

THE CHRONICLE OF

PHILANTHROPHY[®]

3 Philanthropists Bet on New Orleans Venture as an Antipoverty Model

By Ian Wilhelm

NEW ORLEANS
O N A CHILLY MORNING here last week, the financier Warren E. Buffett walked through a newly built three-bedroom townhouse, asking questions like a potential buyer.

Where's the nearest grocery store? Does each unit have a washer and dryer? How competitive is the local housing market?

The Nebraska native, of course, was not looking for a new residence; he came to the Crescent City to champion a new network of nonprofit groups dedicated to alleviating poverty.

Almost like giving a cancer patient a battery of medicines and treatments at one time, the coalition, known as Purpose-Built Communities, advocates that to defeat seemingly intractable social problems, impoverished neighborhoods need a full array of charitable aid—new housing, recreational facilities, charter schools, and more.

While the approach isn't necessarily new—community development corporations, for instance, have espoused a somewhat similar idea—the Purpose-Built philosophy has attracted some deep-pocket donors.

Mr. Buffett, the real-estate mogul Thomas G. Cousins, and the hedge-

fund manager Julian H. Robertson Jr. last year founded the coalition, which is providing advice and other managerial aid to seven cities across the country.

\$430-Million Project

Here in the Gentilly neighborhood, the Purpose-Built approach has yielded Columbia Parc, a former public-housing complex that was torn down after Hurricane Katrina.

The Bayou District Foundation, a member of the coalition, is working with the local housing authority, a real-estate developer, and others to resurrect the 55-acre development off St. Bernard Avenue. Its ambitious goal is to build 1,325 low-cost housing units, two new schools, a YMCA facility, a health clinic, a supermarket, and more. The grant maker is even trying to get approval to refurbish a nearby golf course to offer employment opportunities for residents and generate revenue for its charitable programs.

Much of the \$430-million project is under construction or resides on blueprints, but phase one is complete and new residents began moving in last month.

As part of the inaugural meeting of Purpose-Built Communities and its members, Mr. Buffett, Mr. Cousins, and

Mr. Robertson's son Alex inspected two new residences, admiring the granite countertops, crown molding, and walk-in closets. A CNBC camera crew followed their every move.

While Mr. Buffett attracted the news media to the event, it is Mr. Cousins who is the main driver behind the efforts. "When you get a chance to bet on the right person for the right project, you'd better put your money down," Mr. Buffett said about his friend, who he has known for more than 10 years. "I'm just delighted to participate and let him do all the work."

(Mr. Buffett, who has pledged billions to the Bill & Melinda Gates Foundation and the philanthropic efforts of his children, declined to tell *The Chronicle* how much he has given to support Purpose-Built Communities. "It's whatever Tom asks for," he said.)

Replication Test

The Purpose-Built approach stems from Mr. Cousins' success—and occasional frustrations—in fighting poverty in his hometown of Atlanta.

After several decades of giving to an array of charitable ventures, in 1995 Mr. Cousins decided to shift gears and focus on one notoriously crime-infested neighborhood: East Lake.

"We had been supporting this school program, this drug program, this that and the other. But we could not really see results," he said. "We told the philanthropic community we're out of business except for one area of Atlanta."

Mr. Cousins established the East Lake Foundation, and with the help of charities and city agencies, sought to revitalize all aspects of the area. It seems to have worked.

According to the East Lake Foundation, violent crime has fallen 95 percent, just 5 percent of the residents rely on government welfare checks, and more than 80 percent of fifth graders from the neighborhood meet or exceed Georgia's math standards.

But Mr. Cousins is no Purpose-Built zealot; he is frank about the challenges. City officials and nonprofit leaders need to have "the heart and stomach, because it's not easy," he said. "There are a lot of roadblocks along the way toward the destination."

Mr. Buffett said some may be skeptical that East Lake's success can be replicated. But he predicted the naysayers will be wrong.

"New Orleans will prove it can be replicated," he said. And visitors from across the country will say, "We can do this in our own community."