Turning Disaster into Development:
Port Arthur’s Recovery Following Hurricane Ike

While most of the Texas coast was reeling from the aftermath of Hurricane Ike in 2008, the seeds of recovery were quietly being sown in Port Arthur, TX. The storm, the latest in a series of events that had eroded the local economy, would become the turning point in its recovery. In the 1980s, the city suffered significant losses in high-paying industrial jobs; employment dropped from more than 15,000 to under 6,000. Downtown neighborhoods declined rapidly, turning many property owners into renters of deteriorating housing stock. By 2008, many properties were vacant lots or abandoned structures, requiring scarce City resources for regular maintenance and nuisance abatement services. Hurricane Ike changed all that as the flood waters destroyed some and washed many others away.

Clayton Mayfield, Partner with Linebarger Goggan Blair & Sampson, LLP (LGBS), and Port Arthur Mayor Deloris ‘Bobbie’ Prince have had a vision and long-term solution for revitalizing the downtown, bringing much-needed economic opportunities and affordable housing to the area. And it all started with Hurricane Ike.

**PHASE 1 Identify Target Zone and Acquire Properties** The City created an “incubator” area, targeting the west side of town to ensure that its efforts were coordinated with non-profits and business groups to maximize redevelopment efforts. As the partner overseeing the City’s collection of delinquent property taxes since 1986, Clayton Mayfield proposed using the LGBS tax sale process to help the City clear lots and make them available for future reinvestment.

Working with Mayor Prince, the City Manager, and the Neighborhood and Community Development Office, they established a target area for redevelopment. Mr. Mayfield then met with all the other affected taxing entities (Jefferson County, Port Arthur Independent School District, etc.), and negotiated an inter-local agreement for the sale of the properties to the City at reduced prices. LGBS then conducted title insurance research on each property, enabling the City to purchase the properties using a federal Neighborhood Stabilization Plan (NSP) grant.
Most of these properties owed at least five years of delinquent property taxes, estimated in excess of $692,800, while their actual value was significantly less ($452,000). The total purchase price to the City is estimated at just over $300,000. In contrast, Port Arthur has received more than $1,864,000 in delinquent property tax collections from active properties over the last two years, which has been critical to supporting the City’s operations throughout the recovery and redevelopment period.

The City benefits in several ways. With these properties off the delinquent tax roll and ready for redevelopment, they can be sources of future tax revenue. City employees and financial resources aren’t allocated for regular maintenance for public health and safety. And, the City’s overall financial condition is improved, allowing it to borrow at lower interest rates.

**PHASE 2: Initiate Redevelopment** 176 properties have been purchased, free and clear of all prior tax liabilities, with an additional 78 properties set for sale and purchase in November. Eight homes are under construction for low-to-moderate income families, while other properties are being marketed for private-sector residential and commercial redevelopment or banked for future development. To facilitate homeownership, the City has established a low and moderate Homebuyers’ Assistance Program ($7,500 towards the down payment and closing costs for pre-qualified buyers) and a Reconstruction program that includes demolition and rebuilding (no-interest and deferred payment plans with loans up to $95,000).

**PHASE 3: Continuing Public-Private Collaboration** The lack of available housing and an aging population has restricted Port Arthur’s recovery for many years. As part of the “incubator concept,” the City is working with job training groups, local business groups and industries to encourage economic expansion and greater job opportunities for existing and new residents. They have developed a database of working-age residents to help identify their skill sets for business and industries considering relocation. Working with local business leaders on downtown revitalization, and in tandem with LGBS on neighborhood redevelopment to continue strengthening the City’s tax base, Port Arthur is poised for a much brighter future.

And, the west side possesses a sense of hope and opportunity for the first time in 30 years.