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HISTORIC PRESERVATION VERSES KATRINA AND RITA

Statement of Lieutenant Governor Mitchell J. Landrieu

State of Louisiana

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Historic Preservation vs. Katrina and Rita

In the wake of the worst natural disaster to face our nation, we have seen up close and personal loss on a magnitude the likes of which we have never been seen. Communities across the south were brought to their knees by the force of Katrina and then again four weeks later by Hurricane Rita. This is a real human tragedy that has the power to transform our nation. Historians have told the story of the South as one of “opportunity lost.” It is now the challenge of the nation and the people of the South to change our story into a story of “opportunity found.”

One simple idea should drive our actions. We can create a unified New South.

The New South exemplifies a place of community where our differences, much like threads of fine fabric, unite us – where educational opportunities abound. A place that understands that knowledge is the currency of a strong economy.

In this New South, our diversity is a strength, not a weakness - where different philosophies, political views, religious beliefs and ethnicities are not only viewed as good but necessary to the formation of the tapestry of our rich and beautiful culture. In this New South, we interpret the Latin term, *E Pluribus Unum* on the seal of the country literally, “out of many, one.” This New South values strong families, cultural roots and the heritage of our ancestors / while at the same time, looks forward in a progressive way, excited about the possibility of what can be.

As Lieutenant Governor, I am charged with preserving, protecting and enhancing Louisiana’s cultural legacy. And, as we begin the discussions about rebuilding the South, they must start with the context of our history and our people. One thing that we in Louisiana know for sure is that in order to rebuild and create our future, we must preserve our incredibly rich past. In Louisiana, our history and our heritage are uniquely expressed through our art, music, food, and, of course, our historic properties, districts and places.

South Louisiana’s heritage, including New Orleans, is a gumbo of Native Americans and exiles from Acadie in Canada, French expatriates and French Creoles, Creoles of Color, Freed People of Color, and Americans. Tradition, family, food, music and *joie de vivre* are fundamentals of life in South Louisiana. Sprinkled across the South Louisiana are bayous, sugar cane and rice fields, crawfish ponds, lakes, marshes, and rivers, creating a unique landscape you can’t find

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anywhere else in the world. Now, everything about the culture that we have shared with the nation and the world for so long comes from our people and is at risk.

Tourists, historians and cultural enthusiasts have for years traveled from other parts of America and around the world to see and experience Louisiana through its architecture, buildings and neighborhoods. And, while we in Louisiana have long understood the importance of preserving these American treasures, we also appreciate and enjoy the support of Congress for our historic offerings through the National Historic Preservation Program.

In fact, over the years, this federal/state partnership has received broad bipartisan support. It is really as uncontroversial as any public policy can be. For perspective, creation of the National Historic Preservation Program came in 1966 under Lyndon Johnson, while its greatest economic engine, the federal historic preservation tax credit, came about as an initiative of Ronald Reagan.

An initial assessment of the 10 parishes (or counties) in the Katrina zone and three in the Rita zone have been so severely affected that they require substantial, sustained investment by federal, state, and local governments and the private sector. These thirteen parishes were home to one million, seven hundred sixteen thousand, nine hundred thirty-one Louisiana citizens. 81,000 businesses have been severely impacted. This number represents roughly 41% of all Louisiana's businesses, of which 90% are small businesses. Compare these stats to 9/11, where only 50,000 businesses were dislocated. It took New York four months to plan an effective recovery program. In fact, Louisiana's state department of economic developments' counterparts in New York has praised Louisiana for its progress already made drawing up its economic revitalization plan. We have so much hope for future rebuilding for this great state of ours, we will make it better and stronger than it was before.

In culture, tourism, business, manufacturing, politics and military affairs we have set the pulse of the nation before, and we will again. Today, the New South continues to emerge - in our midst - forming itself from Houston to Dallas from Charlotte to Birmingham from Atlanta to the Carolinas. When we build it back, we will build it back better than before and strive to become the leader of this New South. With this great foundation of culture and people, we can rebuild a place that can finally exceed it's potential.

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In Louisiana culture means business. That dynamic relationship relies upon the full development of our unique and irreplaceable heritage of historic districts, historic buildings, and places. I cannot overstate their importance. Current surveys reveal that 28% of tourists who visit our state come mainly to enjoy our distinctive neighborhoods, engage in urban sight seeing, and visit individual historic properties. That contrasts with 23% who come primarily to gamble. Those who study trends in tourism find that fewer and fewer of us are passive tourists, content to merely idle by the pool or on the beach. Today we see a rapidly growing segment of active tourists—eager to see and learn. Heritage tourism captures the interest of the active tourist with real places, real people, and real history.

We also know heritage tourism pays handsome dividends. Heritage travelers stay longer and spend more than typical American tourists. One recent study compared the average stay of a heritage tourist with that of other tourists: 5.2 nights for the heritage tourist versus 3.3 nights for other tourists. Given that longer length of stay for heritage tourists, it is not surprising that this study also found that heritage tourists spend more: \$688 for the heritage tourist versus only \$425 for the others.

Beyond tourism, historic buildings play a key role in the growing cultural economy by providing a distinctive architectural setting for arts districts, restaurants, music, and other cultural venues. They also provide the stimulating living and working environment increasingly prized by our growing segment of knowledge workers. The lesson is this: states and communities that preserve their heritage today will be the economic winners of tomorrow.

The number of homes, neighborhoods and lives that will have to be rebuilt is staggering, but the cornerstones of New Orleans and Louisiana survived; our rich heritage and cultural advantages will serve as our guides to the rebirth. Everyone benefits when historic properties are preserved. For those historic properties that do not serve as residences, or museums, they may also serve to house economic endeavors—if they can pay their own way. In the bottom-line world of business, you have to evaluate historic buildings like any other form of commercial real estate. The truth, very often is that they are not the most attractive investment option.

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Fortunately, Congress saw the wisdom of creating an economic incentive to make historic properties more attractive options for revenue-producing purposes. Since 1976, more than 32,000 projects across our country have taken advantage of the Federal historic preservation tax incentives. In Fiscal Year 2004 alone, the federal historic rehabilitation tax credit leverage a total investment in our nation of 3.8 billion dollars. In Louisiana, through the Department of Culture, Recreation and Tourism, the program leveraged nearly \$50 million dollars in private investments in historic properties. As developers tell us, again and again, these incentives “make the bottom-line numbers work” for a vast number of potential historic building renovation projects. They tip the scales in favor of putting deteriorated or under-utilized landmarks back into commerce.

Historic restoration projects can be a challenging proposition in good times. When a disaster strikes, the challenge is that much greater. Most investors shrink from potentially risky real estate ventures in a disaster area. Beyond the immediate destruction of the event, there can be collateral damage. The most obvious would be the understandable, though frequently misguided, urge for mass demolition of buildings that survived the event, in the name of health and safety. But other, less obvious forms of collateral damage for historic buildings and districts exist, such as loss of business base and severe disruption of cash-flow.

Compounding the challenges faced in the aftermath of a disaster is a recent IRS ruling that property owners do not qualify for the federal historic preservation tax credit on restoration expenses funded through insurance settlements. That ruling effectively erases a potentially lucrative incentive to rebuild properly, and locally. Adding to the difficulties presented in the wake of a disaster is the potential for the loss of skilled construction artisans. Because restoration is more labor intensive than new construction, the loss of skilled labor can make restoration a less attractive option, at least in the short run.

State government must take the lead in the recovery phase, vigorously implementing the historic preservation tax credit programs. And because historic restoration tends to be so labor intensive, it will create quality jobs now. This is an excellent opportunity to bring Louisiana citizens home for good-paying jobs that will strengthen the economy and rebuild communities. The Office of Cultural Development in the Department of Culture, Recreation and Tourism, which includes Louisiana’s Historic Preservation Office, is currently compiling best practices in cultural

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workforce development. This data will help to inform our next steps in this area. Also, because the state and federal governments are already partners under the National Historic Preservation Act, that program provides the perfect venue to coordinate aid—both in the form of tax credits and grants that may be forthcoming. The more we encourage restoration, the more quickly we will have a recovery that honors our cultural resources, and simultaneously creates economic uplift.

We can also help guide the recovery in our official partnership role with FEMA. This role is pivotal, because through Section 106 of the National Historic Preservation Act, we can help come up with alternatives to the hasty or unnecessary demolition of historic buildings. The State's role in this vital review procedure gives us standing to bring all parties to the table and ensure all levels of government coordinate the use of their resources to the maximum extent possible. Our highest priority will be that historic Louisiana comes back stronger than ever, that all aid dollars are allocated credibly, and that waste and duplication are minimized.

In addition to the daunting task of rebuilding all of the rural south below I-10 from Texas to Louisiana to Alabama and many small towns and cities in between each unique and precious in their own right, we have today, the opportunity to rebuild a great American city - New Orleans. What do we want it to look like in 50 or 100 years? In order for the greater New Orleans region to experience its own rebirth, it must recreate itself as both a cultural incubator and technological innovator. New Orleans must balance the entrepreneur and the individual artist. Through this urban creativity, New Orleans will become a center of synergy for the New South region. Why can't New Orleans be home to creators of the next digital information superhighway or the masterminds of the video gaming industry? Why not both?

If Sir Peter Hall, a noted historian of urban centers, is to be taken seriously, then New Orleans is capable of being a center of urban creativity. Great cities like Paris or Athens or Florence or Berlin were both capitalist cities as well as great trading cities fueled by their artistic and innovative networks. I, too, believe in New Orleans' potential. Music, food, culture, art, architecture, historic preservation – these are our strengths and our future.

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I know that some have questioned the wisdom of a regional hub of commerce, trade, culture, tourism, music and so much more in a place so vulnerable to natural disaster like we just experienced. I have always thought that New Orleans is strategically located to be so much greater than we have ever been in Southeast Louisiana. While celebrating our traditions, New Orleans can seek innovation that will allow Louisiana to globally compete with the best and brightest.

We can and we will challenge current paradigms and assumptions to transform New Orleans and Louisiana; tackle the divisions that poverty creates, renounce parochial attitudes, disavow the perception of corruption and impropriety. For too long we allowed the politics of the day to halt progress that was necessary to address the most critical socio-economic issues of our time.

Now, something strange has happened. We were hit by the most destructive natural disaster in the country's history. And about one million of Louisiana's sons and daughters were driven from their homes. Approximately 4,640 of our citizens are still in shelters. We have lost 40% of our businesses. 1,056 of our brothers and sisters, mothers and fathers, friends and neighbors have died and every week this number increases. We come to Congress, the voice of the American people to seek help. And yet, in the media, at the office water cooler, at the family dinner table and even in the hallways of the Capitol a few blocks from here, we have been made to feel corrupt, selfish and unworthy of aid. The cries of caution never surfaced in Florida last year, never surfaced in Mississippi or Texas this year, or in New York after 9/11.

While incidents of corruption and cronyism may make for a colorful story, it blurs and distorts Louisiana's image to the rest of the country and the world. Current Governor Kathleen Blanco (D) has followed in the footsteps of former Governor Mike Foster's (R) pragmatic style of scandal free governing and above-board practices and ethics. Governor Blanco has committed to hiring one of the country's top four accounting firms to monitor transactions related to the relief efforts. Louisiana does not engage in cronyism. Through this tragedy, we have the opportunity to set an example for the nation about the power to change when we lean forward, rather than blink.

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To me, that power to make the political process work is anchored in a set of guiding principles that can set the tone for the type of region we build and position us as the leader of the New South.

We believe that we can transform ourselves from victims to victors, from followers to leaders if we follow five guiding principles:

- Consider our diversity a strength, not a weakness;
- Seek to expand and diversify our economy;
- Think regionally so that we can compete globally;
- Add value to our raw talent and raw materials; and
- Set the highest standards of excellence for all that we do.

To build the New South we envision, we must also position ourselves to move forward on an international stage.

We must foster cooperation. Cooperation between artistic, preservation and business communities, dialogue between government and private industry, regional and humanitarian organizations, non-profits, educational institutions and others who seek higher common ground and a shared vision of progress.

AND, above all we must honor our diversity: diversity of ideas, diversity of people, diversity of cultures. Diversity is our strength and is the backbone of the New South that we seek.

I believe that Louisiana has what it takes to be a leader in the southern region, nationally and internationally. I began in office by issuing a “roadmap for change,” laying out our strategic direction of a new Louisiana in a New South. We have reworked and re-issued this blueprint as the “Louisiana and New Orleans Rebirth Plan.” It may appear ambitious, but we feel that it is our time to bring our vision to fruition.

- Rebuild Louisiana to worldwide preeminence as a top tourist destination;
- Make Louisiana’s cultural economy the engine of economic and social change;
- Build better lives and livelihoods than before for all Louisiana’s people;

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- Make Louisiana's recovery the standard for high performance accountability and ethical behavior.

This is our time in the South to lead the nation, not to repeat past mistakes. We are about to embark on "opportunity found," rebuilding the south and its assets from the ground up.

Literally four days before Hurricane Katrina roared through New Orleans, we met in a summit, devoted to Louisiana's Cultural Economy, to plot out strategies to place Louisiana and New Orleans as the axis of all things American. That was then, a moment of great opportunity where many different sectors came together to launch a new day for a New South founded on our cultural assets. A few days later, a people, a culture and a place were altered unbelievably.

What we are really asking is that you help us to restore the "Soul of America." Under my leadership, we have married a vibrant Louisiana Cultural Economy with the realities of recent events and designed a Louisiana and New Orleans REBIRTH Plan. It maps our way back to restoring and preserving this "soul" with a set of strategic initiatives fueled by the spirit of hope.

As with any worthwhile effort, preservation of our past is not free or easy. For preservation to enjoy long-term success, it must be done in an evenhanded way that balances competing interests. Common sense tells us that some historic buildings are so badly damaged that they simply cannot be saved. At the same time, too much haste in pulling down historic buildings would unnecessarily deprive us of cultural assets important to us and to succeeding generations. This is the time to take a thoughtful approach, and take advantage of what has been learned from past disasters. A sensitive, yet practical-minded approach will ensure that the end product of our recovery process will both honor our past and create something better than what existed before. That kind of approach will create construction jobs during the recovery, and create tourism-related jobs after the recovery.

The Office of the Lieutenant Governor and the Louisiana Department of Culture, Recreation and Tourism are working with the National Trust for Historic Preservation and the Advisory Council on Historic Preservation to ask Congress to consider support of Historic Preservation Disaster Assistance Packages to stimulate economic development. The Department of Culture,

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Recreation and Tourism's package is designed to provide tax credits and disaster relief for the rehabilitation of historic homes and property, provide disaster relief to repair historic properties and waive existing historic preservation tax credits for commercial properties. We believe these measures will support Louisiana's rebuilding effort and conserve an important part of the state's rich and unique heritage.

Government can play an important role in Louisiana's comeback, especially in the area of historic preservation. It can leverage private activity through tax incentives that result in a stronger cultural tourism industry in Louisiana for many years to come.

With our plan in hand for the Rebirth of Louisiana and New Orleans, we will persevere because we have prepared for this moment to shine. Like Earnest Gaines wrote, "I want to smell that Louisiana earth, feel that Louisiana sun, sit under the shade of one of those Louisiana oaks, search for persons in that Louisiana grass in one of those Louisiana yards next to one of those Louisiana bayous, not far from a Louisiana river." Now faced with the challenge to rebuild our region of the country and a great international city / America's great city / we must all lock arms, lean forward, stay focused and rebuild one of Americas strongest assets. In this time following Hurrricanes Katrina and Rita, this has never been more crucial to Louisiana AND to the nation. I urge this committee and all members of Congress to show strong support for historic preservation at all levels of government, and I look forward to working with you in this area.

Thank you.