TEMPORARY HOUSING

Demand for temporary housing is expected to peak in 2017/2018

TEMPORARY HOUSING ANALYSIS

OVERVIEW

The most urgent and critical housing need in SWLA is temporary worker housing. The number of workers needed on the project will increase from normal turnaround staffing levels to about 28,000 and then gradually decrease back to normal turnaround project levels. Building permanent housing or unregulated RV/Trailer parks for this group of workers will be extremely disruptive after they leave because of the large surplus of housing that will be on the market. Planned, temporary housing is the best solution. This spike in workers needed to provide the skilled labor to construct the industrial projects is due to people who will migrate to the area to fill jobs. The majority of these positions are craft construction jobs that will require technical skill sets that are in limited supply in the local workforce. Nationally, these journeyman level craft laborers migrate around the country following job openings. This analysis examines both the supply and demand of housing suitable for migratory workers. It also analyzes the likely impacts of temporary housing on other aspects of the community. The bottom line is that there are not enough workers in the local area to fill the jobs and there WILL be a significant but temporary movement of workers to the SWLA area.

The recreation and tourism industries of SWLA support a variety of Hotel/Motel and Campground style temporary housing. These facilities are spread throughout the community and provide housing for differing needs. Current facilities available are as follows:

CITY	HOTEL/MOTEL ROOMS	CAMPGROUND/RV SPACES
Carlyss	0	166
DeQuincy	16	0
Hayes	0	9
Iowa	102	80
Lake Charles	3,858	496
Starks	0	8
Sulphur	1,412	223
Vinton	262	238
Westlake	493	49
TOTALS	**6,143**	**1,269**

Source: SWLA Convention & Visitors Bureau

The bulk of these are concentrated in the Lake Charles/Sulphur area. Additionally, there is at least one other facility under construction (Courtyard Marriott – Lake Charles) with others in the planning phases.

Perhaps most importantly for this analysis — not all rooms and spaces will be available for workers coming to the area for jobs. The information below indicates that there are a substantial number of visitors to the region, already, that will require lodging availability. **Failure to provide existing guests with lodging opportunities threatens the overall vitality of the region.**

While the number of rooms available is increasing, so are demand and prices. According to the Louisiana Office of Tourism and Smith Travel Research, Inc., occupancy rates for Calcasieu Parish have increased from 50.8% in 2011 to 59% in 2013, an increase of 16.1%. Likewise, average daily rates for rooms have risen from $75.61 to $81.22, an increase of 7.4%.

YEAR	ROOMS SOLD	AVG. OCCUPANCY	AVG. DAILY RATE
2011	990,530	50.8%	$75.61
2012	1,126,058	56.7%	$77.95
2013	1,180,535	59%	$81.22
2011-2013 % Change	**19.2%**	**16.1%**	**7.4%**

Of particular note is that the average occupancy is calculated by dividing the number of rooms sold by the number of rooms available. It does not take into account complimentary rooms at the casino facilities which represent an estimated 27% of the overall number of rooms available. This increases the 2013 average occupancy from 59% to 65.7%.

Using 65.7% as a baseline going into 2014, and assuming that 60% of the unoccupied rooms are available for occupancy by construction workers, a total of 1,264 rooms are available for use.

CORPORATE HOUSING

Oftentimes, executives and other professionals choose to stay in apartments or other types of housing that offers flexible leasing terms associated with shorter term needs. Corporate housing stays tend to accommodate stays of an undetermined length, but generally for more than 30 days. Furnished units are typically offered with corporate housing. Traditionally, there has not been a strong demand for corporate housing in the SWLA Region; however, an increase in demand is likely with the surge in industrial activity. Currently, 4 housing developments are marketing themselves as corporate housing: Nelson Pointe, River Oaks, The Charlestonian, and the Verandah at Graywood. These units range from 1 to 3 bedrooms and are priced from $3,150 to $4,800 per month.

WORKER VILLAGES

Worker villages are clusters of temporary housing designed to have a minimal long-term impact on the community in which they are built. The infrastructure is built in a scalable fashion so as to add or remove units as demand changes. Generally, the facilities and associated infrastructure are removed at the completion of the project for which the housing was necessary. This type of housing is commonplace in military installations and has been modified for civilian use. It has become a popular choice for providing housing for large groups of workers in remote destinations (Ft. McMurry - Alberta, Canada) as well as more populated areas that do not have enough housing to meet the needs of surging job growth (Bakken, North Dakota; Odessa, Texas).

Worker villages are the preferred alternative to meet short-term, but temporary, demand for housing. The complexes are able to be constructed rapidly and have a minimal long term impact on the environment or the community in which they are built. If workforce housing is not provided in this manner, those workers are forced to search for individual housing solutions in the community. Some of the consequences of that type of housing can be:

- rapidly increasing rents
- increased traffic congestion
- code violations from too many people living in a single family dwelling
- conversion of ancillary spaces (garages, sheds) into rental housing
- overbuilding of long-term housing such as apartments, hotels, motels
- landlords opting out of housing subsidy programs such as Section 8
- increased homelessness
- overcrowding in consumer product and service centers: food, medical, retail, groceries, fuel
- stress on public services: police, fire, school, waste, recreation, community services, emergency services, disaster preparedness

The negative impacts identified above compound with one another. By compounding, a snowball effect occurs that magnifies in intensity as time progresses. These consequences result in the community becoming less resilient and lower the long-term quality of life for all residents.

As of March 2015, four non-traditional temporary housing developments have been permitted:

- **Pelican Lodge:** This development is to be on property owned by the Port of Lake Charles at Chennault Airport. The facility will be built in phases with ultimate capacity of approximately 4,000 residents.
- **Moss Lake Village:** This development is to be on the Southland Field Airport property. The facility will be built in phases with ultimate capacity of approximately 2,500 residents.
- **Rosie's Place:** This development is just east of Lake Charles in the unincorporated part of Calcasieu Parish along Opelousas Street. The facility will be built in phases with ultimate capacity of 500 residents.
- **J. Clophus Road**: This project will be built in Mossville. The facility will be built in phases with ultimate capacity of 625 residents.

The community expressed mixed sentiments to the proposed developments; however, the general consensus appears to be that this type of development is preferable to the alternative of dispersing large groups of temporary workers into the community. Moving forward, it will be critical that the local governments responsible for permitting these facilities have clear standards for things like aesthetics, infrastructure removal, noise, transportation, and permit terms associated with project timelines. These projects must be held accountable to provide the services and amenities proposed from the onset. This can be accomplished through stipulations to the permit or through the Development Agreement with the local jurisdiction.

The Calcasieu Parish Sheriff's Office (CPSO) has visited developments in other parts of North America in order to see firsthand how they are operated. The CPSO reports have generally been favorable and have helped calm some of the public's fear regarding worker villages, as long as they are properly planned and well managed. While there may be an overall increase in crime due to the increased population, well run worker villages do not generally see an increase in the overall crime rate (number of crimes committed per capita). The very nature of these worker villages cluster groups of workers in a concentrated area, which makes policing them much easier than if they were disbursed throughout the community. The workers will come, it is simply a question of how to accommodate them.

The commercial viability of these, and other announced but unpermitted worker villages, has not been evaluated as part of the current effort. Each project sponsor or contractor will need to conduct its own due diligence on the viability and suitability of each worker village. Some of the worker villages may be best suited to serve a limited geographic area due to logistical concerns due to traffic and travel time. It is expected that as the market matures, some of the worker village projects will become less utilized as market leaders emerge due to cost, operational excellence, or location. This presumes that the market meets or exceeds the overall demands for temporary housing of any type.

As projects are permitted, local officials should consider incorporating the commitments made by developers into the permitting process. This could be done by adding the itemized promises into Development Agreements or Zoning Exceptions. Elements common to all developments could be incorporated into existing development regulations. Some of those elements may include: density,

landscaping, lighting, fencing, parking, utilities, and disposition after the project is no longer needed. These developments are unique and do not fall neatly under existing regulations. It is important that a consistent set of guidelines be established for all projects in order to protect the public and treat all developers equitably.

Contractors and/or project sponsors must also consider the impact of state and federal labor laws when deciding how best to ensure adequate housing is available for temporary construction workers. Concern has been expressed, on the part of industry, that remote housing requiring long commutes may require compensation for travel time to remain competitive with less remote projects. There is also uncertainty as to what housing arrangements trigger automatic compensation for travel time — such as mandatory housing at specific developments.

Several other sites are actively being considered for temporary housing. The addition of other temporary housing developments dispersed throughout the region will be key to meeting the overall demand. Perhaps more importantly, the acceptance and embracing of worker villages by the

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industrial companies — owners and contractors — is of utmost importance in establishing worker villages as the primary mechanism to meet the temporary housing needs. If temporary housing is left to the individual employee's responsibility, the community should expect to see the adverse impacts stated above to some degree. Because of the nature of the growth cycle expected for Southwest Louisiana (magnitude and timing), companies run the risk of being hindered by these factors. Some projects may run the risk of cost overruns associated with employee availability, morale, and predictability. In a worst case scenario, the impact of workforce housing availability could indirectly threaten the viability of marginal projects.

The forecast of construction labor for each project continues to be dynamic. The labor forecast is a function of many elements including labor costs, training capacity, material costs, labor demand in other locations, availability of raw materials, etc. It is unrealistic to think that private operators of worker villages will be willing to make long-term investments in developments without commitments from one or more plant facilities to utilize that worker village. A better solution may be to incorporate workforce housing into the overall project development plan. Many of the industrial sites have suitable additional acreage that could be utilized to provide on-site housing.

This alleviates many of the concerns that are associated with a transient workforce including:

- **Increased Traffic Congestion:** By concentrating workers in isolated areas, companies have the choice of considering mass transit. When workers are spread throughout the community, individual vehicles are required. Mass transit results in fewer overall vehicles traveling less overall miles. This in turn lowers traffic congestion.
- **Lower Labor Costs:** Some companies are considering paying workers during their commutes. By housing workers on-site, the amount of time spend commuting is negligible. While seemingly insignificant, this could save 1-2 hours of labor time per employee per day. At 1,000 workers making $20/hour, this represents a potential savings of $8.8M per year.
- **Housing Uncertainty:** Many companies have expressed concern about the ability of housing providers to meet their needs timely. By hosting a camp within/adjacent to the project site, project sponsors have the ability to dictate terms that lower risk and uncertainty with regard to housing.

While this concept has been explored, no projects have announced this type of arrangement as of February 2015. Additional exploration of this type of arrangement should be encouraged by all stakeholders.

TEMPORARY HOUSING FORECAST

Several major projects are beginning to enter the construction phase. As construction begins, labor estimates become more refined. This allows for more accurate projections of housing need to support temporary workers.

The overall jobs forecast was analyzed by project. The analysis included both construction and operations phase employment. Indirect and induced employment figures were calculated from the direct operations and construction jobs. The RIMSII multipliers from the Department of Commerce were used in developing these projects. The table below aggregates direct, indirect, and induced employment for both operations and construction.

Using the combined projection of operation and construction phase employment, total immigration needs were estimated. Immigration was determined by subtracting the existing unemployed (but employable) workforce from projected jobs needs. Typically, about 70% of the overall construction workforce consists of journeyman travelers. These workers will be needed in addition to the immigrants since the training they have is specialized and not able to be found at the levels needed in the current SWLA workforce. A table summarizing this information is below.

IMMIGRATION ANALYSIS

	2015	2016	2017	2018	2019	2020	2021	2022
TOTAL OPERATIONS JOBS BY YEAR	661	1,027	1,286	7,099	10,235	11,109	12,131	13,702
TOTAL CONSTRUCTION PHASE JOBS BY YR	11,124	22,754	28,919	19,070	9,567	7,499	2,553	59
Less Journeyman Construction	-6,882	-14,078	-17,892	-11,798	-5,919	-4,639	-1,580	-36
TOTAL Local JOBS BOTH PHASES BY YEAR	4,902	9,703	12,312	14,370	13,883	13,968	13,104	13,724
SW LA Labor Resource	10,135	10,135	10,135	10,135	10,135	10,135	10,135	10,135
SWLA Labor Resource After Ops	9,474	9,108	8,849	3,036	-100	-974	-1,996	-3,567
SWLA Labor Resource After Const.	5,233	432	-2,177	-4,235	-3,748	-3,833	-2,969	-3,589
Immigration (Workers)	-	-	2,177	4,235	3,748	3,833	2,969	3,589

After analyzing total immigration expected in the region, and combining it with the construction journeyman, an estimate of total temporary housing needs is able to be developed. The chart on the next page is an analysis of the overall supply and demand for temporary housing.

SUPPLY & DEMAND ANALYSIS FOR TEMPORARY HOUSING

	2015	2016	2017	2018	2019	2020	2021	2022
Immigration for Const. Phase Jobs	-	-	2,177	4,235	3,648	2,859	973	22
Construction Journeyman	6,882	14,078	17,892	11,798	5,919	4,639	1,580	36
TOTAL DEMAND	**6,882**	**14,078**	**20,069**	**16,034**	**9,567**	**7,499**	**2,553**	**59**
Hotel/Motel	1,264	1,264	1,264	1,264	1,264	1,264	1,264	1,264
RV/Campground	635	699	768	845	845	845	845	845
Worker Villages	7,625	7,625	7,625	7,625	7,625	5,400	500	-
TOTAL SUPPLY	**9,524**	**9,588**	**9,657**	**9,734**	**9,734**	**7,509**	**2,609**	**2,109**
Unmet Demand	-	4,490	10,412	6,299	-	-	-	-

ASSUMPTIONS:

- RV/Campground growth continues at 10% new capacity annually through 2018 (last year of high demand) with current steady state occupancy of 50% of available slots
- No additional hotel/motel construction occurs
- The four worker villages expand to full announced capacity and are 100% occupied

Overall, demand for temporary housing is expected to peak in 2017/2018 at about 20,000 housing units. Existing capacity for housing in the SWLA region is about 2,000 housing units, not considering worker villages. Ultimately, significant new workforce housing will be required to meet the projected demand. Even when taking into account the announced worker villages, over 10,000 additional housing units are projected to be needed in 2017.

Finally, not all empty beds will be available to meet overall supply. Some worker villages will be restricted to workers from a geographic region. Other developments will accept female workers only. Lastly, some worker villages will be too far from certain employment centers to effectively meet the needs. It is imperative that these factors be considered when determining the actual available supply of temporary dwellings. The map below shows the general geographic concentrations of construction employment.

EMPLOYMENT LOCALES