

Shovel Ready Industrial Development

City of Hammond

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Hammond Area Economic and Industrial Development District

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Hammond has always had commercial and industrial land available. The problem has always been that the land is privately owned and the city and economic development organizations have never had the ability to incentivize sites or buildings. Also, private land owners do not apply funds to make the sites shovel ready.

In 2004, using an outside consultant, the Hammond Area Economic and Industrial Development District (HAEIDD) completed a five year strategic plan. Two hurricanes directly affected the community immediately following the release of the plan and after just three years, the strategic plan was mostly obsolete and had become another study sitting on the shelf. For several years following the hurricanes, economic development in Hammond “just happened” due in part to companies moving to higher ground elevations and out of impact areas. Shortly after taking the Strategic Planning Course through LIDEA, and the appointment of several new board members, I took my knowledge and education and suggested an update to the current obsolete plan.

Using a mediator from the local university, Southeastern Louisiana University, a new SWOT analysis was conducted. Several public hearings and stakeholders meetings were also held to determine the needs of the Hammond area. Many of the findings through the SWOT analysis were the same as previous studies and public meetings. A few items were moved from one column to another and some new items were addressed and added. Through the SWOT analysis, I prioritized the weaknesses by picking things that the organization could change or work to improve quickly. The weakness that I felt we could make the biggest impact in was industrial land development. Lack of shovel ready industrial property is a big asset missing in

the Hammond area. Industrial property is mostly owned by just a handful of private land owners, leaving little to no public land available. With HAEIDD having the ability to purchase property and resell, the district can control pricing and incentives. This gives more control to the economic development group as proposals are put together for big projects and making the area more attractive to industry.

Identifying the right piece of property became the primary task. Through contacts with bankers, real estate agents and private land owners, several appropriate sites were located. Several factors come into play while selecting the property. Is the property in the city limits, is it zoned correctly, and is it priced reasonably? I located four properties that were brought to a committee for recommendations.

- 40 acres in the existing industrial park – in city limits, zoned industrial, mitigation complete, some infrastructure requirements, last parcel in park, \$1.4M
- 20 acres in Pride Drive industrial area – in city limits, zoned industrial, access to Hammond airport, survey complete, infrastructure in place, Phase I and wetland complete, to be sold via sealed bid
- 70 acres on I-12 at Airport Road – needs to be annexed and zoned, mitigation complete, no infrastructure in place, could be used for mixed use as well as industrial, price negotiable
- 2 corner lots on Hwy 190 at Airport Road – in bankruptcy, needs to be annexed and zoned, attractive to retail more than industrial, higher pricing, some infrastructure requirements, entry/drive way would need DOTD approval, to be sold via sealed bid

The committee recommended the 20 acres on Pride Drive with a very low sealed bid price and the 40 acres in the existing industrial park being the second choice due to stages of readiness.

HAEIDD purchased the 20 acres in a sealed bid in the amount of \$550,000. This site (Airport Plaza) required very little additional work and expense in getting it shovel ready. The seller turned over all surveys, Phase I environmental, wetlands permit, studies and maps. The location of the site is in an existing industrial park and is adjacent to 50 acres of available property. After several face to face meetings, the land owner of the surrounding property is willing to market the two sites together as larger tracts are needed by a user. As a public body, HAEIDD can apply for infrastructure grants that would be beneficial to both sites. The land owner does not see the new site as competition to his parcels, as each tract has unique features that add value as a whole.

In past years, local land owners and developers have seen the economic development groups as competition and not as organizations trying to better a community. The economic development groups are looked at as “having an upper hand” and have historically been perceived as taking advantage of the incentives and attracting prospects to only the public owned land instead of the community as a whole. Educating real estate agents, land owners and developers of ways they can use the ED organization to their benefit has helped to build trust and relationships.

Using several ideas learned in the Louisiana Economic Development Marketing and Attraction Course, I put together a marketing plan that will maximize resources and attract prospects on a non-profit budget.

I brought in several board members to discuss possible incentives that could be offered on a local level and be added to state or parish incentives. As commercial property is in the \$3.00 to \$4.00 per square foot range, Airport Plaza will be priced at \$2.00 per square foot. A job creation incentive has also been added to the low price of the land. Based on the purchase of the entire 20 acres, HAEIDD is offering a job creation rebate of \$3,000 per job created within two years, up to 200 jobs. HAEIDD will hold in escrow \$600,000 for up to two years, at the time that the jobs are created and reporting is approved by the board, a rebate check for \$3,000 per job will be returned to the buyer. If jobs are not created, the escrow money will be returned to HAEIDD's general fund for other projects. This incentive will be in addition to any sales tax rebates, training funds available, and/or tax credits offered by state or parish government for the job creation. As job creation is the ultimate goal of the board, the job creation rebate can only be refunded to an end user of the property, and not a speculator or private developer.

Another incentive that HAEIDD can use to increase interest is their ability to issue bonds and pass on tax savings. During two separate LIDEA courses, Ray Cornelius from Adams and Reese, LLP discussed special districts and bond financing. HAEIDD is set up to issue bonds to finance the purchase of land, the construction and equipment for a new facility and lease it to the company. The company can do a lease with the option to purchase it once bonds are paid off. The advantage of the lease option is that the facility (owned by HAEIDD) benefits from ad valorem tax concessions reducing the property tax burden on the building and equipment for the length of the lease. During the lease option, the company will pay HAEIDD an administrative fee to cover the bond payment. Once the bonds are paid in full, HAEIDD can transfer the facility to the user/company for a nominal amount and the facility goes onto the tax rolls.

Historically, HAEIDD listed public property with a real estate agent to sell and market property. This has appeared as showing favoritism to one agency over another and has actually kept some agents from showing the public property. I suggested not listing the property at all, but creating a marketing brochure on Airport Plaza and setting a flat commission to be paid to the agent that makes the sale. This leaves much of the marketing and marketing expense to the board, but has helped to strengthen our community partnerships.

After the presentation by Mark James of ED Solutions, Inc., during the Louisiana Marketing and Attraction Course, it became apparent that websites have become one of the most important marketing tools. I spent several days updating the HAEIDD website with basic information, pictures and site information. I also conducted research on the best websites in which to help market the Airport Plaza site on a larger scale. The property is currently posted on the websites of the local utility company, the state and regional economic development groups, and of course the HAEIDD website.

I put together both electronic and hard copy packets on the property containing maps, aeriels, pricing, incentives, community information and demographics. These packets were emailed and mailed to local and regional real estate agencies, our regional economic development partners and national site selector groups. In addition to the broad marketing efforts, a targeted marketing program has been started for the site and the community. Located at the intersection of I-12 and I-55, Hammond becomes a “virtual hub” for transportation and the ideal location for distribution and light manufacturing. In addition to the interstates, rail bisects the city and increases the transportation options to the site location. Another positive factor in the location of Airport Plaza is the direct access to the Hammond Regional Airport in the event that air transportation would be needed.

Relationships with both Southeastern Louisiana University and Northshore Technical College are essential to workforce training and development, as discussed in several of the courses. Southeastern Louisiana University offers a degree in Supply Chain Management, giving companies the option to hire local, trained, quality employees. Northshore Technical College offers many quality programs that can be applied to most any business.

Rob DeRocker of DCI repeated the message of “face to face” meetings with prospects and site selectors as the number one effective marketing tool. I have had several meetings with the recruiters from both Entergy Economic Development and GNO, Inc. to discuss the LEAD generation that we as an organization are lacking. Both of these regional partners have allowed me to be part of out of state visits, work trade shows and take advantage of recent mailings and prospect lists. In addition to the visits, familiarization tours to our area have been sponsored by our partners and have allowed me to develop relationships with some of the site selectors that I have met or have worked projects with in the past. Due to this relationship building, many phone calls and emails have come in from these individuals regarding information that I have sent about the new available sites and buildings in our area.

The Louisiana Certified Sites Program was presented in the Louisiana Real Estate Development and Reuse Course. I presented this program to HAEIDD after the purchase of Airport Plaza. All certification requirements have been met on this site, with the help of the utility companies, state organizations, regional organizations and research through my office. I feel that this certification will show that Hammond is committed to and ready for industrial growth and will help the city gain exposure on a larger level.

During the course work over the last 18 months, many topics were taught and discussed. To me the recurring theme, regardless of course topic, was planning. Through planning, a community can be built, changed or improved. Of all the things that I have learned through my training, the most important is to work on the things that you can have a direct impact on in the community and to influence those things that will take more time and more people to improve, such as education or political environment. After updating the strategic plan for HAEIDD, I proposed the purchase of industrial property as the priority of the organization for several reasons.

1. It is a specific need
2. Hammond has all of the assets to support the project
3. HAEIDD had the funds to purchase property quickly and the ability to make infrastructure improvements if they are needed
4. Local incentives can be offered for attraction of new business
5. The quickest way to directly impact the need for jobs in the community

By applying course work and working with our partners, HAEIDD has been able to update the strategic plan, use funds to purchase property, apply incentives to that property, develop a shovel ready site, and do direct marketing of not only the new site, but also the City of Hammond. I have also used this project to work together with regional and local partners and to look beyond our economic development partners for help.

Appendix

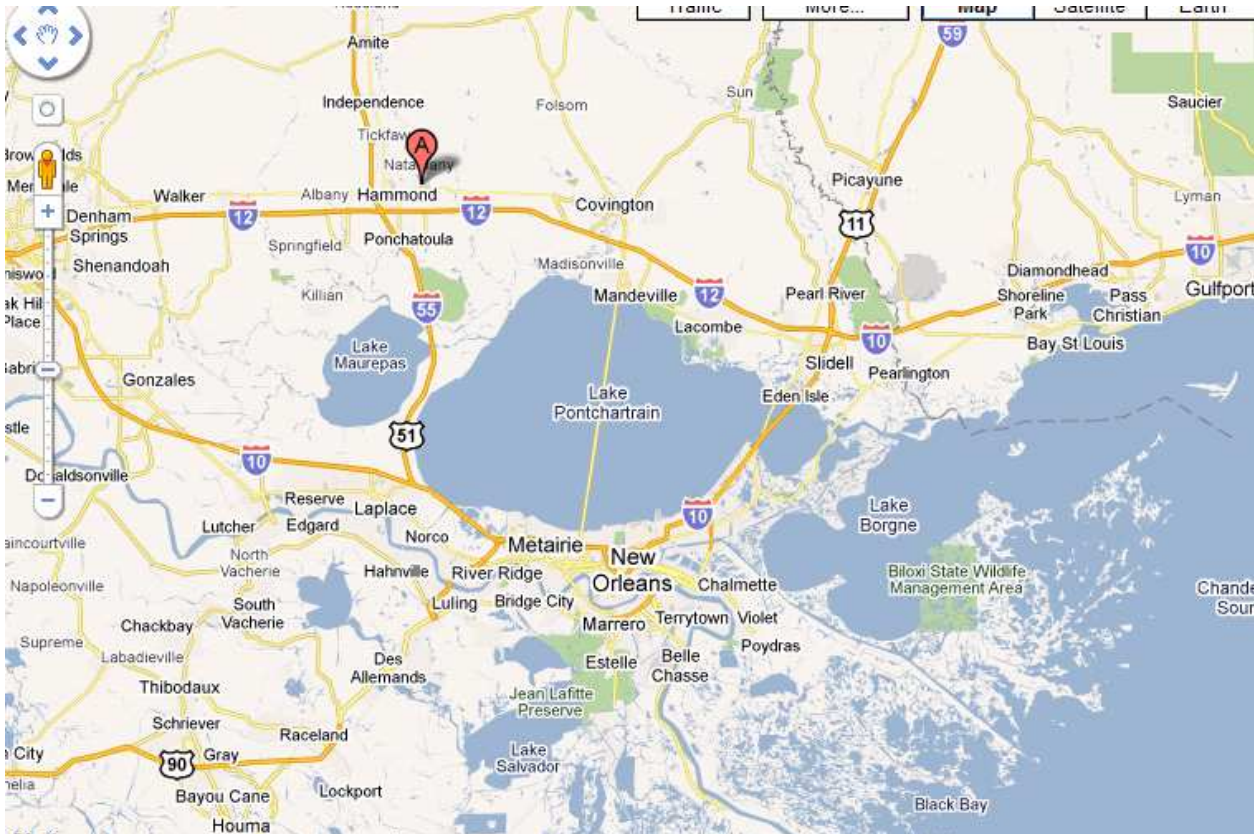


*Airport Plaza, 20.03 acres
Hammond, Louisiana*

The 20.03 acre property is located in Tangipahoa Parish, inside the city limits of Hammond, Louisiana, which is strategically located 55 miles north of New Orleans and 35 miles east of Baton Rouge. The site has easy access from Interstate 12/10 which runs from Jacksonville, Florida to San Antonio, Texas, and also is 3 miles from Interstate 55 which runs from New Orleans to Chicago.

The property is adjacent to the Hammond Northshore Regional Airport, with access from Highway 190 and is zoned heavy industrial and has access to a working rail spur. It is located at the end of Pride Drive which is west of the Hammond Airport off Highway 190. The property measures approximately 756' x 1119', totaling 20 acres. The industrial park includes tenants such as Entergy, Cardinal Health, Southwest Motor Transport, Home Depot Distribution, and Louisiana Technical College.

Because of its strategic location, the Hammond area has become one of the regions most comprehensive transportation centers. With its proximity to two intersecting interstate systems, Hammond Regional Airport, Canadian national rail line and relationship with the Port of South Tangipahoa, many large distribution and manufacturing facilities have located here. Companies such as Wal-mart Distribution Center, Dow Chemical, Liquid Container, Winn Dixie Distribution, US Customs Complex, US Army National Guard Helicopter Battalion and many more have taken advantage of the economic land values, labor pool, state and local incentives and quality of life.



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