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## Proposed shopping center runs into snag

Developer balks when bond panel OKs half of \$20 million request

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The State Bond Commission on Thursday refused to target \$10 million in future state sales tax revenue toward developing a regional retail center south of Covington, leaving the fate of the \$230 million project in doubt.

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Richard Yeilding, senior vice president of Colonial Properties Trust, which wants to build the 1 million-square-foot "lifestyle center" at Louisiana 21 and Interstate 12, told the commission that the company needs the entire \$20 million it is seeking through a new state economic development incentive program for the project to become a reality.

Commission chairman and state Treasurer John Kennedy asked Yeilding if Colonial Properties would pursue the project if it got only \$10 million through the tax increment financing (TIF) program. "Will you build this anyway if you only get 50 percent" of the money? Kennedy asked.

"I will walk if I don't get 100 percent," Yeilding replied.

After the commission voted 9-3 to allow the company to get only half of the money it was seeking, Yeilding was asked if he meant what he told the commission. "That's what I said," he replied.

If the company does abandon the project, "that would be great news," said Covington Mayor Candace Watkins, who along with Mandeville Mayor Eddie Price, urged the commission to deny the TIF. They said the new Colonial Pinnacle Nord du Lac center would suck businesses and crucial sales tax dollars out of their cities.

Price said many of the businesses that the company lists as prospective tenants have outlets in Mandeville. If they simply relocate to the center, "is that economic development?" Price said. The

program shouldn't be used just to move existing businesses and sales tax revenue to another location, he said.

#### Reversing field

Last month, local developer James Maurin of Stirling Properties told the commission that Colonial Properties Trust, because of developmental costs saved through the TIF, was offering sweetheart deals to lure anchor tenants away from Stirling's Covington Center -- across I-12 from the proposed center -- and its Premiere Center in Mandeville. But Maurin in a letter to the commission withdrew his objection, stating, "Stirling has entered into a written legal agreement with Colonial that would preclude them from pursuing negotiations with anchor tenants" in the two centers. "As a result, Stirling has no reason to oppose Colonial's requests before the bond commission," Maurin said.

"My problem is the other tenants" at the Premiere Center, Price said, and other businesses that could move out of Mandeville, leaving a big sales tax hole in the city budget.

Watkins said 48 of the 57 businesses listed by Colonial Properties as prospective center tenants have outlets in Covington, Mandeville, Slidell, Hammond or Metairie. "You build this big sexy shopping center" to simply draw businesses away from existing locations, she said.

"If you had \$10 million of state tax money, would you spend it on this?" Watkins asked the commission. Isn't there a better way to spend tax dollars "rather than subsidize very rich developers," she said. An entourage of about 15 Covington-area residents followed the mayor to the commission meeting in Baton Rouge to oppose the TIF request.

#### Laying the groundwork

Yeilding said the company is seeking the \$20 million only to recoup some of the costs for infrastructure improvements required by St. Tammany Parish government for the project. They include a six-lane boulevard from Louisiana 21 to and through the 169-acre site along the northern side of the interstate to a closed rest area, which would be converted to a second interchange for the state highway, he said. The money also would be used for improvements on Louisiana 21 and rights of ways to bring utilities to the center, Yeilding said.

The Parish Council last month unanimously designated the center site as a special economic development district for the TIF. The council imposed a new 3/4-cent sales tax on retail sales at the center to generate half of the \$20 million sought by Colonial through the TIF. Plans called for using three-quarters of a cent of existing sales taxes from retail sales at the center to raise the other \$10 million. The parish tax would expire and the state sales tax would no longer be given to the company once \$20 million was generated.

But the commission voted only to allow the company to get \$10 million through the new parish sales tax.

#### Broader implications

Kennedy, who lives west of Mandeville, said he is troubled that there are no clearer criteria and guidelines for TIFs. The criteria do not ask if a development will "cannibalize existing businesses," commission member and Secretary of State Jay Dardenne agreed. "It should be a question."

"The issue to me is larger than this project," Kennedy said. "You all are capitalists. I like that . . . You want to maximize profits and minimize losses. . . . If an incentive's there, you're going to go for it."

Kennedy noted that the commission recently approved an \$8 million TIF for Maurin and Stirling to build a new shopping center near Lafayette with some of the money targeted to fill an interstate dirt borrow pit for the development. "You've got to have a better way to evaluate" when state subsidies should be approved, he said, because there will be more and more requests.

"You're going to see (requests for) TIFs for Taco Bell, Wendy's and snowball stands," Kennedy said. "Everybody's going to say my snow-ball stand is going to create two jobs and if you don't give to me, I'm not coming."

Colonial Properties Trust, a publicly traded company headquartered in Birmingham, Ala., estimates that the project would create 1,500 construction jobs over two years and 2,800 permanent jobs after the center was built.

Commission members said there usually is a strong show of support for TIF and bond issue requests for developments from state legislators who represent the area. But they noted the lack of backing for Colonial Properties' request, including Diane Winston, R-Covington, who withdrew a letter of support.

#### Leaving an opening

Commission members said if St. Tammany legislators show support for the state share of the Colonial Properties' TIF, it could be approved. "Let the people know where they stand instead of hiding behind us," commission member and state Rep. Charlie DeWitt, D-Lecompte said. "Let's hear from the delegation . . . and not after the election."

Watkins said that may mean opponents of the request are fighting a losing battle. Parish officials "will just go lobby the legislators and get it approved," she said.

Colonial Properties Trust also was seeking commission approval of a \$24 million tax-exempt Go Zone bond to help finance the center's construction. The request called for assessing center tenants to repay debt. But the request was tabled along with all other Go Zone bond requests on the agenda until the commission develops better guidelines for determining which ones should be approved.

Yeilding indicated that the company would pursue other financing if the lower-interest Go Zone bond wasn't approved. But he remained firm on the company's need for all of the \$20 million in its TIF request.

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