



ACTION GUIDE FOR
**ADVANCING COMMUNITY
WEALTH BUILDING**
IN THE UNITED STATES





Published by
THE DEMOCRACY COLLABORATIVE

13800 Fairhill Road, Suite 215
Shaker Heights OH 44120

August 2023



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Action guide for advancing **COMMUNITY WEALTH BUILDING** in the United States

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ABOUT THIS GUIDE

Community Wealth Building (CWB) is an economic development model that transforms local economies based on communities having direct ownership and control of their assets. It challenges the failing economic development approaches that have been widely accepted for too long in the United States and addresses wealth inequality at its core. It is a method for making local economies more just, equal, and socially and ecologically sustainable.

This guide is for those seeking to pursue and advance a Community Wealth Building approach in their locality, including economic development practitioners, community activists and organizations, anchor institutions, local government agencies and leaders, and other interested stakeholders. It is designed to be a practical framework for action to help you determine how you can begin to implement Community Wealth Building where you are, using the resources and policy levers already available to you. It takes you through the process of adopting a Community Wealth Building approach and the steps required to develop a CWB action plan, offering practical tools to help local stakeholders plan and work together.

STRUCTURE OF THIS GUIDE

Section 1 offers a brief introduction to the concept of Community Wealth Building as well as an overview of the practicalities of delivering it in place.

Section 2 details the components of Community Wealth Building, arranged by the “five pillars” of CWB.

Section 3 offers advice on how to create effective governance and structure around your approach to Community Wealth Building.

Subsections A through E in section 2 contain components designed to equip you with the relevant information to begin advancing CWB in your area. They are:



The problem and the CWB solution

We explain the prevailing economic development practices in each pillar and how they can often lead to downstream social and environmental consequences that worsen the inequalities they are trying to address. We then map out how a Community Wealth Building approach within each pillar can produce more equitable outcomes and, together, form the basis of a transformative local economic development strategy.



Elements and examples

We outline key elements, components, and approaches that will help to deliver CWB outcomes within each pillar and offer resources for how to implement them. We provide real-world examples of how these CWB elements have been applied on the ground to real effect. There are myriad examples from across the country (and around the world) that can be considered elements of Community Wealth Building, and they are constantly evolving and developing. We chose to showcase efforts that, at the time this guide was written, exhibit positive outcomes connected to specific elements and practices of CWB under each pillar.

Community Wealth Building encompasses many organizations, actors, and institutions; but an important caveat is that just because elements of CWB activity are taking place in a given community doesn't mean that Community Wealth Building more broadly is being strategically or effectively pursued in that community. Nor are all CWB elements and activities necessarily being undertaken and delivered by those seeking deep systemic economic change. Moreover, Community Wealth Building is a journey and not a destination, and there will always be room for improvement and refinement.

Thus, while some of the examples that appear in this Guide are good practices, we should not assume that they are part of a full CWB strategy or the organizations adopting them are always in line with best Community Wealth Building thinking, policy and practice.



Questions to consider

We ask questions to help you think about whether or not you have the conditions in place to move forward with various elements of Community Wealth Building in your area and to help determine how to push for improvements. Work through the “decision tree” of questions to see whether the answers are: “yes”, “no” or “needs improvement.”

This diagnostic approach is intended to help you establish a baseline of current practice to think through where and how you can advance Community Wealth Building in your locality.



Steps for getting started

There is no one-size-fits-all model of Community Wealth Building. Each experiment with CWB will be different, based on the local context, ecosystem, resources, and politics. Our hope with this guide is to provide you with the basic information needed to begin assessing the needs, opportunities, and levers available to you or that you can begin to put in place to create your own CWB Action Plan.

Each CWB action plan will be specific to your locality, but other places in the United States—from [Chicago](#) to Pomona, California—as well as internationally—including [Scotland](#), [Northern Ireland](#), and [Sydney, Australia](#)—have developed or are in the process of developing their own plans. In the face of claims that “it can’t be done” or that “this isn’t any different from regular community development”—two of the most frequently occurring objections to CWB—there is strength in numbers and learning to exchange. “If other places have found a way to do this effectively, why can’t we?”

There are myriad examples from across the country (and around the world) that can be considered elements of Community Wealth Building, and they are constantly evolving and developing.

While this Guide seeks to provide some of the tools and resources to go about Community Wealth Building from a practical standpoint, the ultimate goal is CWB action that spurs economic transformation. This challenges existing inertias within the prevailing status quo and economic system. Therefore, you are likely to encounter opposition and resistance to change. Community Wealth Building provides substantive content and actions to combat this resistance.

The most successful CWB strategy, however, should be complemented by robust community organizing and the building of a movement ecosystem of support that creates a support base and holds all CWB actors to account.



Critical indicators

As always, what you measure matters. And while we’re still working on a comprehensive plug-and-play measurement framework that can quantify improved community outcomes correlated to CWB activity, there are ways to track progress and show impact related to certain activities in each pillar of a CWB approach. Therefore, in each section we suggest possible measurement indicators to consider and to track related to specific goals and actions.



Additional resources

This guide will point to a wealth of further resources, tools, and wider reading. In each section we have highlighted additional resources, and in the subsections on the Pillars of CWB we offer links to resources, including allied organizations, that can help in the delivery and implementation of each of the various key elements of CWB. The field is ever growing, so these resources are by no means comprehensive, but rather a starting point on a learning journey. We hope our offerings here will surface other resources and partners and continue to grow the movement!

NEXT STEPS

This Guide is intended to help you get started, a first step in understanding the basic elements of Community Wealth Building and how to start thinking about supporting and developing local approaches, activities, and policies in your community upon which to base your own CWB strategy and action plan.

Additional direction and advice is available on our website, democracycollaborative.org, and more will be forthcoming as our own CWB work advances.



1 INTRODUCTION TO COMMUNITY WEALTH BUILDING

Community Wealth Building (CWB) is a growing model of economic development, designed to tackle long standing systemic challenges faced by local economies. It is both a concept and a series of practical approaches to address at their core the causes of poverty and inequality.

Crucially, CWB is not simply about correcting or ameliorating some of the worst injustices of our economic system after they occur, or about making modest improvements for a few targeted communities. Nor is it more of the same old attempts at renewal, revitalization, or traditional community economic development under a different name.

The aim of Community Wealth Building is instead to change the nature and operations of the local economy so that it produces better outcomes as a matter of course, working in service of people, place and planet. In this, CWB (to use the clunky political philosophy jargon) is “predistributive” rather than merely “redistributive,” seeking to rebalance the economy so that it from the start

genuinely works for us all, producing more sustainable, lasting, and equitable economic outcomes.

WHAT IS COMMUNITY WEALTH BUILDING?

Community Wealth Building (CWB) is an economic development model that transforms local economies based on democratic community ownership and control of assets in place.

It addresses wealth inequality at its core in order to produce broadly shared economic prosperity, racial equity, and ecological sustainability.

CWB is an action-oriented approach designed for those not satisfied with tinkering around the edges and those who are ready to directly confront and address systemic economic injustices. With democratic participation and ownership at its heart, CWB builds on grassroots community-based activities, and, together, seeks to mobilize the

power of local government, the public sector and other rooted “anchor institutions” to shape more equitable economic conditions. Through greater collaboration and collective action, CWB connects grassroots activities to policy action and institutional change and transformation. Rooted in “place-based economics,” CWB is inclusive by design, delivering for those who have historically been the most excluded, marginalized, and exploited. At its core, Community Wealth Building is a bottom-up approach that centers democratic ownership of the economy and community self-determination.

Through a defined five-pillar approach, CWB seeks to direct and retain more wealth in communities by creating new fair work opportunities; helping local businesses and democratic and inclusive enterprise models to expand; anchoring capital and resources locally; and placing control of assets in the hands of local people and communities. Doing so will help ensure that our collective wealth is harnessed and used for the benefit of all.

In pursuing a CWB approach to economic development, we can deliver real, practical solutions to places struggling with the legacy of wealth and resource extraction, disinvestment, displacement, and disempowerment and seeking to build more resilient, equitable, and sustainable economies.

HOW CWB IS PRACTICED

Community Wealth Building focuses on a key foundation of all economies: wealth, how it is generated, how it circulates and is distributed, and who it benefits. Ownership of economic assets—from land to labor—determines where wealth goes and to whom. Broadening ownership of assets fundamentally changes the nature and operations of wealth flows within the local economy. CWB does this, centering multiplier strategies so that money is kept recirculating, anchoring jobs and building community wealth, reversing long-term economic inequality and decline.

There is no lack of wealth in most communities—rather, it is a matter of where it is going, who it is benefiting, and how it can be harnessed to serve community needs. Repurposing it like this is—or should be—the business of local democratic politics, and provides the fuel and energy for CWB.

To begin the CWB journey, we need to explore the structures and flows that make up our economies and wealth. In CWB, we work across what we have termed the “five pillars”:

THE FIVE PILLARS OF COMMUNITY WEALTH BUILDING



Inclusive and democratic enterprise. Policy should support the creation of multiple forms of worker and consumer cooperatives, social enterprises, municipal enterprise, and more, based on the recognition that the ownership of productive capital is at the heart of where power lies in any political-economic system.



Locally rooted finance. Finance should redirect money in service of the real economy through public and community banks, credit unions, targeted public pension investments, and new forms of community investment vehicles.



Fair work. Institutions and businesses should ensure that every worker receives a living wage, real power in and control of their workplace for decent work and conditions, and trade union rights.



Just use of land and property. Localities should mobilize land and property assets to build real wealth in communities, bring local land and real estate development back under community control, and combat speculation and displacement.



Progressive procurement. Local governments and place-based “anchor institutions” should lead with procurement practices that relocalize economic activity, build local multipliers, and end financial leakage and extraction.

Across these five pillars of the local economy, there are numerous actions, strategies, and approaches that communities can deploy. We call these “the elements of CWB.” They include familiar institutions and practices such as community land trusts and community development financial institutions, but also worker-owned cooperatives, municipal enterprises, and more. In this Guide, in the subsections on each of the five pillars below, we offer examples of various elements that help to deliver on aspects of a CWB approach.

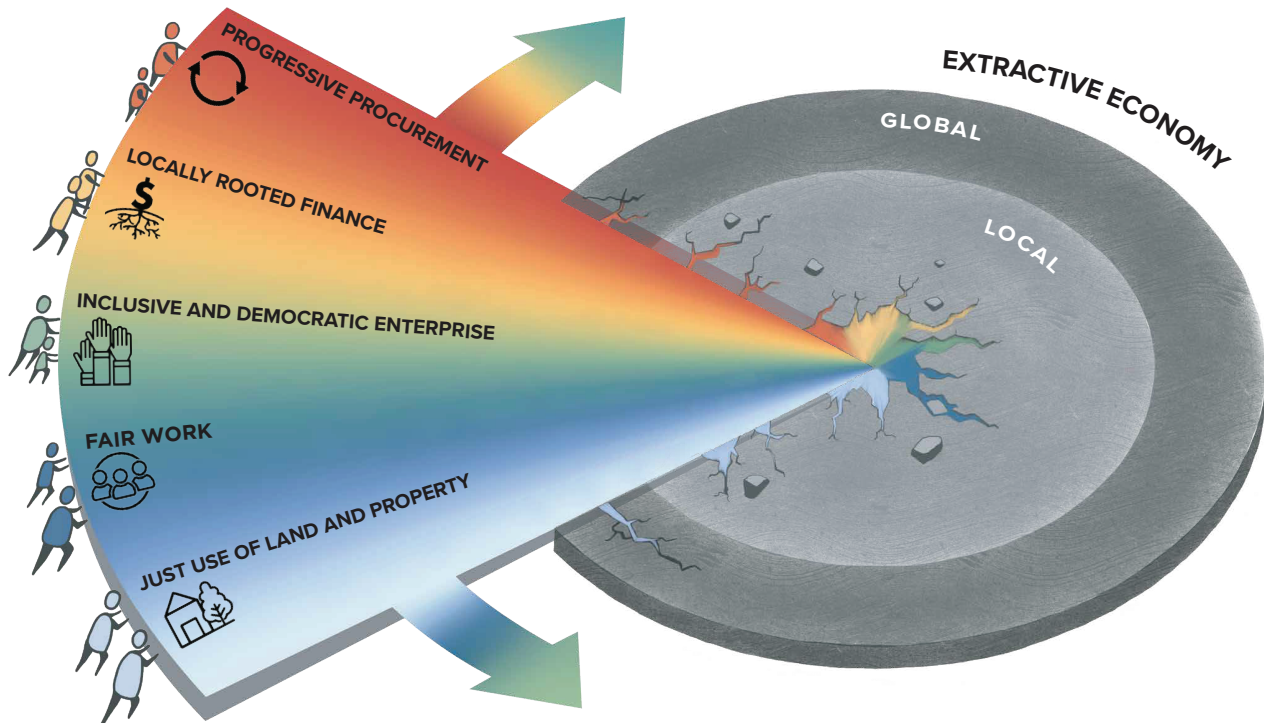
Many of these elements are not new; they have been benefiting communities around the world for generations. That said, CWB is not just a collection of beneficial progressive policies, however

OWNERSHIP MATTERS! FROM EXTRACTIVE TO DEMOCRATIC OWNERSHIP

The ownership of institutions of our economy – from enterprises to banks – has a huge impact on wealth flows. Private ownership seeks to maximize profit, with wealth flowing to individual owners. In our increasingly financialized and globalized economy, we are seeing a greater concentration of ownership in the hands of fewer people and more absentee owners seeking short-term capital gains. As a result, wealth is extracted from communities so that it does not recirculate locally to benefit the people who live there and create the wealth in the first place. The result is growing inequality and precarity.

Community Wealth Building focuses on broad-based and democratic ownership in a variety of forms—from local and cooperative to community and public ownership—so that more people can share in wealth that is generated and have control over their economic conditions. Further, it is important to note that CWB is concerned not just with who owns assets, but how those assets are owned. Therefore values-driven governance is a key part of any CWB strategy, across all five pillars noted below, to ensure that wealth stays local in order to produce positive social and ecological benefits in place for the people who live there.

“The wedge”



much these might be good things to do individually. Rather, by aiming at creating a dynamic relationship across and among a set of complementary local policies and actions, CWB works toward a tipping point to produce systemic local economic change.

With the above pillars of action, and the various elements within them, there is a modular component of “pick and mix,” and any singular action or group of actions can be helpful, demonstrating that a path to economic transformation has begun.

A comprehensive suite of actions across all five pillars is where transformation occurs—and where the path to true systemic change lies. We call this the Community Wealth Building “wedge.”

The wedge represents CWB’s transformative power—combining the actions within these pillars to disrupt and displace the extractive economy, creating a new model that drives a more democratic economy from the local to the global.

THE BENEFITS OF COMMUNITY WEALTH BUILDING

In the context of the continuing uneven recovery from the pandemic, the climate crisis, war and global instability, increasing inequalities, and a growing reckoning with systemic racism and injustice, we are in the midst of what has been described as a ‘decisive decade’ in which it is necessary to fundamentally transform our economy for the benefit of people, place and planet.

In the face of these challenges, Community Wealth Building offers the means to transition to more vibrant, inclusive, and sustainable local and regional economies.

Resilient local economies. Increasing local procurement ensures more public money is reinvested locally, generating local employment and business growth. More wealth circulating locally creates a ‘multiplier effect,’ creating more opportunities for new businesses to emerge and develop, thus creating more jobs.

Community control and power. Targeted procurement and investment can grow the capacity of inclusive and democratically owned enterprises and support local groups to take greater ownership and control of the local economy. This empowers local communities, especially where people have previously been excluded from managing local assets or benefitting from wealth generation.

Green and just transition. Promoting shorter supply chains and local ownership of renewable energy generation creates more sustainable local economies and facilitates the transition to a carbon-free energy future.

Local wellbeing. By embedding fair work practices, such as the real living wage, and recruitment from local communities, Community Wealth Building can play a central role in supporting people's wellbeing and local economic resilience.

Social investment. Increasing socially oriented investment improves incomes, job security and employment opportunities while empowering communities helps to reduce pressures on public services.

Tackling inequalities. Taken together, the benefits of CWB can help tackle racial, economic, health, gender and income inequalities.

GETTING STARTED: WE ALREADY POSSESS MANY OF THE TOOLS WE NEED.

Conventional economic development models are often based on the presumption that local communities need to attract outside—often large corporate—investment to meet their needs and grow their local economies. This “smokestack-chasing” approach pits local governments against each other and can push them in the direction of offering overly favorable treatment to corporations and developers, even when it might be against the wider community interest.

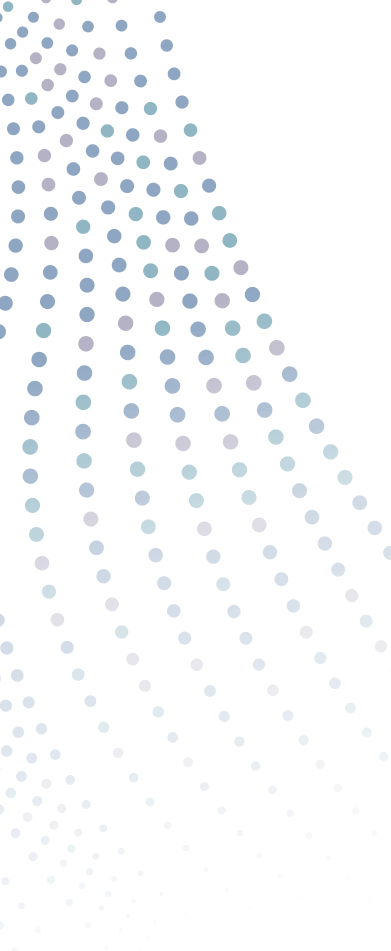
Under present conditions, cities and states are encouraged to compete fiercely with one another for jobs and investment in a context of corporate locational blackmail or extortion. This plays out as a zero-sum or even negative-sum game, hugely beneficial to corporations but far less so for communities and their residents.

The prime recent example of this was the egregious race-to-the-bottom bidding war on corporate subsidies unleashed by the competition among U.S. cities in 2018 to attract the new Amazon headquarters. Estimates put the cost of each new job created under conventional economic development approaches at upwards of \$100,000—and, of course, many of these supposedly “new” jobs are not really new jobs at all, but jobs that were formerly elsewhere. All too often, when the subsidies expire the game is played all over again with a new city as victim of the corporate shakedown.

While inward investment inflows can be valuable, too often they are also highly extractive, further contributing to the leaching of wealth out from communities. Such flows are also fickle, subject to the locational whims of footloose capital that largely operates without any real loyalty to place or community but restlessly seeks the highest returns.

Community Wealth Building is different. Instead of throwing scarce public resources at attracting outside investment, CWB starts from the resources, assets, levers and tools that already exist, and uses those to begin creating a more equal, just and sustainable economy. We just have to know where to look for such resources and how to use them.

Instead of throwing scarce public resources at attracting outside investment, CWB starts from the resources, assets, levers and tools that already exist, and uses those to begin creating a more equal, just and sustainable economy.



In CWB, local government is an important lever. It sits uniquely at the center of economic development, providing the policy, resources, and connective platforms that enable a local economy to either thrive or stagnate. However, we have lost sight of many of the possibilities local government affords us. Too often, local governments focus on the developer and financial interests of the “growth machine,” where speculative building and maximizing profit for corporate shareholder return are seen as the only means to guarantee jobs and increase needed capital and investment flows.

A CWB lens takes a different focus, knowing that local government can harness and scale up grassroots energy and solutions on the ground as well as empower and fund community-based activity. It can make choices to invest more of its significant purchasing power locally in underserved communities. Importantly, it is a convenor, bringing together different groups across the community to ensure alignment and catalyze a movement while developing policies that ensure an enabling ecosystem for CWB activities. As the CWB movement grows, local government successes can also serve as proof points to federal action, bold beacons and laboratories of economic democracy in the face of perpetual gridlock and compromise.

Whether it is in local government, other anchor institutions, the nonprofit sector, or collective capital, the resources and power to build a more inclusive and democratic economy are all around us.

Driven by pain and the failure of conventional policy approaches, in recent decades there has been an explosion of innovation from the ground up in communities across the United States. Many of the institutions and approaches that make up various elements within the five pillars of CWB are now achieving very significant scale:

- Over 10,000 businesses are now owned in whole or part by their employees, involving more than 10 million workers—more than are members of private sector unions.
- More than one in three Americans—130 million—are members of urban, agricultural and credit union cooperatives.
- Credit unions—one-member, one-vote democratic banks—collectively serve 90 million Americans while holding around \$1 trillion in assets, making them as large, taken together, as one of the biggest Wall Street banks, knocking Goldman Sachs out of the top five.
- There are also 2,000 publicly-owned utilities that—together with cooperatives—provide some 25 percent of America’s electricity.
- More and more U.S. cities and states are looking into the creation of public banking systems along the lines of the long-standing public Bank of North Dakota.
- Over 500 communities have established full or partial public telecommunications networks—for example, cable or fiber optic lines operated through public utilities or by local governments, with more than 230 communities in 33 states even providing ultrafast, one-gigabyte services.
- City and local government economic development programs increasingly lend to—or make direct investments in—local businesses and employee-owned cooperatives.
- Economically targeted investments channel public pension assets into job creation and community economic development.
- Venture capital funds give public authorities an equity stake in local investments.
- Municipal enterprises build infrastructure and provide services, raising revenue and promoting employment and economic stability, diversifying the base of locally controlled capital.
- New experiments with participatory budgeting allow for direct citizen engagement in the allocation of public funds.
- Commons management systems cover everything from the internet to public libraries, parks and blood banks.

- Large-scale public trusts receive revenues from timber and mineral rights to grazing and oil production, in turn providing funding streams that (as with the [Texas Permanent School Fund](#)) underwrite public spending or (as with the [Alaska Permanent Fund](#)) issue a citizen dividend.

These alternative models are proliferating and growing in sophistication and impact. They illuminate how new Community Wealth Building principles and approaches can work in practice and generate new solutions to political and economic challenges. It is becoming possible to see how, by projecting and extending these practical experiments, the underlying structural building blocks of a new political-economic system might be assembled.

Taken together, these various activities and elements within what could be considered the nascent “CWB sector” of any given locality represents a very significant base—sometimes estimated as a third or more of local economic activity—from which to begin the work of bottom-up systemic transformation and community change.

THE HISTORY OF COMMUNITY WEALTH BUILDING

Community Wealth Building has a rich history, inspired by global movements to address economic inequalities—from the modern cooperative endeavors of *ujamaa* in Tanzania and the Mondragón Cooperatives in the Basque region of Spain, through European welfarism and socialism to the “laboratories of democracy” in the United States that stepped up during the New Deal to create our social security system.

More recently, the emergence of CWB connects back to economic justice activities of the Civil Rights era and the following War on Poverty. In 1967, Dr. Martin Luther King Jr. famously noted: “When...profit motives and property rights are considered more important than people the giant triplets of racism, economic exploitation and militarism are incapable of being conquered.” King saw that to achieve true equality, every person needed to control their own economic future—and have a meaningful stake in the wealth we collectively create.

In the years that followed, movements for collective ownership and a more democratic economy grew at a local and national level. Game-changing ideas like community land trusts, community development banks, and worker-owned businesses organically sprung to life in communities ranging from Georgia and Ohio to the Pacific Northwest.

The term connecting all of these innovations—“Community Wealth Building” was first coined by The Democracy Collaborative (TDC) in 2004 and initially implemented in Cleveland, Ohio, where starting about 2008 a successful mix of locally-focused spending by city institutions and the development of employee-owned cooperatives came to be known as ‘The Cleveland Model’ (see case study below). Following widespread recognition of the success of this model in generating local opportunities and tackling urban inequalities, a similar strategy was adopted in the city

THE ROLE OF ANCHOR INSTITUTIONS

Local governments are examples of “anchor institutions,” which play an important role in any CWB strategy. Anchor institutions are large public, nonprofit and social sector organizations. Examples of anchor institutions include local government, educational and school systems, hospitals and health systems, cultural institutions, and large place-based nonprofit organizations. These institutions exist in almost all communities across the United States and are often the largest employers and purchasers in any given place.

Anchor institutions exert sizable influence in the local economy through the purchasing of goods and services, the employment of local people, and through the deployment of their land, property, and financial assets. Most importantly, unlike private corporations, they are place-based and therefore highly unlikely to get up and leave. Many are mission-driven, focused on delivering a social good (education, health, public services, etc.) and therefore susceptible and accountable (albeit imperfectly and to varying degrees) to democratic pressure, accountability, oversight, and direction. The scale of these institutions, their fixed assets and activities, and their links to the local community mean that they are “sticky capital” that a CWB strategy can harness to improve market and social conditions.

of Preston, England—which became “the Preston Model” of Community Wealth Building. There are now dozens of places advancing CWB in the United States and globally, with many inspired by the concept and following the TDC model as outlined in this guide.

DEVELOPING A STRATEGIC CWB ACTION PLAN

The following sections detail the various issues, actions, questions, steps, indicators, and wider set of resources regarding the five pillars and governance of Community Wealth Building. However, in addition to the actions within the individual pillars, it is important to bring all of these elements together under one singular strategic CWB action plan. This generally occurs when the grassroots groundwork has been laid and there is already local government buy-in to launch a comprehensive CWB effort.

There is no one-size-fits-all model of Community Wealth Building. Each local experiment with CWB will be different—based on the local context, ecosystem, resources, and politics.

The action planning process coheres an agreed-upon integrated CWB strategic plan across all of the pillars, and provides local institutions and organizations with practical, tailored actions which use the tools and frameworks already at their disposal.

To implement a full CWB approach locally, you can conduct a full process in-house, using the following material and other inputs as a guide, or work in partnership with an organization with specialists in action planning work such as The Democracy Collaborative and/or a local CWB support and delivery organization. The following steps can help you get started:

- Convene an internal working group to develop your CWB strategy and supporting action plan. This group should include representatives with an interest in and influence over the five pillars.
- Map what you already do that supports Community Wealth Building, under each of the pillars. More detail can be found under each pillar.
- Seek available guidance and best practice as needed, tailoring these to your own needs and goals. You can and should also reach out to external experts if helpful.
- Set your vision and agree on first steps. Consider metrics, including the establishment of your baseline, to enable you to measure progress, and link objectives to available organizational capacity and resource.
- If applicable, engage with other local anchor institutions to create a working group or commission. As far as possible, agree on a collaborative strategy for your locality that is reflected in committed goals and supported by specific actions.
- Implement agreed actions and review progress at agreed stages. These should be detailed within your action plan to allow progress to be articulated.

These steps may apply differently depending on your organization. Local government may seek to convene a broad working group, while other local anchor institutions may seek to join such a group. However, there are independent actions you can take that can contribute to Community Wealth Building goals. In the Appendix, we provide a full overview of a CWB action plan report framework outlining the key areas to consider and cover in any action plan for a given place.

There is no one-size-fits-all model of Community Wealth Building. Each local experiment with CWB will be different—based on the local context, ecosystem, resources, and politics. What unites all CWB strategies, however, is that when all actions and elements across the five pillars are taken together, they have the potential to create an economic system where broad and democratic ownership lays the groundwork for greater equity, sustainability, and social and racial justice.



General resources on CWB

BACKGROUND MATERIAL

- “A New Era for Community Wealth Building,” a report by Democracy Collaborative CWB leads Neil McInroy and Sarah McKinley that shows how Community Wealth Building meets the crises of our time and highlights a landmark opportunity in Chicago. <https://democracycollaborative.org/publications/new-era-community-wealth-building>
- “Community Wealth Building: The path towards a democratic and reparative political economic system,” a white paper by Thomas Hanna and Marjorie Kelly on the history and origins of CWB. <https://democracycollaborative.org/publications/community-wealth-building-the-path-towards-a-democratic-and-reparative-political-economic-system>
- “Family Wealth Building Isn’t Enough: We Must Pursue Community Wealth Building As Well,” a chapter by Ted Howard and Sarah McKinley in the book *The Future Of Wealth Building* published by the Federal Reserve and the Aspen Institute. <https://live-future-of-building-wealth.pantheononline.io/wp-content/uploads/2021/09/Sec7-Ch57-Howard-McKinley.pdf>
- “Educate and Empower: Tools for Building Community Wealth,” a report from The Democracy Collaborative with recommendations for how to lay the groundwork for a strong CWB approach. https://static1.squarespace.com/static/62f41050584b40607baef690/t/64932854cba86c5fc734ba98/1687365718478/PUB_Educate+and+Empower.pdf
- *The Making of a Democratic Economy* by Marjorie Kelly and Ted Howard, two leading practitioners, situates CWB within the broader movement for democratic economic transformation. <https://democracycollaborative.org/blog/making-democratic-economy>
- *The Case for Community Wealth Building*, a short book-length primer by Joe Guinan and Martin O’Neill, lays out the basic case for CWB, addressing some of the most common critiques and misconceptions regarding economic inefficiency, so-called “municipal protectionism,” and more. <https://www.wiley.com/en-gb/The+Case+for+Community+Wealth+Building-p-9781509539031>
- “Elements of the Democratic Economy,” two-page summaries on various institutional elements of the democratic economy in the United States. <https://thenextsystem.org/elements>

VIDEOS AND GRAPHICS

- The Democracy Collaborative CWB program webpage and wedge infographic. <https://democracycollaborative.org/blog/how-is-community-wealth-building-practiced>
- Documentary “Community Wealth Building: An Economic Reset” on The Laura Flanders Show: <https://democracycollaborative.org/blog/community-wealth-building-showcased-on-the-laura-flanders-show>
- The Democracy Collaborative, “What is Community Wealth Building?” <https://democracycollaborative.org/blog/what-community-wealth-building>

2 THE PILLARS

Below we map out each of the five pillars of CWB, explaining how a Community Wealth Building approach within each pillar can produce more equitable outcomes, offering examples of various elements that help to deliver, and suggesting questions, steps, and indicators to consider in getting started.

A. PROGRESSIVE PROCUREMENT

The progressive commissioning and procurement of goods and services by local government and key anchor institutions is a lever in the building of community wealth. It is crucial that these institutions use their purchasing power and convening abilities to deliver economic, social, racial, and environmental justice to local communities.



The problem

Current conventional procurement practice tends to prioritize lowest unit costs to the neglect or even detriment of social, ecological and other democratic considerations. Goods and services are seen as a sunk cost to be driven as low as possible rather than a tool to leverage and cultivate a robust and healthy local economy.

Contracts are structured and designed to favor large suppliers for “efficiency” and “savings,” often in the form of what are known as “group purchasing organizations”—multinational corporations that aggregate services and deliver at scale. Often, this arrangement fails on its own terms—reducing competition which results in increased costs for the buyers. In conditions of crisis like the COVID-19 pandemic, historic savings can be wiped out overnight as fragile and overextended supply chains collapse and buyers are left scrambling for supply at any cost in a seller’s market.

Furthermore, this means that institutional dollars leave the community, producing profits for corporate stockholders rather than circulating to produce benefit for local residents. At worst, this approach to procurement exacerbates social and environmental conditions—ill health, job insecurity, local disinvestment—through supporting a model dependent on global supply chains that favor cheap labor and reduced environmental protections and conditions.

This result is at odds with a CWB approach as well as the mission of many anchor institutions that are tasked with delivering social goods in support of people, place, and planet.



The CWB solution

Instead, public and institutional spending through procurement can and should secure not just financial but social and environmental value for the institutions as well as the local community. It should be seen as a key lever for wider economic change, doing triple duty by growing democratic and inclusive enterprises within the supply chain, advancing fair employment opportunities, and shortening supply chains in ways that reduce carbon emissions and increases local resilience. By taking this approach, institutions can help to change the local economy, serving to address wider social, racial, and environmental issues.

Progressive procurement means a number of things:

- First, it means increasing the importance of procurement as a corporate function within the institution, especially within local economic development agencies.

- Second, it means increasing spending with local organizations, in particular democratic enterprises such as cooperatives and employee-owned companies, as well as social enterprises and small and medium enterprises (SMEs), including minority- and women-owned business enterprises (WMBE).
- Third, it means addressing some of the myths around what can and cannot be done around procurement and thinking creatively about such issues as legislation, regulation, fiduciary duties, bureaucracy, and what is being valued and measured.
- Fourth, it means linking with wider architecture and support system for inclusive and democratic enterprises and thus giving greater forethought to developing a stronger and more democratically owned supplier base.
- Fifth, and probably most importantly, it means using procurement as a lever to address the local economic, social and environmental challenges that communities and localities face.



Elements and examples

As noted above, across all five pillars of CWB, there are different actions, strategies, and tools to deploy to deliver CWB goals (what we call “the elements of CWB”). For progressive procurement, a few examples include:

- Transparent analyses to understand where money is being spent and with whom.
 - ① For more information, see [Making Spend Matter](#), a guide to conducting a local spend analysis. While this tool is meant for use in a European context, it offers a framework for developing a process to measure spending flows.
- Community benefit agreements committing to secure positive community outcomes.
 - ① For more information, see [Emerald Cities' Community Benefits Playbook](#), which provides a concrete example with guidelines for how to ensure investment and development benefits community.
- Targets and frameworks for equitable, diverse, and sustainable purchasing.
 - ① For more information, see [The Sustainable Purchasing Leadership Council](#) for case studies and strategies.

A powerful demonstration of what can be done with procurement in practice connected to other CWB pillars, particularly democratic and inclusive enterprise, can be found in Cleveland, Ohio, the original example of CWB in practice.

Starting in 2008, the Cleveland Foundation—in collaboration with local institutions and community groups—partnered with TDC to develop progressive procurement strategies for anchor institutions and to create the Evergreen Cooperatives, a network of green industrial enterprises that supply goods and services to large local anchor institutions like the Cleveland Clinic and Case Western University. Evergreen is owned by its employees, the vast majority of whom are Black, many returning citizens, and live in nearby historically underserved and under-resourced neighborhoods.



Questions to consider

- Do you know where local institutional spending currently goes? If not, then this is one of the first things to find out. This includes where contracted firms are based, the ownership and size of those firms, and the number of social enterprises, cooperatives, community businesses, etc.
- Do local institutions have progressive contracting frameworks to assess and weigh the social and environmental commitments of their suppliers?



RACIAL JUSTICE

USING PROCUREMENT TO ADVANCE RACIAL JUSTICE

Local governments in many US cities are considering how to help minority- and women-owned business enterprises (MWBs) compete for and win public sector contracts through the procurement process. This includes dedicated business support for MWBs alongside targeting MWBs for invitations to bid for public contracts. The National Minority Supplier Development Council advances opportunities for BIPOC (Black, Indigenous, and people of color) businesses and is the primary certifier of MWBs, with 24 regional councils nationwide. More examples can be found in [Local Progress' "Ensuring Racial Equity in Public Contracting"](#) resource, which provides examples and resources for local policy making.



CLIMATE JUSTICE

GREENING PUBLIC AND INSTITUTIONAL PURCHASING

Communities are increasingly using procurement as a lever to green the market and help institutions meet their sustainability goals. Suppliers are asked to show demonstrable evidence of net-zero or zero-carbon policies. Potential suppliers get extra weight within the contract for displaying excellence in this commitment. Furthermore, a fundamental element of progressive procurement is shortening supply chains, supporting more local production and gaining carbon benefits through the elimination of long-distance transport and the general relocalization of economic activity. An excellent example of this can be seen through [Gundersen Lutheran Health System's Envision program](#) to achieve sustainability.

- Does local government link procurement to economic development across all of its functions? (Often these departments are separate, with procurement part of finance departments and detached from economic development strategy.)
- Does local government subject all contractors to certain social and environmental criteria and compliance policies, such as mandates that all suppliers have fair working conditions and provide living wages?
- Are local institutions part of any robust environmental, social and governance (ESG) commitment or certification programs, such as the [STARS \(Sustainability Tracking, Assessment & Rating System\)](#) program for higher education institutions or others? Have they signed on to any community benefits agreements?



Steps for getting started

- Develop a robust spend analysis process to establish an existing baseline.
- Set explicit social and environmental targets within a progressive procurement strategy.
- Develop a robust monitoring process to track living wage, fair work, and other social and ethical priorities within the supply chain.
- Break down large bids into smaller contracts so that small-and-mid-sized local businesses are able to apply for them.
- Survey the local enterprise landscape to understand the local capacity to respond to bids, and conduct a "gap analysis" that can determine what needs and demands are not being served through existing local enterprises. This could inform where the local government should aim to create new cooperative businesses or municipal enterprises (see inclusive ownership, below).
- Create matchmaking opportunities for institutional buyers and local suppliers.



Critical indicators

- Percentage of institutional spending directed to local enterprises broadly.
- Percentage of spending specially directed to MWBs, cooperatives, social enterprises, etc.
- Percentage and number of living wage jobs created through local institutional supply chain development.
- Percentage of new jobs paying a living wage created by progressive procurement strategies.



Additional resources

- “Inclusive, Local Sourcing: Purchasing for People and Place,” a toolkit for progressive procurement from the Hospitals Aligned for Healthy Communities series: <https://healthcareanchor.network/2019/11/inclusive-local-sourcing/>
- The National League of Cities’ guide for municipal action on “Inclusive Procurement and Contracting,” which highlights policies and programs for local governments to practice. <https://www.nlc.org/resource/inclusive-procurement-and-contracting/>
- PolicyLink’s guide to building a field of policy and practice around inclusive procurement and contracting. https://www.policylink.org/sites/default/files/Inclusive_Procurement_Exec_Sum_041818.pdf
- The Anchor Institution Taskforce’s website, run by consulting group Marga, offers news, resources, strategies, cohorts, and learning opportunities. <https://www.margainc.com/>
- “The Anchor Dashboard” introduces a framework to assist anchor institutions in understanding their impact on the community. <https://democracycollaborative.org/publications/anchor-dashboard-aligning-institutional-practice-meet-low-income-community>
- “Higher Education’s Anchor Mission” examines numerous efforts by colleges and universities to align their resources to build healthier communities. <https://democracycollaborative.org/publications/higher-educations-anchor-mission-measuring-place-based-engagement>
- “The Anchor Mission” is a case study of the University Hospitals System Vision 2010 program focused on hiring and procuring locally in Northeast Ohio. <https://democracycollaborative.org/publications/anchor-mission-leveraging-power-anchor-institutions-build-community-wealth>

B. LOCALLY ROOTED FINANCE

Community Wealth Building seeks to increase flows of investment and capital within local economies and encourage recirculation of this money so that local residents and businesses, as well as the community as a whole, “get more bang for their buck.” It does this by harnessing and rooting the wealth flows that already exist locally, rather than seeking to attract new national or international capital.

The finance pillar of Community Wealth Building incorporates both public and private funding sources, seeking to cultivate a landscape of diverse local banking institutions, including public and community banks, and local investment funds.




The problem

The evidence from many places pursuing CWB is that the finance pillar can prove to be the most challenging. There are various reasons for this, including the systemic focus of the commercial banking sector on global and financialized markets and away from investment in the real economy of place; a complex and often opaque regulatory landscape that favors big commercial and investment banks while saddling public and small local banks with, at times, insurmountable red tape. This creates a general risk aversion among local leaders when it comes to building new institutions and adopting innovative and progressive financial products and services. Furthermore, there is the problematic history of racialized redlining practices in communities across the country and the impact that has left on asset valuations, risk assessments, credit scores and other investment readiness assessment tools. But no CWB strategy can fully succeed without addressing and repurposing the financial flows within communities.



The CWB solution

Access to fair and just finance that nurtures local ingenuity, craft, and inclusive and democratic enterprise is fundamentally important to the success of Community Wealth Building models and approaches. It is important to build a thriving community-focused banking ecosystem that includes



lending and investment vehicles that root money flows locally and ensure that investments are deployed in a way that helps build community wealth. Patient (long-term and risk-tolerant) capital needs to be made available to CWB organizations and institutions, offering not just debt but equity investments, and making significant-scale resources available with fewer strings attached.

Such a diverse and robust local banking system should be made up of ethical, values-driven lenders that invest in local economic needs while also ensuring that individuals and institutions are not pushed into unmanageable debt. It should include supporting and sustainably growing institutions that already exist in many communities, such as cooperatively owned banks and credit unions, and building out new financial institutions such as public or regional banks charged with enabling local economic development. Thinking creatively about investment vehicles to root public monies locally is a growing focus of this pillar. This includes such strategies as divesting local pension funds away from global markets and fossil fuel investments and into local green energy and cooperative development funds, as well as leveraging special purpose money coming from programs like the American Rescue Plan Act and other recovery funds.

Finally, it helps to consider accountability and transparency mechanisms to engage more people in decisions about finance and investment flows through experiments in participatory budgeting and crowdsourcing.



Elements and examples

Already we have cited a number of examples of the kind of community-focused finance institutions and vehicles that can help deliver on this pillar of CWB. Key among these are:

- Community development financial institutions (CDFIs) that are mission-driven and committed to providing services that create and broaden economic opportunities within their community.
 - ① For more information, see [Opportunity Finance Network's](#) resource hub and CDFI locator.
- Cooperatively owned banks or credit unions, which are member-owned financial cooperatives that provide financial services to a designated group.
 - ① For more information, see the [Credit Union National Association's](#) website for tools, training and resources.
- Public and regional banks charged with enabling local economic and infrastructure development.
 - ① For more information, see [The Public Banking Institute](#), which provides resources and legislative actions.
- Participatory budgeting initiatives, which seek to give people the power to decide how public dollars are spent.
 - ① For more information, see [The Participatory Budgeting Project](#), which offers training and technical assistance.
- Community investment vehicles (CIV), which are legal mechanisms for directing economic and real estate development money to community use.
 - ① For more information, see the [CIV Playbook](#) from Community Desk Chicago.



Questions to consider

- Are local institutions actively supporting and working with community finance and investment vehicles, including credit unions and other community development financial institutions (CDFIs)?
- Are local leaders actively seeking public and institutional divestment from fossil fuels and promoting pension investment in local economies?
- Are there any local participatory budgeting efforts under way?
- Has federal special-purpose funding, such as the American Rescue Plan Act, been considered and directed using a CWB or inclusive economy lens?
- Is the local government considering investment and involvement in public and community banks?



Steps for getting started

- Ensure public and institutional pension divestment from fossil fuels and reinvestment in community finance vehicles and loan funds.
- Support local community finance and community banks.
- Start a participatory budgeting pilot project.
- Launch a local public bank feasibility study.



Critical indicators

- Endowment and pension fund investments in fossil fuels are reduced to zero and redirected towards ethical and sustainable investments.
- Percentage of endowment, pension, and operating dollars directed toward community impact investments (e.g., support for community development financial institutions).
- Targets are created for local investments within pension and endowment funds.
- A decreasing percentage of the population facing financial insecurity.



Additional resources

- *Place-based Investing: Creating Sustainable Returns and Strong Communities*, a toolkit from the Healthcare Anchor Network. <https://healthcareanchor.network/wp-content/uploads/2021/12/Hospital-Toolkits-Place-based-Investing.pdf>
- *The Crisis Next Time*, a report from The Democracy Collaborative on how to build a more resilient banking system. <https://democracycollaborative.org/publications/crisis-next-time-planning-public-ownership-alternative-corporate-bank-bailouts>
- *Strategies for Financing the Inclusive Economy*, a report profiling tools to grow investments in broad based ownership models to address economic inequality. <https://democracycollaborative.org/publications/strategies-financing-inclusive-economy>



CLIMATE JUSTICE

LOCAL PENSION FUND DIVESTMENT AND REINVESTMENT

Moves to divest from fossil fuels are increasing across the country, and some states are setting legal mandates on public pension funds to do so. In California, the California Public Employees' Retirement System (CalPERS), have used their state mandate as an opportunity to reinvest locally through a variety of regional investing programs focused on affordable and workforce housing, critical infrastructure, job creation, and business development. As part of this, it has established the "California Initiative," a \$1 billion effort to invest in businesses that employ women, people of color, and people from traditionally disinvested areas.



RACIAL JUSTICE

RACIALLY JUST FINANCIAL ORGANIZATIONS

Historic, institutionalized racism in the financial sector has made it difficult for many BIPOC individuals and businesses to access credit. Many early collective finance initiatives, including credit unions and community development financial institutions (CDFIs), began in BIPOC communities to address their specific needs. Today, many of these institutions remain and are dedicated to serving BIPOC and working-class communities. [Hope Credit Union](#) in Jackson Mississippi is one such example.

- *Banking for the Public Good*, a case study on public banking initiatives in New York City from Demos' series on economic democracy. https://www.demos.org/sites/default/files/2022-05/Demos_PublicBanking_CaseStudy_FA.pdf
- Explainers from "Elements of The Democratic Economy" on public banks (<https://democracycollaborative.org/publications/public-bank>), CDFIs (<https://democracycollaborative.org/publications/community-development-financial-institutions>), credit unions (<https://democracycollaborative.org/publications/credit-unions>), and participatory budgeting: (<https://democracycollaborative.org/publications/participatory-budgeting>)

C. JUST USE OF LAND AND PROPERTY

How land and property assets are owned and managed are key features of any local economy. This pillar explores how communities, alongside local institutions, can use their land and property for socially and environmentally productive and just purposes. It also is intended to inspire local government to question the way land and property should be used and valued within their areas as a whole.



The problem

Land and property ownership is one of the main means of generating economic and political power, and the current state of land ownership is a major driver of wealth inequality in the United States and globally. A conventional economic development approach prioritizes the value of these assets strictly in economic terms, often for development, commodification, and speculation. The result is often displacement and gentrification, particularly in communities of color, and soaring costs of everything from housing to commercial rents.

This is, of course, built on a historical legacy of removal and exclusion, firmly rooted in racism and discriminatory public policy as well as redlining practices by mortgage and lending institutions. The result is that access to land and housing has been fundamentally restricted, creating uneven and inequitable ownership dynamics, particularly for people of color and low-income communities. Today, these communities continue to face instability, unaffordability, and displacement, made worse by environmental degradation and collapse.

The situation has only been made worse by the activities of private equity, which after the financial crisis of 2008 bought up more than 200,000 homes nationwide and bundled them as securities for investment. Such speculative activity in search of purely financial returns drives up land and housing costs and further increases unaffordability.



The CWB solution

A Community Wealth Building approach, on the other hand, sees land and property as assets to be harnessed first and foremost to serve the common good, rather than through the narrow lens of a commodity. A CWB approach centers permanent affordability, community ownership and control, and the long-term goal of decommodification of land and property. Strategies and tools in this pillar are aimed at:

- Institutionalizing democratic control of land and housing,
- Supporting racially and economically inclusive ownership and access,
- Promoting sustainable, energy efficient, and ecologically just stewardship
- Catalyzing the deployment of public resources to support new norms of land and housing activity, such as using development finance agencies to counter private equity buy-ups.

Importantly, anchor institutions as large local landholders should play a key role alongside community organizations and local governments in initiating and supporting such strategies.



Elements and examples

Communities across the United States have many of the tools and elements to help reclaim land and property for community use. One strong example is the community development corporation (CDC) movement that grew out of President Lyndon Johnson's War on Poverty as a means for communities to gain greater control of their own development. CDCs are nonprofit organizations that support community revitalization, often through some combination of housing development and management, real estate development, and business ownership. In some cases, assets owned by the CDC are used to provide a revenue stream to finance the provision of social services. In many cases, CDCs can and should be local drivers of CWB action. Find local CDCs through the [National Alliance of Community Economic Development Associations](#).

Examples of other key elements in this pillar include:

- Community land trusts (CLTs), community-based nonprofit organizations designed to ensure long-term community control and stewardship of land.
 - ① For more information, see [Burlington Associates](#), which provides technical assistance, and the [Grounded Solutions Network](#), which provides resources and support.
- Limited equity cooperatives (LECs), a residential development owned and managed by a democratically governed, nonprofit cooperative corporation.
 - ① For more information, see [The National Cooperative Bank](#), which offers education and TA for those interested in cooperative housing.
- Land banks, government entities that acquire abandoned, foreclosed, and tax-delinquent properties in order to convert such properties into productive use.
 - ① For more information, see The [Center for Community Progress](#), which maintains a national map and resource center on land banks.
- Resident-owned communities (ROCs), manufactured housing neighborhoods in which the land is community-owned and managed.
 - ① For more information, see [ROC-USA's website](#), which provides information, tools, and trainings.
- Local housing and development finance agencies that have been redirected to counter speculative land purchasing by private equity.
 - ① For more information, see [The Lincoln Institute for Land and Policy](#) Accelerating Community Investment program to mobilize the municipal bond market for affordable housing.



RACIAL JUSTICE

LAND USE FOR RACIAL JUSTICE

As in the finance sector, historic, institutionalized racism through redlining practices has often kept Black communities from gaining access to land and the wealth-generating opportunities it provides. Often, Black communities are on the receiving end of gentrification driven by speculative development that displaces communities of color. Many communities are pushing back and taking control of their own development. One example is in the [Crenshaw neighborhood in South Los Angeles](#), where local Black community organizers fought back against a developer seeking to build luxury housing, and instead purchased the commercial real estate, turning it into a community land trust for the development of mixed-income housing, worker-owned cooperatives, and new green space for community benefit.



CLIMATE JUSTICE

LAND USE AND CLIMATE CHANGE

Many areas involved in Community Wealth Building have sought to increase the extent to which community or publicly owned land is used for green energy production. A notable example is Standing Rock in the Dakotas, where the Indigenous residents are developing a [wind farm on tribal land](#) that will generate revenue for the Standing Rock Nation to be invested back into future economic development for their community.



Questions to consider

- Is there a local land-use plan or registry that is up to date? (These include formal records from both the federal Bureau of Land Management and local government asset registries.)
- When land and property becomes available, does local government as well as local anchor institutions have a strategy for using that as an opportunity to deepen municipal or cooperative ownership rather than private ownership?
- Are local economic development and planning agencies aware of CWB and what community asset ownership means for their activities?
- Is there an awareness of community land trusts and their approach?
- Has local government considered setting up a land bank?



Steps for getting started

- Work with local government to advance community, cooperative and municipal ownership of land and property.
- Work with local government to set up a land bank and local institutions to support CLTs.
- Encourage anchor institutions to publicly disclose underutilized land and property holdings.
- Support the development of CDCs or other community-owned development vehicles and ensure that they have a seat at the table on major development plans and deals.



Critical indicators

- Percentage increase of land held by community land trusts.
- Percentage increase in community, public, and cooperative-owned assets.
- Percentage of land and buildings used for local economic, social or ecological purposes.
- Increased availability of permanently affordable housing.



Additional resources

- *Community Control of Land and Housing*, a report showcasing strategies to democratize land ownership and decision making. <https://democracycollaborative.org/publications/revisiting-community-control-of-land-and-housing-in-the-wake-of-covid-19>
- A report from Democracy Collaborative fellow Nishani Frazier outlining a new direction for community development in an age of gentrification. <https://democracycollaborative.org/publications/a-new-direction-rediscovering-community-wealth-building-in-an-age-of-gentrification>
- Grounded Solutions' "Community Land Trust Technical Manual" offers a comprehensive guide for starting and maintaining CLTs. <https://groundedsolutions.org/tools-for-success/resource-library/community-land-trust-technical-manual>
- The Center for Community Progress report showcasing how land banks can work with CLTs to provide equitable housing for generations. <https://communityprogress.org/wp-content/uploads/2021/11/Land-Banks-and-Community-Land-Trusts-LB-CLT-TA-Report.pdf>
- Explainers from "Elements of The Democratic Economy" on CLTs (<https://democracycollaborative.org/publications/community-land-trust>), LECs (<https://democracycollaborative.org/publications/limited-equity-housing-cooperative>), ROCs (<https://democracycollaborative.org/publications/resident-owned-community>), and land banks (<https://democracycollaborative.org/publications/land-bank>)

D. INCLUSIVE AND DEMOCRATIC ENTERPRISE

This pillar of Community Wealth Building is concerned with the democratic and inclusive governance, ownership and management of business enterprises. Currently, a significant portion of wealth generated by people and businesses in our communities is extracted from our communities rather than recirculating to the benefit of local areas and residents. This can impede local growth, job creation and job security. However, when more of an economy is inclusively and democratically owned, wealth created by workers and local communities can be more readily retained and recirculated rather than flowing out of their economy as profits to distant shareholders. This means creating an economy where there are more small, women-owned and people-of-color-owned businesses; municipally owned companies; and other forms of ownership such as cooperatives, employee-owned companies and social enterprises.



The problem

Conventional approaches to local economic development tend to give little heed to ownership, with a focus on high-growth sectors and attracting corporate “job creators” into an area through tax breaks and subsidies. Not only does this serve to weaken the tax base for many jurisdictions, undermining their capacity to provide high quality public services, but the ownership and governance of many of the corporations that these incentives aim to attract favors decision-making by absent executives and mandates profit maximization for shareholders rather than reinvestment in the community.

The outcome in too many cases is insecure and low-paid jobs, extraction of wealth from the local economy, and, all too often, no guarantee of staying power and commitment to location, and no regard for the social or ecological cost of doing business in such a manner.



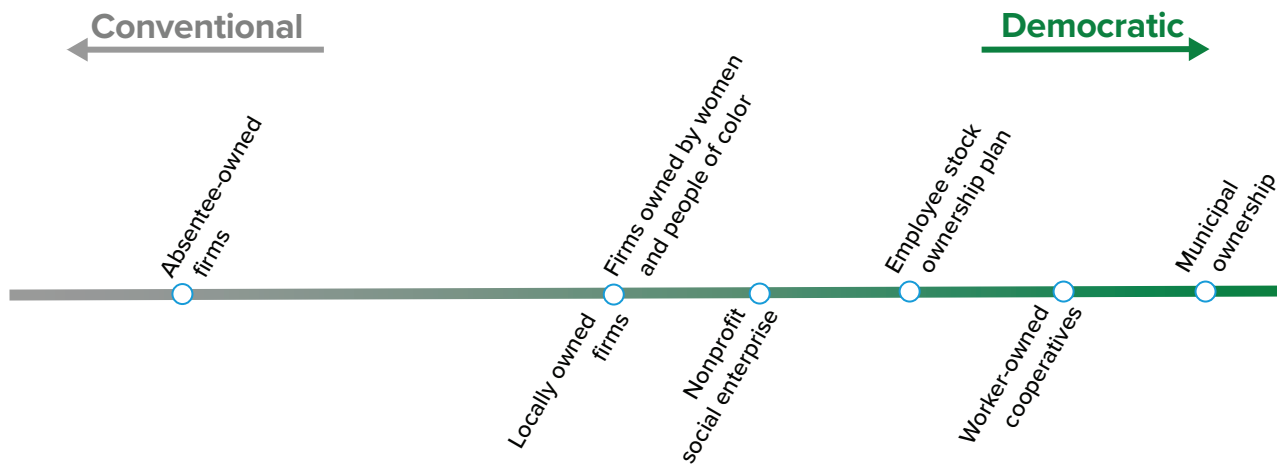
The CWB solution

Community Wealth Building, on the other hand, emphasizes the importance of foundational sectors that meet people’s needs in place, and supports models of enterprise ownership that hard-wire wealth and social benefits into the local economy.

The idea of moving the economy towards more inclusive models of ownership is to make the overall economy less extractive and more “generative” so that wealth is broadly held by all. CWB achieves this by encouraging and developing a multiplicity of enterprise forms along a spectrum of democratic ownership, moving away from absentee-owned firms towards local businesses, and from privately held to collectively held enterprise forms, including cooperatives and municipal public enterprises.

There is a spectrum of ownership forms, ranging from conventional structures such as absentee-owned firms to conventional but locally owned businesses, local businesses owned by women and people of color, social enterprises and nonprofits, through various forms of employee ownership and cooperatives up to and including, perhaps most democratic of all, community ownership and forms of public ownership such as municipal enterprise. Hybrid forms are also emerging, but, generally speaking, the democratic community accountability and control over such businesses increases as one advances along the spectrum of ownership forms. The aim of these forms of enterprises is not solely profit or efficiency, but values associated with achieving greater racial equity and social justice, profit sharing and wealth distribution, community participation and control over decision-making, and environmental sustainability to tackle climate change.

Building a more democratic economy: the spectrum of ownership forms



Numerous studies show that employee-owned enterprises of various forms, for example, are both more productive and more resilient than traditional enterprises. Employee-owners have higher wages and net worths, receive better benefits, and are less likely to lose jobs to cuts and outsourcing during a downturn, compared with workers who don't have ownership stakes in their organizations.

Recently, more local governments have been investing in employee ownership strategies. For example, a relatively small amount of funding from New York City—currently less than \$4 million annually—has sparked an increase in the number of worker co-ops in the city from just a handful when the effort started in 2014 to well over 100 by 2021. A major opportunity to scale the sector stems from the so-called “silver tsunami”—the retirement of millions of baby boomer business owners, many of whom lack a clear succession plan for their firms.



Elements and examples

Along the spectrum of inclusive and democratic enterprise ownership, there are numerous examples of forms and approaches that deliver CWB outcomes, some already mentioned here.

- Employee-owned cooperatives (also known as worker cooperatives), businesses that are owned and governed democratically by their workers on a one-member, one-vote basis.
 - ① For more information, see [Democracy at Work Institute](#) and the [ICA Group](#), both of whom provide technical assistance on setting up, growing and advancing worker-cooperatives.
- Conversion to employee -ownership of enterprises whose owners may be looking to sell or retire.
 - ① For more information, see Project Equity, which offers conversion planning and strategy development and [The Working World](#), which offers financing as well.
- Social enterprises, which have wide application but are typically nonprofit organizations that operate businesses in order to fulfill their missions and generate revenues.
 - ① For more information, see the [Social Enterprise Alliance](#), a membership organization that builds awareness and promotes social enterprise development.
- Municipal enterprise, businesses or services owned by local public authorities that provide services or generate revenue for local communities.

① For more information, see [In the Public Interest](#), which provides research and publishes on the provision of public services and good and the challenges of privatization.

■ Employee stock ownership plans (ESOPs), a mechanism that enables full or partial ownership of a business by its employees through a pension plan or trust.

① For more information, see the [National Center for Employee Ownership](#), which provides research and strategy support for advancing employee ownership.

■ Low-profit limited liability companies (L3Cs), an enterprise with a profit goal that is subordinate to its charitable mission.

① For more information, see the [Americans for Community Development FAQs page on L3Cs](#), which provides a legal overview and state-based examples.



Questions to consider

- Do local government and other anchor institutions support the development of cooperatives and employee-owned enterprises locally?
- Do local government, the small business development agency and the local chamber of commerce offer support for employee ownership or worker conversion approaches?
- Do local trade unions have a strategy for inclusive and democratic enterprise forms?



Steps for getting started

- Adopt a strategy for growing inclusive ownership models as part of the local or regional economic development plan.
- Redirect existing business support toward inclusive ownership models, e.g., worker and community ownership.



Critical indicators

- Percentage increase of cooperatives and employee-owned firms within the local economy
- A larger percentage of local citizens who are in worker cooperatives and employee-owned firms
- Percentage increase in number of businesses converted to employee ownership.



Additional resources

- The Fifty by Fifty Project offers news, tools, and research on employee ownership. <https://www.fiftybyfifty.org>
- *Mission-Led Employee Owned Firms: the best of the best*, a report from the Fifty by Fifty project offering examples and best practice. <https://www.fiftybyfifty.org/2019/04/mission-led-employee-owned-firms-the-best-of-the-best-2>



RACIAL JUSTICE

DEMOCRATIC OWNERSHIP FOR RACIAL JUSTICE

Increasingly, democratic ownership is being recognized as a tool for building political, social, and economic capital in disinvested BIPOC communities, addressing the racial wealth gap, and providing employment to people with such barriers as low education attainment or a criminal record. Cooperatives, specifically, have a long history in BIPOC communities; however, they have mostly existed as isolated entities (or, in some instances, entirely informally) without a fully formed ecosystem to support their development and ensure their success. As the movement grows, more BIPOC communities are actively seeking and developing democratic enterprises and local ecosystems to support them. [ChiFresh Kitchen](#) in Chicago is a women- and minority-owned industrial kitchen structured as a worker cooperative, where every worker has the opportunity to share in the governance and profits of the business.



CLIMATE JUSTICE

GREEN DEMOCRATIC ENTERPRISE

Democratic and inclusive enterprises offer an important tool for ensuring a “just transition” by developing new enterprise forms in emerging green industries. These not only offer well paid, secure jobs but also create healthy work environments for employees and positive ecological benefits for communities. One such example is [Dig Cooperatives Inc.](#) in Oakland, California, which is redefining the construction sector and helping to make the city more climate-resilient.

- *Right to Own: A Policy Framework to Catalyze Worker Ownership Transitions* shows how workers can buy out their companies. <https://democracycollaborative.org/publications/right-to-own>
- *Building Resiliency through Green Infrastructure: A Community Wealth Building Approach* showcases how democratic enterprises play a role in the green transition. <https://democracycollaborative.org/publications/building-resiliency-through-green-infrastructure-a-community-wealth-building-approach>
- *Impact Investing and Employee Ownership*, a white paper that showcases how to increase investment in employee ownership. <https://democracycollaborative.org/publications/impact-investing-and-employee-ownership>
- *Ownership Futures: Towards democratic public ownership in the 21st century* offers strategies and examples for how to democratize our public services for a just transition. <https://democracycollaborative.org/publications/ownership-futures-towards-democratic-public-ownership-in-the-21st-century>
- *Worker Cooperatives: Pathways to Scale*, a report from Hilary Abell at Project Equity, provides ideas for expanding cooperative development. https://static1.squarespace.com/static/62f41050584b40607baef690/t/6495abc570c36c7b921ca0d8/1687530439093/PUB_WorkerCoops-PathwaysToScale.pdf
- “The Elements of a Democratic Economy” series includes an introduction to and examples of various enterprise forms, including worker cooperatives (<https://democracycollaborative.org/publications/worker-cooperatives>), low-profit limited liability companies (<https://democracycollaborative.org/publications/low-profit-limited-liability-companies>), municipal enterprises (<https://democracycollaborative.org/publications/municipal-enterprise>), and employee stock ownership plans (<https://democracycollaborative.org/publications/employee-stock-ownership-plan>).

E. FAIR WORK

Fair employment and skills-based development are key elements in cultivating a generative local economy, both in terms of equipping people with the skills that they need to succeed in the local economy, but also for ensuring dignity and opportunities for advancement, human development, and growth for workers.



The problem

Despite the fact that the national economy has grown, wages and earned income have stagnated, and in some instances declined, while the benefits of economic growth have gone to corporate owners—individual elites or shareholders.

Median wages have been virtually stagnant in real terms for decades now. Labor’s share of national income—that is, the amount of GDP paid out in wages, salaries, and benefits—has been declining for decades. In the post-war period, labor’s share of income was around 65%. That figure is now around 55%. This decline is a symptom of rising power of companies vis-à-vis workers—whether from new technological advancements; deregulation, deindustrialization and globalization; the weakening of public sector finances; or the hollowing out of labor unions—resulting in the loss of well-paying, family-supporting, unionized jobs and the rise of insecure, low-paid jobs.

Traditional job training and skill development programs touted as pathways for workers to get into better-paying jobs often equip them for jobs that turn out not to exist, focusing on the supply side rather than the demand side of labor markets. Further, many employment programs focus on entry-level positions which tend to be low-paid and lack both the opportunity for advancement and the supports to help employees to do so. While laudable, many local workforce strategies are temporary bandages to structural labor market imbalances.



The CWB solution

A Community Wealth Building approach seeks to address the wage share of GDP and go the extra mile in ensuring consistency across labor markets and the ability to build wealth alongside income. One important means of doing this uses the power of local public sector anchor institutions to lead the shaping of an equal labor market. It does so through equitable hiring that develops skills and provides a living way in addition to in-work progression opportunities, good terms and conditions, and a strategic approach to workforce development.

Critically, doing so in the context of an overall CWB approach ensures that there will be actual local jobs available at the end of skills and training efforts. Linkages to institutional hiring as well as procurement can encourage fair employment practices to build real jobs with decent work and conditions, living wages and trade union rights. The CWB focus on local supply chains can also support the growth of local jobs within marginalized communities.

Another key Community Wealth Building lens to workforce, connected to the pillar of democratic and inclusive enterprise, is to grow ownership opportunities for workers so that they can share in profits and access wealth beyond wages. Targeted sectoral strategies—particularly in traditionally low-paid but foundational jobs such as care work and cleaning work—to develop employee-ownership opportunities is a key means for creating stable family-supporting employment.



Elements and examples

Local government and anchor institutions have a huge role to play in shaping local workforce conditions, not only by their own behavior, but also in setting standards and shaping expectations for all employers in the area. A number of actions that they can take in a CWB approach include:

- “Good work and fair employment charters” that support regulations, codes, and conditions that protect workers.
 - ① For more information, see [The Good Work Charter Toolkit](#) from the Institute for the Future of Work, which provides a framework for creating good working conditions.
- Living-wage certifications that create standards for employers to ensure that full-time workers earn enough to meet basic needs.
 - ① For more information, see [Living Wage for US](#), which offers employee certification as well as tools and information for employers.
- Pipelines to employment that create tailored employment training to meet specific hiring needs.
 - ① For more information, see [Towards Employment](#), which works with both job seekers and employers to provide training and tailored support for advancement.



RACIAL JUSTICE

WOMEN OF COLOR IN THE CARE ECONOMY

Women of color in particular make up a significant share of the care economy workforce. They are often exploited and underpaid in jobs that are precarious and undervalued. Worker cooperatives offer workers an opportunity to create better conditions for themselves and earn living wages. [Cooperative Home Care Associates \(CHCA\)](#) is the largest worker co-op in the US with over 2,000 employees, mostly women of color. CHCA’s workers are unionized, receive a living wage, and enjoy fair work conditions, along with skills training that enables them to deliver high quality services to customers and the community.



CLIMATE JUSTICE

FAIR GREEN JOBS FOR A JUST TRANSITION

Advancing cutting-edge green job initiatives locally addresses climate change mitigation and adaptation needs while also providing stable, living wage jobs. Green infrastructure development, increased use of renewables, implementation of weatherization and energy efficiency programs, and expansion of public transit all support the creation of high-skilled, well-paid jobs in both the public and private sector. It is also an opportunity to advance the development of democratic and inclusive enterprise. [Namaste Solar](#) is an employee-owned cooperative that has installed more than 5,000 solar systems with a combined capacity of more than 75 megawatts—a significant share of total generation capacity in the state of Colorado – while consistently being recognized as one of the “best workplaces” in the state.



Questions to consider

- Is there a local fair work employment charter that local government and other anchor institutions can sign on to?
- Are there local living wage requirements and are there local institutions that are certified living wage employers?
- Do local institutions actively encourage and have programs to boost the hiring of women, BIPOC and disadvantaged applicants?
- Do institutions encourage and favor unionization through their procurement policies?
- Are there training programs directly connected to institutional workforce demands?



Steps for getting started

- Create a fair/good work charter.
- Encourage living wage requirements.
- Promote matchmaking opportunities between institutional hiring and training programs.
- Adopt a policy on gender and racial pay gaps.



Critical indicators

- Percentage increase of employees who are paid living wages.
- Percentage increase of employers who pay living wages.
- Increased employment rates in low-income and BIPOC communities.
- Increase in rates of unionization.
- Reduction in gender and racial pay gaps.



Additional resources

- *Inclusive, Local Hiring: Building the Pipeline to a Healthy Community*, a toolkit from the Healthcare Anchor Network. <https://healthcareanchor.network/2019/11/inclusive-local-hiring/>
- *Reversing Inequality: Unleashing the Transformative Potential of an Equitable Economy* is a study of growing income and wealth inequalities in the US with recommendations for addressing them. <https://democracycollaborative.org/publications/reversing-inequality-unleashing-transformative-potential-equitable-economy>
- Emerald Cities' *High Road Workforce Guide for City Climate Action* offers steps for planning and implementing quality workforce development pipelines to address climate change. https://emeraldcities.org/wp-content/uploads/2021/11/workforce-guide_4.12.21_form.pdf
- Good Jobs First website offers resources and databases that track the creation of good quality, family sustaining jobs by state. <https://goodjobsfirst.org/>
- *The Anchor Mission* is a case study of the University Hospitals System Vision 2010 program focused on hiring and procuring locally in Northeast Ohio. <https://democracycollaborative.org/publications/anchor-mission-leveraging-power-anchor-institutions-build-community-wealth>

3 PULLING IT ALL TOGETHER: GOVERNANCE FOR THE LONG HAUL

Community Wealth Building needs a local governance architecture that is organized, disciplined, and politically accountable. In setting out to begin a CWB effort locally, it is critical to identify or create a viable entity that can bring together institutions, organizations, and individuals that have a stake in the community but may not often be at the same tables. Further, to support and grow an integrated and coherent CWB plan, there must be a clearly articulated, empowered, and accessible “home for CWB” across any locality. An intentional and explicit values-driven governance architecture builds trust, commitment, and buy-in, and can sustain local CWB efforts over the long haul.



Elements and examples of good CWB governance practice

While an appropriate governance architecture should be shaped in accordance with existing local infrastructure and contoured to the specific needs and demands of each place, there are a number of key elements that will assist in embedding a CWB approach into a local economy and support successful delivery of CWB actions. Among those key elements are:

- A CWB steering group or advisory board, working directly with local government to hold the strategic vision and oversee CWB action. This entity should be chaired by a senior government official and should include a broad array of stakeholders, including institutional and community leaders.
 - ① See the [City of Chicago's CWB Advisory Council](#) as an example.
- An anchor network or a coalition group that includes major anchor institutions. This network/group would be tasked with ensuring that institutional business practices are in line with CWB goals and setting clear targets and deliverables for anchor institutions. One way to ensure this would be to create an “anchor charter” or anchor network mission statement or commitment that institutions sign on to. A first step in developing this network or coalition would be to plan and host [a community-wide event to begin the conversation](#).
 - ① For an example of a local coalition group in action, see the [Greater University Circle Initiative](#) in Cleveland, Ohio.
 - ① For an example of a region wide anchor network, see the [St. Louis Anchor Action Network](#).
 - ① For an example of institutional commitment to align their business practices around an anchor mission, see the [Anchor Mission Playbook](#) for the Rush University Medical Center in Chicago.
- A robust program for local political education and training available across community organizations, anchor institutions, and local government departments so that knowledge about CWB is developed, spread, and embedded. Key to this is shaping and creating a coherent narrative around this work that is spread broadly throughout the local community—putting the “community” in Community Wealth Building in order to build a movement base.
 - ① For an example of a CWB training program, see the [Economic Development Association of Scotland's workshop series](#) from 2022.

- A CWB “backbone” entity, either within local government or a closely connected organization or foundation, that has at least one full-time staff position. This entity would act as the “front door for CWB” and would be tasked with liaising between government, institutions, and community. It would be responsible for establishing (potentially housing), servicing, and delivering the other abovementioned governance components.



Questions to consider

- Is there a preexisting partnership body or coalition group that includes major anchors? This could be a state-based or regional planning body, a local business improvement district (BID) entity, a network of local higher education institutions, or public services or utilities board. If there is no suitable preexisting group, a tailored anchor network or partnership should be established. Given the complexity and different sectoral focus of the component parts of Community Wealth Building the above group may require specific subgroups that relate to the CWB pillars, such as healthcare procurement strategies.



Steps for getting started

- Set up an anchor network or use existing partnership vehicles that may be able to be redirected to have a focus on CWB, with associated subgroups as appropriate or needed.
- Develop an anchor charter of key commitments to which participating local anchors can be held to account.
- Set up a CWB steering group or advisory board.
- Create or reallocate at least one staff position responsible for advancing the CWB agenda.
- Develop a process for political education and training.



Critical indicators

- The existence of an empowered CWB steering group or advisory body.
- The existence of a functioning anchor network.
- Local institutional charter(s) with clear commitments from anchors to advance specific actions within the CWB action plan.

4 CONCLUSION: BECOME A COMMUNITY WEALTH BUILDER WHERE YOU LIVE

At a time of renewed crisis and uncertainty, the outlines of a new economic paradigm are beginning to take shape. Community Wealth Building is where this next system begins in your community.

A powerful story is developing, based on the growing effect that CWB actions and new strategic models are having on policy and practice in an increasing number of cities across the USA and elsewhere. These efforts are creating a potent sense of excitement, possibility, and hope. They illuminate how new approaches can work in practice and generate real solutions to longstanding economic challenges.

It is becoming possible to see how, by projecting and extending these practical experiments, the underlying structural building blocks of a new democratic local economy might be assembled. There is a route beyond crisis and decay to take us to something better.

Community Wealth Building offers a framework for reimagining local democracy by putting citizens at the heart of key decision-making processes—as workers, caregivers, consumers, and community members. The principles and new institutional arrangements at the heart of Community Wealth Building represent foundational steps for building a new economy from the bottom up in which the needs of the community and planet come first.

We hope you find this guide helpful for “getting started” as you set out on your own transformational Community Wealth Building journey.

There is a route beyond crisis and decay to take us to something better. The principles and new institutional arrangements at the heart of Community Wealth Building represent foundational steps for building a new economy from the bottom up.



APPENDIX

CWB ACTION PLANNING REPORT FRAMEWORK

Each Community Wealth Building action plan process should be tailored to place. However, there are key universal components that should be considered and covered in any plan. Below we offer an overview of how to think through and deliver a CWB action plan in your area.

To start, when developing an Action Plan strategy, be sure to consider local actions that will:

1. Increase the number and size of inclusive and democratically owned local enterprises.
2. Increase the proportion of institutional spending in the local economy and inclusive enterprises.
3. Increase the finance and investment available to local and inclusive enterprises and community needs.
4. Promote fair work standards and inclusive recruitment practices.
5. Encourage greater local management and ownership of land and assets.
6. Overall, stimulate the role of local people and organizations in the generation and circulation of wealth.

Next, conduct a landscape assessment that gathers and organizes information under the following key outline headings:

■ Introduction and context

- Process, method, and key aims of CWB strategy.

■ CWB conditions in your place

- A discussion of overarching challenges and opportunities with key recommendations regarding:
 - ▷ Governance for CWB, including role of any existing coalitions or intermediary bodies that support and/or anchor network
 - ▷ Key internal working groups and staffing to take CWB forward.

■ Procurement

- Context, including policy and practice
- Current spending patterns across local government and other anchor institutions
- What is done well and what is not done so well
- Key recommendations to shift to more progressive commissioning and procurement, and using procurement to shape markets for CWB

■ Work

- Current labor market strengths and weaknesses
- What local government and other partners are doing
- Key recommendations to create better fair work conditions



■ Finance

- Context as regards scale of financial hardship and access to enterprise and personal finance
- What the local governments and partners are doing
- What more could be done with key recommendations regarding improving local financial ecosystem.

■ Land and property

- Context as regards extent of vacant and derelict land, land and property speculation, physical asset ownership
- What local governments and partners are doing
- Recommendations including shifting asset and land use toward inclusive and local wealth generating purposes and community control.

■ Enterprise

- Context as regards diversity of enterprise landscape, scale of inclusive ownership, and strength of support ecosystem
- What local governments and partners are doing
- Recommendations regarding strengthening range and scale of inclusive ownership opportunities.

■ Overall actions

- Detailing key actions with timeframes



COMPLETE LIST OF CRITICAL INDICATORS OF IMPACT

Below is a complete list across all five pillars of CWB, as well as governance, of suggested possible measurement indicators to consider and to track related to specific goals and actions.



Critical indicators

PROGRESSIVE PROCUREMENT

- Percentage of institutional spending directed to local enterprises broadly.
- Percentage of spending specially directed to MWBEs, cooperatives, social enterprises, etc.
- Percentage and number of living wage jobs created through local institutional supply chain development.
- Percentage of new jobs paying a living wage created by progressive procurement strategies.

LOCALLY ROOTED FINANCE

- Endowment and pension fund investments in fossil fuels are reduced to zero and redirected towards ethical and sustainable investments. .
- Percentage of endowment, pension, and operating dollars directed toward community impact investments (e.g., support for community development financial institutions).
- Targets are created for local investments within pension and endowment funds.
- A decreasing percentage of the population facing financial insecurity.

JUST USE OF LAND AND PROPERTY

- Percentage increase of land held by community land trusts.
- Percentage increase in community, public, and cooperative-owned assets.
- Percentage of land and buildings used for local economic, social or ecological purposes.
- Increased availability of permanently affordable housing.

INCLUSIVE AND DEMOCRATIC ENTERPRISE

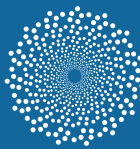
- Percentage increase of cooperatives and employee-owned firms within the local economy
- A larger percentage of local citizens who are in worker cooperatives and employee-owned firms.
- Percentage increase in number of businesses converted to employee ownership.

FAIR WORK

- Percentage increase of employees who are paid living wages.
- Percentage increase of employers who pay living wages.
- Increased employment rates in low-income and BIPOC communities.
- Increase in rates of unionization.
- Reduction in gender and racial pay gaps.

GOVERNANCE

- The existence of an empowered CWB steering group or advisory body.
- The existence of a functioning anchor network.
- Local institutional charter(s) with clear commitments from anchors to advance specific actions within the CWB action plan.



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