New home construction picking up in Lafayette

By Jim Bradshaw
Business Editor

Lafayette's home builders are back at work and expect to keep getting busier.

In fact, statistics compiled by the Acadian Home Builders Association show that last month's 62 housing starts in Lafayette Parish were the second-best since September 1984.

There were 1,034 homes built in Lafayette Parish in 1984, the last "big year" before the oil crunch all but crushed the local home building industry. But AHBA figures show that the 986 homes built here in 1992 make that the best year since 1984, and monthly statistics for 1993 are running ahead of last year's pace.

Home building industry data suggests that each new home under construction means 100 spinoff jobs in a community - through subcontractors, suppliers, etc.

The increase in home building is also reflected in the value of local building permits. As of March 10, 1992, total permit value for the fiscal year (which begins November 1) stood at $30,313,118. As of March 9 of this year, the total value was $49,116,016 - more than $19 million better. Most of the building activity has been in new residence construction, the data shows.

David Ellis, president of the local home builders association, says that part of the February jump can be attributed to the upcoming Parade of Homes scheduled for May 1-9 by the AHBA. Some 30 new homes are planned for that annual exhibit, and many of the builders began work on them in February.

But he says that the overall increase can also be attributed to a continuing downslide in interest rates and to a pent-up demand for new housing in Lafayette - left over from the crunch days when home builders' hammers all but went silent.

He notes, for example, that the 30 homes planned for the upcoming Parade represent "a long leap" from 1987, when no Parade was held because builders could not afford, or were afraid, to build homes on speculation. Since the Parade's revival, more and more homes have been built for it each year.

Bob Austin, another local builder, suggests that the increased building also reflects an increased confidence in the overall local and national economies. "Part of it is a positive attitude," Austin says. "A person has to feel secure in his job and income before he is going to invest in a long-term mortgage."

Less optimistically, Ellis notes that there has been a 50%-75 percent increase in the cost of materials, which

More than 100 builders and suppliers will display goods and services at the Blueprints show at the Cajundome this weekend.

Calendar

- January 1993
- February 1993
- March 1993
- April 1993
- May 1993
- June 1993
- July 1993
- August 1993
- September 1993
- October 1993
- November 1993
- December 1993

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basic building materials — two-by-four and two-by-six lumber and plywood — and that some people are building now in anticipation of higher building costs yet.

Austin points out that the materials increase has meant at least a four to five percent increase to the consumer in the price of a typical $100,000 home.

Doug Ashy Sr., whose Doug Ashy Building Materials is one of the area's largest suppliers of materials for new home construction, also attributes much of the new housing activity to lower mortgage interest rates, and says that he expects them to continue low.

"If the interest rates stay low, we should have a good year," Ashy says. He says he is also seeing more interest in subdivisions he is developing in Lafayette, both for so-called "high-end" homes costing $200,000 or more, and for more moderately priced homes.

Ashy operates materials dealerships in Rayne and New Iberia as well, and says that his stores there have also been busy. He attributes part of the New Iberia business still to repairs brought on by Hurricane Andrew, but thinks that most of that has now been done.

He notes also that the lower interest rates are encouraging home owners who had been spending their money to remodel or enlarge existing homes to build a new one.

"With the higher rate, they decided to stay where they were and fix it up," he says. "Now that rates are lower, they're looking harder at building new."

Ashy acknowledges the jump in materials prices, saying that "it's simply a matter of supply and demand." He said conservation, the spotted owl controversy in the Northwest, and the effects of Hurricane Andrew have worked to diminish lumber supplies at a time that demand for them is higher.