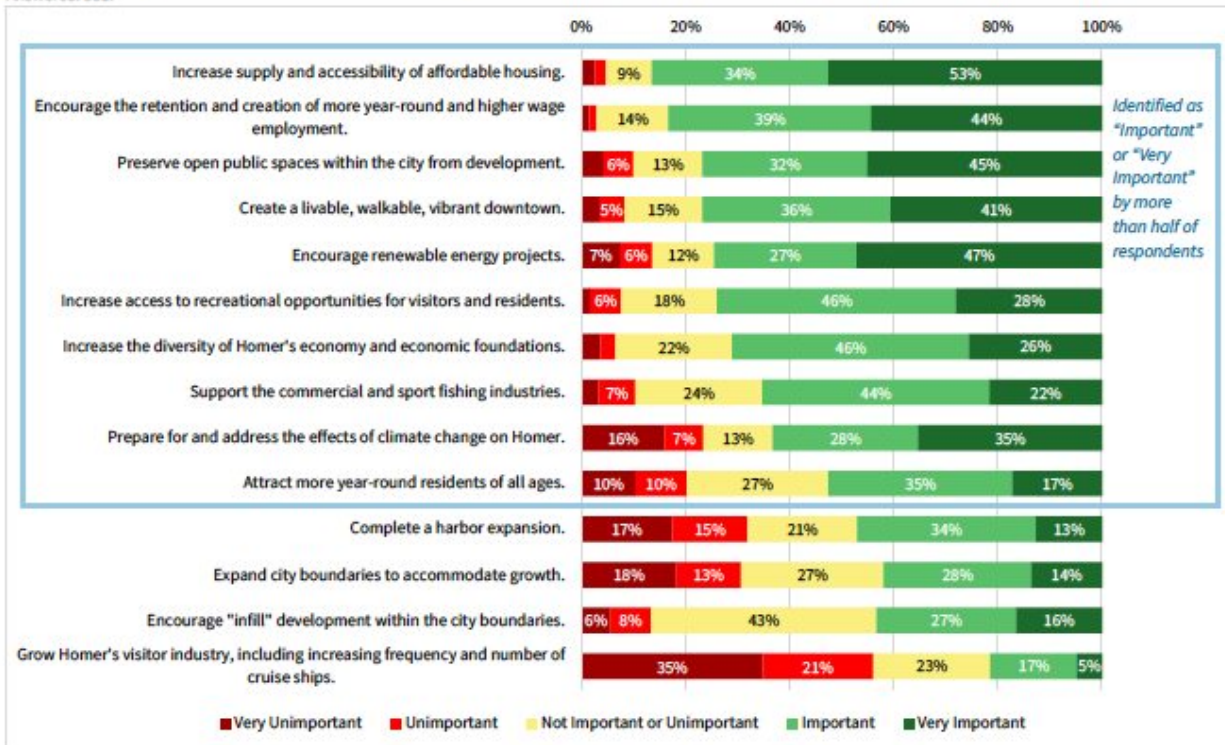
April 1, 2026

Impacts of Short Term Rentals (STRs) in Homer

In a 2024 [survey](#) conducted by the City as part of the Comprehensive Plan process, 68% of respondents stated that “Housing is too expensive in Homer, and we need more attainable housing.” This survey also ranks "Increas[ing] supply and accessibility of affordable housing" as the most important priority for Homer over the next 10-20 years, and a significant percentage of respondents identified short term rentals and vacation homes as negatively impacting availability and affordability of housing.

Q13: Listed below are potential priorities for the greater Homer community to focus on for the next 10-20 years. For each potential priority, please indicate level of importance.

Answered: 551.

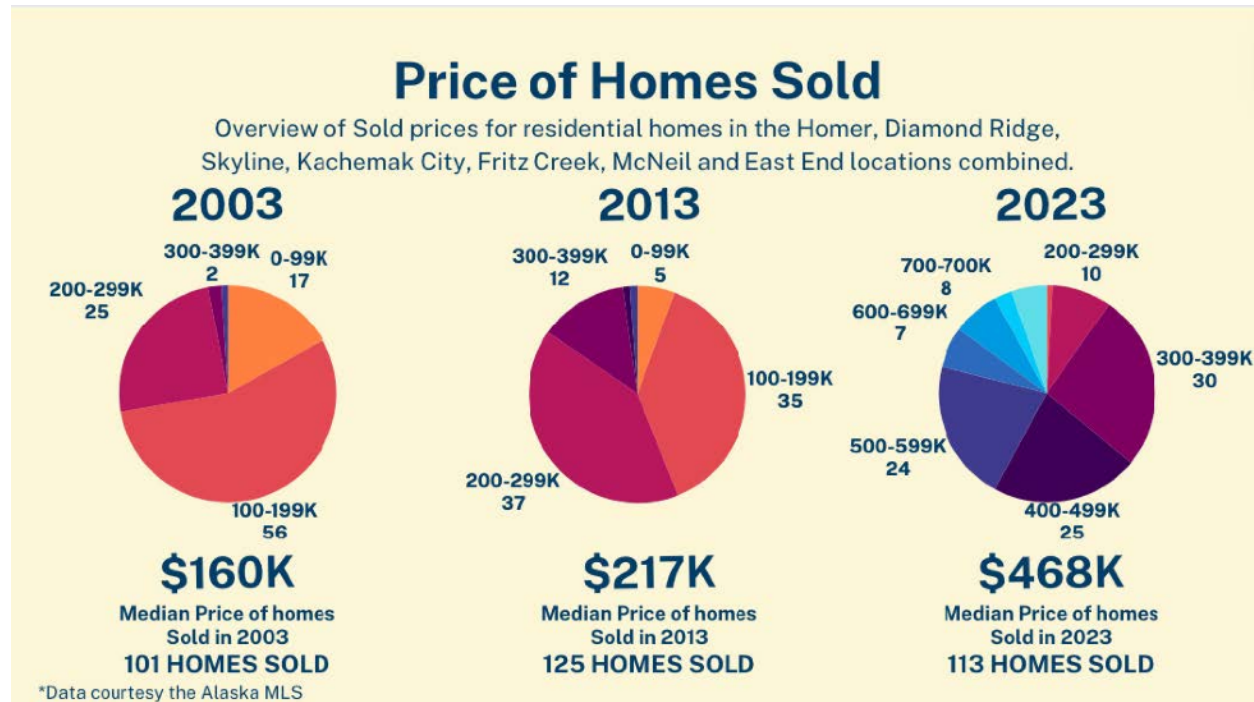


A 2026 KPEDD [Housing Assessment](#) identified a lack of affordable housing as “severely limit[ing] the Kenai Peninsula Borough’s economic potential, including the ability to attract new talent for key job openings, contribut[ing] to out-migration, and stunt[ing] business growth.” The report also recognizes STRs as “clearly part of the pressure on long-term housing” in Homer. Additionally, [health professionals across Homer](#) selected housing as their top-priority for improving health outcomes for our community, and identified regulating STRs as one of the important tools in the City’s toolbox to address



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the issue. Inflated property values in Homer also incentivize sprawling development in wet and sensitive environments, promoting lower-density development in important wildlife habitats.



The high cost of housing is driven by lots of factors, including the cost of labor and materials, mortgage rates, high costs of developing wet and difficult lots, tax incentives drawing wealthier folks to retire here, and much more. No one tool alone is going to make housing affordable, and lowering costs will take efforts across local, regional, statewide, and national levels.

So, why are we focused on STRs? The simple answer has three parts:

- (a) There are enough STRs in Homer to have an effect on both markets and neighborhoods.
- (b) When you start treating neighborhoods like businesses, the security and stability of neighborhoods starts to unravel.
- (c) STR guidelines can be changed locally, though updates to Planning and Zoning code, though a vote at Homer City Council. The Homer City Council is in the midst of updating Homer's Title 21 Planning and Zoning Code, and regulating housing types and allowances is among the key purposes of Title 21. Now is the time for them to vote on this.



Presently, STRs in Homer represent an estimated 15% of available housing stock, according to numbers published by the City of Homer Comprehensive Plan team. While there is an indication that the percentage may be lower, as a result of double-counting, this is the best available statistic. Whatever the precise number may be, it is clear that Homer has a very high number of STRs, relative to other towns in Alaska and the USA.

Figure 13. Short-Term Rentals as a Percent of Total Housing Units

Table from the Girdwood Economic and Housing Analysis, April 2024

Community	Short-Term Rentals	Total Housing Units	Percent of Total Units
Girdwood	310	1,839	16.9 percent
Homer	326	2,201	14.8 percent
Kenai Peninsula	2,149	31,330	6.9 percent
Sitka	151	4,229	3.6 percent
Juneau	379	13,792	2.7 percent
Kodiak Island	140	5,450	2.6 percent
Chugach	72	3,287	2.2 percent
Matanuska-Susitna	903	42,018	2.1 percent
Ketchikan Gateway	127	6,427	2.0 percent
Anchorage, Municipality	2,323	118,293	2.0 percent
Fairbanks North Star	717	44,270	1.6 percent
Wrangell-Petersburg	37	3,251	1.1 percent

Sources: U.S. Census Bureau, American Community Survey 5-Year Estimates (2017-2021); City of Homer October 2022 City Council Work Session; Alaska Department of Labor and Workforce Development, Alaska Economic Trends, September 2022; AirDNA Quarterly Reports for Girdwood 2023 Q3.

Consider that these towns voted to cap the number of short term rentals, as a percentage of total available housing stock at percentages significantly lower than Homer:

- [Leavenworth, WA](#) (population 2,569) set a limit of 4% of total housing stock in residential zoning districts dedicated to STRs.
- [Frankfort, MI](#) (population 2,453) and Ludington, MI (population 7,676) issue 120 and 30 permits, respectively, representing 4.5% and less than 1% of total housing stock in these areas.
- [Edwardsville, IL](#) (population 26,474) and [Glen Carbon, IL](#) (population 13,977) set caps that represent significantly less than 1% of total housing stock.

A high percentage of housing stock dedicated to STRs in Homer is bad for the city's long-term social and economic health. If left unregulated, STRs will likely continue to increase in number, exacerbating an already strained and expensive housing market.



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Affordable Housing FAQs:

What is “Affordable Housing”? Affordable housing is defined by HUD as “housing for which the occupant(s) is/are paying no more than 30 percent of his or her income for gross housing costs, including utilities.”

What is “Attainable Housing”? Attainable housing is housing that is affordable to people earning around the Area Median Income (AMI). Households living in attainable housing and earning between 80% and 120% of the AMI should not need to spend more than 30% of their income on housing costs. (attainablehome.com). According to the lender Freddie Mac, [Area Median income for the Homer area](#) is \$111,600 : “Attainable housing” for this median-income household (rent all-in or mortgage payment for a household is \$2,790). Note, at current interest rates, this median family cannot afford the median home: this median buyer is about \$1000 short every month. We should note here that the median income of a single-earner is much lower than dual earners or a family with kids. In broad strokes, 80% of Median Area Income is \$89,280. This metric is the cut-off for what could be considered affordable to the median household (rent all-in or mortgage payment for an individual would be \$2,230). We need to be working on promoting housing in this price range and below.

Can we Incentivize long-term rentals? It is a tool in the toolbox—but it would take an enormous amount of money that would have to come from somewhere. It would be wonderful if we could incentivize our way out of this, but the cost of an incentive system that would have any impact is very high.

Can the City invest directly in affordable/attainable housing? This is not a bad idea, but it will have limited impact. Juneau has done some good projects. We support City making some of its land available downtown for dense mixed-use/affordable housing, something like the old [Town Center Plan](#). There is only so much the City or anyone else can do to augment the market forces through projects like this: incentives and disincentives are much more powerful tools.

Is the \$300,000 Kenai Peninsula Borough Senior Tax Exemption part of the problem? This tax incentive encourages older weather folks to move here, inflating property values. It is good that the borough take care of seniors—many, but not all of whom, need the help—but someone needs today the bills, and it pushes the burden more to younger generations. Exemptions should be more balanced across generations: young families are struggling too! At the end of the day though, the city and borough rely on property taxes for revenue, so there is only so far you can go with exemptions before you have no money to pay for things you need, like schools.



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Bed Tax? Yes, the City should be out there advocating for a borough-wide bed tax (the level of government where this is possible) and they should be advocating that this revenue be used as the basis for incentives for long-term rentals and affordable housing.

Second homes/ dark homes? Alaska is ranked third in the nation for dark homes. The Kenai Peninsula Borough Land Managers office estimates that 30% of total available housing stock south of Anchor Point and north of Kachemak Bay is owned by people with out of area zip codes. This is a huge number of houses owned by people who do not live here, and it doesn't include the large number of out-of-state folks who just own property here as an investment. It would be very helpful if we could have a variable property tax rate for these dark homes, but we will need to change Alaska Statute through a bill in the Alaska Legislature to do that. You are not currently allowed to do property tax differently based on occupancy. This is something the City's lobbyist should be working on.

What about developers, builders and landlords? Individuals who are investing in land can try to build for density and affordability to help increase the supply of year-round affordable housing. Folks who have rentals should give long-term rentals a second thought.

What does Homer City Code currently say about businesses in residential neighborhoods?

Chapter 21.51 HOME-BASED OCCUPATIONS

Sections:

- 21.51.010 Home occupations.
- 21.51.100 Bed and breakfast facilities.

21.51.010 Home occupations.

This section applies to home occupations in all districts where home occupations are permitted or conditional uses.

- a. The home occupation shall be carried on entirely within the dwelling unit or accessory building and its function shall be clearly subordinate to the principal residential use of the premises.
- b. The home occupation shall not cause any noise, odors, effluent, smoke, dust, vibrations, electrical interference, bright or flashing light, or other objectionable conditions that would interfere with the quiet enjoyment of a residential neighborhood. There shall be no visible manifestations of the home occupation from the exterior,



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including no exterior storage or display of goods or materials, and no parking or storage of trucks, machinery or equipment on or about the premises. A home occupation shall not include automobile or machinery repairs, welding, sheet metal, or other similar work.

c. A home occupation shall not require regular or frequent deliveries of goods or materials of such bulk or quantity, nor the parking of customer or client's vehicles in numbers or frequency, over and above the normal traffic associated with the dwelling as a residence.

d. A home occupation shall be carried on only by the full-time occupants of the dwelling unit.

e. Signage is restricted to one residential sign that must be a building sign and otherwise comply with Chapter 21.60 HCC. [Ord. 08-29, 2008].

21.51.100 Bed and breakfast facilities.

This section applies to bed and breakfast facilities in all districts in which such use is permitted or conditionally permitted.

a. A bed and breakfast must be accessory to and in a dwelling occupied by the operator as the operator's primary residence.

b. A bed and breakfast is limited to a maximum of five bedrooms for overnight guests.

c. Serving food to overnight guests is allowed.

d. Signage is restricted to one residential sign that must be a building sign and otherwise comply with Chapter 21.60 HCC. [Ord. 08-29, 2008].