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World is waking up to Hammond

Builders, businesses take notice as Katrina speeds region's growth

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By Greg Thomas
Real estate writer

When 25-year-old entrepreneur Abby Anderson opened the Tortoise Shell, a stylish gifts, accessories and apparel shop on Thomas Street in Old Hammond, a year ago she was banking on an economic boom predicted for Tangipahoa Parish.

Advertisement

She hasn't been disappointed.

She and other shop owners "all talk, and we've never seen this many people shopping in (the historic district) downtown, especially locals," Anderson said.

In the months since Hurricane Katrina, Tangipahoa has become a nexus of two metropolitan areas: New Orleans and Baton Rouge. At the crossroads of Interstates 55 and 12, and with access to both sides of Lake Pontchartrain, the area has become a commuter haven, Hammond Mayor Mayson Foster said.

Apartment occupancy in downtown Hammond is at 100 percent, said architect Jeffrey Smith of Holly and Smith Architects. Other business leaders there confirm that.

Smith and his partners have a development arm, Acropolis, that recently developed eight apartments in the old Ritz Theater.

"We're finally getting the critical mass for downtown living," Smith said. His firm is "slammed right now" with projects, he said.

Smith's isn't the only local venture benefiting from Tangipahoa's boom.

More than 15 years ago, builder Scott Sandage of the Sandage Companies listened when Bill Smolkin, a local housing consultant, told him, "This is where the growth will be." Sandage bought 1,000 acres in Tangipahoa on Smolkin's advice.

While noting that he would rather see major development take place for reasons other than a disaster such as Katrina, which he thinks accelerated the Hammond area's growth by a decade, Sandage says he's "licking his chops" because what Smolkin told him years ago is coming true.

Mall, hospital to expand

In addition to a flurry of housing construction, several large commercial projects are under way in Tangipahoa.

The gradual demolition and redevelopment of the 30-year-old Hammond Square Mall will be a major job and tax boost. Dillard's and Sears, current anchors, will expand while making room for a new Home Depot, Target and J.C. Penney.

The \$100 million project by Stirling Properties will create 850,000 square feet of retail space, nearly doubling the current mall's 475,000 square feet. The new retail complex will employ 1,200 people and create 900 construction jobs.

Then there is the \$200 million expansion of the North Oaks Medical Center, a three-phase project that was expected to take 10 years but has been speeded up after the post-Katrina population influx. The project now has a target completion date of 2011.

The expansion will convert the Hammond hospital to an all-private facility and add 100 rooms, 14 operating suites and an enlarged emergency department and parking garage, spokeswoman Melanie Lanaux Saffuto said.

More development may be on the way.

Professor William Joubert, director of the Business Research Center at Southeastern Louisiana University, said the center is being bombarded with requests for information on Tangipahoa demographics and development sites.

One hindrance to development, he said, is that much of the vacant rural land in the area is owned in large blocks of 3,000 acres or more. He expects those properties to be broken up into smaller parcels.

"Right now, we've got dairy cows walking on \$30,000- to \$40,000-an-acre property," Joubert said. "I suspect cows are not the highest and best use of those assets."

Population, prices are up

In the year and a half since Katrina, Tangipahoa has grown as much as it did in the previous decade. The parish population shot up by 10,000, to 117,600, in the 10 months after the storm as displaced south shore residents snapped up property and built homes.

Land that used to sell for \$2,500 an acre in rural areas outside Hammond is now selling for as much as \$25,000 an acre in some planned subdivisions, Parish President Gordon Burgess said.

Ten years ago, there were as many empty storefronts as open stores in downtown Hammond, said Lynn Smith, executive director of the Hammond Downtown Development District. Now, local restaurants and bars are bustling, and new condo projects are under development, she said.

Smith sees Hammond changing from a sleepy college town, home since 1925 to Southeastern Louisiana University, to a hub of commerce for all of Tangipahoa Parish.

Tangipahoa, in some places still a quaint, sleepy parish before Katrina, is suddenly a hot spot for growth. It's one of the few places in southeast Louisiana where housing starts and jobs are higher than before the hurricane. And after years of serving as a bedroom community for busier municipalities such as Covington and Mandeville, Tangipahoa is becoming an economic force in its own right.

Bob Basford, executive director of the Tangipahoa Economic Development Foundation, said industry is showing renewed interest in the parish.

In the next 30 to 45 days, Basford said, announcements will be made regarding a 400-employee plastics manufacturing facility and a battery factory that would employ several hundred.

Meanwhile, a manufacturer is focusing on a site near Robert for a plant that would employ 1,600. While the product line is unspecified, the unnamed manufacturer's active interest in the site was confirmed by SLU President Randy Moffett, Tangipahoa Parish Councilman Carlos Notariano and Basford.

Not quite ready yet

The surge in development is good news for the Tangipahoa economy, but it's also daunting for an area that must foot the bill for accompanying infrastructure improvements. And with many of its residents still clustered in low-paying sectors like retail, food service and health care, Tangipahoa is struggling to keep housing costs within their reach. To date, much of the increased commerce in Tangipahoa has been in local shops, restaurants and bars.

The parish's largest employer is North Oaks, with a payroll of about 2,100 that is expected to grow by 1,000 with the hospital's expansion. The second-largest employer is the university, with 1,851 on the payroll at the end of 2006, about 500 of them part-time.

The parish also has been an attractive site for large retailers looking to establish distribution centers, among them Wal-Mart and Winn-Dixie.

At present, the average Tangipahoa household can afford homes in the \$70,000 to \$120,000 range.

But the current cost of building a home in Tangipahoa, excluding land, is closer to \$156,000, according to a recently completed study by Hammond Director of Administration Martis Jones and Hammond City Planner John Dardis.

Paying for infrastructure

Developers who build subdivisions normally are required to pay for infrastructure, primarily water lines and streets. And when developers have to make six- or seven-figure investments in utilities and roads to build a subdivision, they're not going to be able to sell homes cheaply. Gulf Opportunity Zone programs don't pay for water lines for new subdivisions, Burgess said.

On top of upgrades for new subdivisions, infrastructure improvements are needed throughout the area. Many 16-foot-wide roads need to be widened to 22 feet to attract businesses, Foster said. And miles of new water lines need to be laid.

Making the necessary infrastructure improvements and building housing, all while keeping home prices affordable, is proving to be a tricky proposition. But it's a primary goal for the city of Hammond, Foster said.

Indeed, Hammond's recent work-force study backs home ownership, even for low-income residents, over construction of market-rate or subsidized apartment complexes for renters. The report endorses offering training for potential homebuyers and help with closing costs.

A more controversial recommendation calls for the parish to consider paying for infrastructure work as an incentive for developers.

"The city of Hammond is willing to work on creative incentive programs for our developers. Keep in mind the jobs to come and the rooftops that need to be here and the chicken-or-the-egg thing -- rooftops bring retail," Jones said.

But Burgess said the parish does not yet have the tax base to finance such incentives.

Sales tax collections, which spiked 14 percent immediately after Katrina, have settled back into a pattern of steady growth, Foster said.

Hammond and Tangipahoa both expect the increases to continue, thanks to the surge in population and construction, but the money to pay for infrastructure upgrades and incentives for developers is needed now, Burgess said.

Suddenly, more jobs

Katrina jump-started a Tangipahoa growth spurt that otherwise would have unfolded over 20 years, experts say. Job and housing growth there outshines most other parts of the New Orleans metro area.

According to an analysis by Wade Ragas, in January 2007 there were 39,658 jobs in the parish, an increase of 2,417 from 37,241 in March 2005. The only other local parishes to post job growth over this same period were St. John the Baptist with 96 new jobs and St. Charles with 1,205 new jobs.

Ragas, a real estate consultant at Real Property Associates, said that in the New Orleans metro area, 127,261 jobs disappeared between March 2005 and January 2007. The numbers, from the state Department of Labor, do not reflect the shadow work force of transitory and undocumented workers who have been drawn to the construction trades in the New Orleans area since Katrina.

A detailed housing report released March 16 by the city of Hammond shows that Tangipahoa leaped to second in the metro area in new housing starts in 2006 by issuing 1,732 building permits, up from 573 in 2005. That compared with 2,732 starts recorded by first-place St. Tammany Parish in 2006, up from 2,091 in 2005.

St. Tammany historically leads the region in housing starts, often accounting for close to half of all new homes.

Will the bubble burst?

Will the Tangipahoa boom continue? Burgess is among those who wonder whether manufacturers' supposed interest in the parish will pan out. "I'll believe it when I see it," he said of the proposal for a plant near Robert and its promise of 1,600 jobs.

Meanwhile, Joubert is among those who fear Tangipahoa may be riding a bubble that could burst.

"Historically, retailers follow an economy by counting rooftops (households) in the market. And what's bizarre is we're in an upside-down position," he said. "We're building homes for people not here, retail for people supposed to be here, but when we look at the data, no one really knows" where retail and population is headed.

Such qualms aside, no one doubts that Katrina has had a transformative effect on Tangipahoa. "It's an exciting time," said Foster, the Hammond mayor. "And a very challenging time. This growth challenges our infrastructure and challenges the way we do things to protect our quality of life. We'll just have to find new ways to meet all of those challenges."

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