

## **An Open Letter from Civic Groups in New York on 9/11 and Katrina**

**To: Members of Congress  
Concerned Individuals and Groups on the Gulf Coast**

**From: Good Jobs First, Good Jobs New York, the Labor Community Advocacy  
Network to Rebuild New York, and the Fiscal Policy Institute**

**Date: September 15, 2005**

As we mark the fourth anniversary of 9/11, our most sincere thoughts are with those of you on the Gulf Coast, where a disaster of unfathomable scope is still unfolding.

In the wake of September 11, the Labor Community Advocacy Network (LCAN) brought together over 50 unions, community organizations, service providers, researchers, and advocates to help shape a policy agenda for rebuilding New York for fairness and sustainability. The network, coordinated by the Fiscal Policy Institute, became a key player in channeling civic participation in the rebuilding process, together with others like the Civic Alliance, Imagine New York, Rebuild Downtown Our Town, New York New Visions, and 9/11 Environmental Action.

Quickly after 9/11, Good Jobs First and Good Jobs New York set out to be a watchdog for the use of public funds, and set up Reconstruction Watch, a project that tracked and publicized the details of “economic development” projects.

In New York, there were very positive lessons—such as the extraordinary rescue, recovery, and cleanup effort after the collapse of the buildings. And there were negative lessons, such as the vast waste of resources in tax breaks and corporate retention deals. There are also very big decisions that four years later are still far from settled.

While there are many, many differences between New York’s recovery from 9/11 and what those of you on the Gulf Coast will be going through in the months to come, public officials are already proposing programs specifically modeled on 9/11 programs. We therefore feel compelled to offer some suggestions to members of Congress, hoping that our experience may help you in crafting the most effective recovery process possible. And we address this letter to concerned organizations and individuals on the Gulf Coast, since their active engagement will be essential to achieving that goal. We would also welcome your questions and would be very pleased to offer whatever kind of follow-up may be helpful in this terrible time.

# 1. Equity, Inclusion & Governance

*Decisions made now could restrict options later. That makes it critical to be inclusive and open about every step of the planning, and to make sure the poor and disenfranchised people of the region are not left out of the process.*

The early design of relief and recovery programs will have a lasting impact on the fairness of the rebuilding effort. Structures and systems will get “cast in stone” very soon that can either promote broad civic participation in the rebuilding process or make the process very undemocratic. To the extent local groups are able, it is critical to be cohesive, to be vocal, and to get involved now, in the early stages of program design, so that groups representing local communities, people of color, low- and middle-income people, and small businesses can be an active part of the process.

In New York, many of us hesitated to criticize program design because we didn’t want to seem ungrateful or (in the post-9/11 world) divisive. As it turned out, however, when we got into debates later on, the early design of the programs limited our ability to influence the decision-making process.

The disaster area in New York was quickly narrowed, for instance, from the broad metropolitan region FEMA initially designated as “affected” to an area that steered most of the money to wealthy neighborhoods while excluding many poorer ones. Left out were people who breathed in toxic dust in Brooklyn, people who lost their jobs at the airports in Queens, or people who lived in Chinatown on the north rather than the south side of Canal Street. A distinction also quickly was made between “preexisting” problems (like poverty) and problems “caused by the disaster” (like a downturn in the real estate market). Thus, a huge amount was spent to prop up the real estate market, but little to create jobs or affordable housing.

The roughly \$20 billion allocated for rebuilding New York came to the state in ways that led to a kind of “keep away” game for some key constituencies. The allocation bypassed entirely the state and city legislatures. Our mayor was given a limited role. And, once the allocation was made, members of Congress were effectively shut out. Requirements for public hearings on key flexible funds were limited. The governor controlled the show, but a welter of public authorities made it hard to establish a clear line of political accountability.

As a result of these undemocratic structures controlling the process, New York’s rebuilding has wasted great sums of money, especially in those programs designed to aid private businesses.

For example, \$8 billion in “Liberty Bonds” overwhelming went to build luxury apartments rather than affordable housing, and to line the pockets of big commercial real

estate firms rather than stimulating any new economic development. And fully \$1.6 billion are earmarked for a single firm, one of the richest investment banks in the world.

In a special allocation of a \$2.7 billion Community Development Block Grant from HUD, the long-standing requirement that the monies primarily benefit low- and moderate-income people was stripped out. However, thanks to the efforts of civic-engagement organizers, some of the money restricted to public infrastructure has been well spent.

On the Gulf Coast, the preexisting problems of infrastructure disinvestment, poverty and racial inequity were part of what made the disaster so devastating. Improving the social conditions has to be on the agenda in the same way as improving the levees; to restore either as they were before the flood would be yet another tragedy.

After 9/11, a normally fragmented civil society came together quickly. A handful of broad networks formed to help residents and groups give meaningful input into a staggeringly complex rebuilding process. It was a period in which we had to learn about everything from transportation to electricity, from the garment industry to the finance industry. Bringing organizations together under a few umbrellas was tremendously helpful in shaping our views on the rebuilding and in making them heard.

Because the physical destruction and number of jobs affected by Hurricane Katrina are so great, this rebuilding will require an even greater degree of involvement and understanding from community, labor, environmental, advocacy, research, city planning, and related groups. The task on the Gulf Coast will be immensely harder because of the dispersal of communities.

## 2. Putting People to Work Building a Sustainable City

*If done right, rebuilding the region can create good, middle-class jobs for flood victims and a more solid and less polarized city economy. The jobs created by taxpayer-financed reconstruction efforts should pay fair wages and benefits, so that they do not exacerbate the region's poverty, and they should be offered first to workers who have been dislocated.*

With huge amounts of money and a myriad of programs for rebuilding likely to be flowing to the Gulf Coast, there will be many ways the rebuilding can be done to improve fairness and sustainability.

Charity, in our experience, just can't match the government in replacing lost income. Despite extremely generous charitable donations after 9/11, far and away the largest source of assistance came from the government's safety net programs, most especially unemployment insurance, Medicaid, food stamps, and FEMA's now-expired Mortgage and Rental Assistance Program. In New York's rebuilding, officials succeeded through outreach and application assistance in many languages to dramatically increase participation rates in these programs. (Specific recommendations on how to tailor these vital programs for Hurricane Katrina victims are being developed now by the Center on Budget and Policy Priorities and the National Employment Law Project.)

The Stafford Act allows the federal government to loan local governments money to compensate them for lost tax revenues, loans which are frequently later forgiven. In New York, lost tax revenues totaled in the billions, but the Stafford Act was essentially irrelevant because it caps such loans at \$5 million. Congress should raise the limit, so that local governments on the Gulf Coast are not forced to bear the financial brunt of this disaster.

When rescue operations in New York subsided, one of our central concerns was putting people to work. New York City lost 75,000 to 100,000 jobs due to 9/11. On the Gulf Coast, the scope of job destruction is vastly greater. There will be a great deal of new work rebuilding the region: Government reconstruction monies should be actively and intentionally used to put dislocated workers back to work, and to create good jobs in the region.

It is simply appalling, in this time of disaster, to suspend the Davis-Bacon law that requires construction jobs funded by federal dollars to pay a prevailing wage. In New Orleans, the prevailing construction wage is just \$9/hour. That is already less than enough to lift a family of four above the poverty line. The suspension of Davis-Bacon should not stand. Further, it would also make sense to have an analogous requirement for non-construction jobs in the recovery process, requiring any businesses receiving government benefits to have solid job quality standards, so that the rebuilding process improves rather than further reducing the region's living standards.

Recovery projects can require that contractors use first source hiring preferences to hire local residents. To help dislocated workers qualify, matched training and development programs can be designed to help expand the pool of qualified local residents for the new jobs created. There are many examples of public-private partnerships and labor-management programs available as models for how to use matched training not just to get people into entry-level positions, but also to help them to advance up a career ladder. For Mississippi's casino industry, Las Vegas is a proven model.

Quality affordable housing is both a huge need and an opportunity to spur economic development. Housing built for maximum environmental efficiency and minimum environmental impact is good for jobs and good for the local economy. While "green building" is modestly more expensive in the short run, it's less costly in the long run—especially with rising energy costs. Similarly, retrofitting and modernizing the region's refineries could create thousands of new jobs and reduce toxic emissions.

The Gulf Coast clearly will require some big public construction projects to get back on its feet. But, development should not be all mega-projects. Government and private investments should support from-the-ground-up, community-oriented development in which local stakeholders have a real voice. This seems especially true given the key role culture plays in New Orleans' tourism industry. Delicately re-knitting the many ties between the area's families, small businesses, public spaces, and cultural institutions will be essential to shaping diverse and strong local economies. As the region rebuilds, it should concentrate on expanding the basic economic strengths, nurturing existing neighborhoods, and assisting small businesses—not displacing them with large new developments.

### 3. Public Investment and Fiscal Stewardship

*Getting infrastructure right and investing in public goods will make an area attractive for businesses. Tax subsidies undercut the ability to make those public investments. Companies will take them, but they won't make decisions about where to locate based on giveaways; they'll decide based on the fundamentals.*

While 9/11 recovery resources have been used in New York to finance projects ranging from a commercial office tower in Midtown Manhattan to luxury housing Downtown, the overall pace of redevelopment in Lower Manhattan has been relatively slow and public officials have been slow to address many of the key issues that would restore the confidence of the business community in the area.

Rather than moving quickly on the issues of infrastructure, security, and community amenities, public officials have pursued an economic development strategy that relies on tax incentives, loan guarantees and grants to large corporations. This approach has failed to address the competitive disadvantages of Lower Manhattan and has instead resulted in taxpayer subsidies for private projects that were likely to occur anyway. Most of the rebuilding money has benefited landlords, big companies and wealthy residents, even though small businesses and low-income workers bore the economic brunt of the attacks.

In the Gulf region, infrastructure needs are also central to its recovery. It is imperative to the economy of the region that these projects are treated with great urgency and seriousness. They will benefit broadly all residents and businesses in the region, boosting productivity and public health. While there will be a push from some quarters to address every problem with tax cuts and private deals, we believe the key to economic development is making sure public dollars are spent on public goods—infrastructure, culture, affordable housing, schools, and the like. In the absence of these public goods, tax breaks will not bring jobs back to the region. With them, tax breaks won't be necessary.

# Resources in New York

## Nonprofit and Community Groups

*The following groups were involved in the rebuilding process in New York, and will gladly share their experiences with those involved in rebuilding the Gulf Coast.*

### **Labor Community Advocacy Network to Rebuild New York**

Coordinated by Fiscal Policy Institute  
Contact: David Dyssegaard Kallick  
212/721-7164  
ddkallick@fiscalpolicy.org  
[www.fiscalpolicy.org](http://www.fiscalpolicy.org)

### **Fiscal Policy Institute**

Contact: James Parrott  
212/721-5624  
parrott@fiscalpolicy.org  
[www.fiscalpolicy.org](http://www.fiscalpolicy.org)

### **Good Jobs New York Reconstruction Watch and Liberty Bond Housing Coalition**

Contact: Bettina Damiani  
gjny@goodjobsfirst.org  
212.721.7996  
[www.goodjobsny.org](http://www.goodjobsny.org)

### **Sierra Club**

For reports on impact of WTC dust  
Contact: Suzanne Mattei 212.791.3600  
[www.sierraclub.org](http://www.sierraclub.org)

### **Civic Alliance to Rebuild Downtown New York**

Coordinated by Regional Plan Association  
Contact: Petra Todorovich  
212/253-2727 ext. 322  
petra@rpa.org  
[www.civic-alliance.org](http://www.civic-alliance.org)

### **Pratt Center for Community Development**

Contact: Brad Lander **718.636.3486 ext.  
6441**  
blander@pratt.edu  
[www.picced.org](http://www.picced.org)

### **Rebuild Chinatown Initiative**

Asian Americans for Equality  
Contact: Robert Weber  
212/431-9622 ext. 16  
robert\_weber@aafe.org  
[www.rebuildchinatown.org](http://www.rebuildchinatown.org)

### **9/11 Environmental Action**

For community response to toxic dust  
Kimberly Flynn  
917/647-7074  
[flynnktm2@aol.com](mailto:flynnktm2@aol.com)

# **State and Local Authorities Allocating Federal 9/11 Resources**

## **Cash grants:**

Lower Manhattan Development Corporation- [www.renewnyc.org](http://www.renewnyc.org)

## **Liberty Bonds:**

New York City Industrial Development Agency – [www.nycedc.com](http://www.nycedc.com)

New York City Housing Development Corporation – [www.nychdc.com](http://www.nychdc.com)

New York State Liberty Development Corp. – [www.empire.state.ny.us](http://www.empire.state.ny.us)

New York State Housing Finance Agency –[www.nyhomes.org](http://www.nyhomes.org)