

Seeking More Aid, Gulf Coast Looks to Foundations

By Joseph B. Treaster
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After Hurricane Katrina wrecked the Gulf Coast, Kathy Laborde started a nonprofit group in New Orleans to build inexpensive replacement housing. She has one block of apartments nearly finished and a dozen other projects ready to start.

But like many others working on rebuilding the region, Ms. Laborde has been staggered by the post-Katrina costs of insurance and construction supplies. She has raised \$20 million in grants, loans and tax credits, mainly from government agencies. But she is still millions of dollars short.

She is now turning to foundations — the only remaining source of money she can tap. But she is not sure the foundations will come through.

“They’ve told us their funds are limited,” Ms. Laborde said. “Sometimes they say they can’t fund us this cycle. There’s always a gap in funding our low- and moderate-income projects. If we can’t close the gap, we can’t do the project.”

So far, financing for Gulf Coast reconstruction by private foundations has been dwarfed by contributions from corporations and government, and some experts say the private foundation money is declining.

Roughly \$322 million given by such foundations over the last two years since Katrina compares with \$519 million from corporate foundations and more than \$100 billion from the federal government. Another \$60 billion has come from insurance companies and the federal flood insurance program.

Given the enormous scope of the disaster and the wealth of private foundations, many experts say they should be doing a lot more.

According to the Foundation Center in New York, private foundations have a total of roughly \$550 billion in their vaults. Yet they limit annual spending to about 5 percent of their wealth, after operating expenses, on the theory that spending more could jeopardize their ability to provide for future generations of philanthropy. Over the last two years, they have given out about \$77 billion. Less than 1 percent has gone to the Gulf.

“The government is obviously the primary and proper source of relief funds,” said Aaron Dorfman, the executive director of the National Committee for Responsive Philanthropy, which monitors the operation of foundations across the country. “But the foundations ought to be putting much more money into the region. The rebuilding process has only just barely begun.”

Waveland, Miss., is a microcosm of the misery. "I've got 600 families still living in FEMA trailers," said Mayor Tommy Longo. "We've broken ground on two apartment projects, and we've got three more in the works. But we need a lot more."

Foundation executives recognize the tremendous need in the Gulf region, and many say their long focus on improving social conditions has ideally situated them to contribute to the recovery. But most are reluctant to spend beyond traditional limits.

"There is certainly more we can do," said Linetta J. Gilbert, who is helping to oversee work in the region by the Ford Foundation. "What foundations are doing is trying to reflect on how can we do what we do best and do it effectively."

The recovery is moving at a crawl. More than 400,000 homes were destroyed or damaged in the region. "Many of those units were occupied by the work force," said Ms. Laborde. "We need those folks desperately to help with the recovery. But they don't have affordable housing options."

Some experts say private foundations should not be putting money into housing projects, but should be paying for research and development of, say, designs of low-priced housing that could withstand Category 5 hurricanes.

"They should be funding the kind of research and engineering projects that could protect the area from future Katrinas," said Mark Dowie, the author of "American Foundations: An Investigative History."

Ben Johnson, the executive director of the Greater New Orleans Foundation, agrees. But he lives in New Orleans and is compelled to find money to help nonprofit organizations like Ms. Laborde's Gulf Coast Housing Partnership put up homes for returning families.

Mr. Johnson, who limits spending at his own foundation to 5 percent, has helped create a fund of \$25 million for housing. The money comes from a dozen foundations, and the fund plans to spend about \$5 million a year over the next five years. He is starting similar funds for education and job training.

The foundation money, Mr. Johnson says, is "a drop in the bucket" compared with the federal dollars that are being spent.

But he said the idea of the foundations was "to have a high impact" on setting policy and guiding how the government money is spent.

Keith Twitchel, the president of the Committee for a Better New Orleans/Metropolitan Area Committee, is trying to organize neighborhoods to participate in the redesign of New Orleans and its schools.

He talks about how much more money the government has compared with the foundations, adding, "I think the foundations have stepped up in a historic way."

Foundations often provide seed money for the first two or three years of a project, then move on. But Steven Lawrence, the senior director of research at the Foundation Center in New York, said they were digging in for the long haul in the Gulf region. "They see an opportunity for the Gulf Coast to become a model for the rest of the country," he said.

Ms. Laborde's first, nearly completed project since the hurricane is an apartment building in central New Orleans. She has refurbished the 30 loft apartments and turned them into condominiums starting at \$125,000. With \$500,000 in grants from the Ford Foundation and the Greater New Orleans Foundation, the Ash