

St. Tammany deals with foreclosures after post-K building boom

By Deon Roberts
Staff writer

NEW ORLEANS — In the days right after Hurricane Katrina, St. Tammany Parish, La., became a magnet for those who had lost their homes in the storm.

Displaced families snatched up homes at inflated prices and builders throughout the region flocked to the parish to cash in on the influx of new North Shore residents.

More than three years after

the storm, foreclosure filings are up in the parish, rising 3,516 percent from 24 filings in 2006 to 868 filings in 2008, according to Irvine, Calif.-based Realty-Trac.

Experts finger the parish's post-Katrina construction boom for the rise in foreclosure filings.

"I'm not surprised that things got worse over here in St. Tammany," said Marty Mayer, president and CEO of Covington, La.-based real estate company Stirling Properties. "We had

been overbuilt post the Katrina spike and there were a number of homebuilders who had overextended themselves, and they were hanging on by their fingernails — and some of their fingernails fell off."

Mayer said it stands to reason that the largest percentage of foreclosures in St. Tammany involves homes built in the post-Katrina building frenzy.

Speculative home construction in St. Tammany has come "to a screeching halt," he said,

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adding that many builders are doing everything they can to avoid being foreclosed on.

But, Mayer said, the St. Tammany housing market appears to have turned a corner.

"We're nearing or hit the bottom," he said. "Activity is starting to pick up."

Doug Graiser, president of Madisonville-based Acadian Builders of St. Tammany, thinks more foreclosures are on the horizon.

In St. Tammany, he's seen foreclosures on lots intended to be developed in subdivisions as well as on homes ranging from \$250,000 to \$350,000.

He fears that foreclosed proper-

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ties are going to increase what he said is an already huge inventory of homes for sale in the parish.

After Katrina, builders tripled production on the North Shore, he said.

"When the light switch was turned off, there were a lot of guys holding properties. I was one of them."

He's had to discount properties to sell them.

To stay afloat during the downturn, Graiser said he is taking remodeling jobs — the kind of work he did when he went into the business about 20 years ago.

"We're staying alive, but it's a bad time. But there are no buyers. People are afraid to buy right now."

Jim "Gymbeaux" Brown, broker for Keller Williams Realty Professionals in Slidell, said many people in St. Tammany owe more on their house than it is worth — a situation some in the industry call being "upside down" — thanks to post-Katrina price spikes that were fueled by demand to live north of Lake Pontchartrain.

Brown said the value of his Slidell home shot up \$100,000 in the first month or two after the storm. Like in other parts of the country, home values have fallen on the North Shore because of the national housing downturn.

Today, the number of St. Tammany homeowners being able to sell their homes has come down, because so many people are upside down, Brown said.

Brown is optimistic that new offices and other development in the region will create jobs and turn around the North Shore's housing market.

"It's hard to imagine that this is going to last a real long time because of all the commercial stuff that seems to be going on," he said.