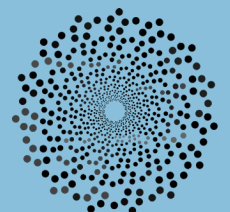




A NEW ERA FOR COMMUNITY WEALTH BUILDING

Growing a democratic economy
in cities across America,
with lessons from Chicago

BY NEIL McINROY,
SARAH McKINLEY,
AND JEFF SUTTON



DEMOCRACY
COLLABORATIVE

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democracycollaborative.org



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■ INTRODUCTION



Every local government official, city leader, and activist in the United States understands a simple truth in this moment: too many Americans are hurting. Many are living through the most challenging time in their lives. Long before COVID-19 and the ensuing economic crisis, a growing number already felt left behind: Working longer hours for less pay; lacking access to healthcare, transportation, or healthy food; trying, against all odds, to save a few dollars out of each paycheck.

Now, we face a set of interconnected global crises—a pandemic, climate catastrophe, growing global instability—that only deepens the inequality felt by so many in our communities. Millions of laid-off Americans lost their life savings during COVID.¹ Extreme weather, from floods to hurricanes to wildfires, continues to destroy vulnerable homes and neighborhoods. War and international conflict expose our fossil fuel dependence, leaving minimum-wage workers to spend an entire day's paycheck filling up their gas tank.² Each challenge is felt even more deeply in Black and Brown communities, which have been failed by promises of economic development and revitalization and cut out of the benefits of economic growth through redlining, disinvestment, and wealth extraction.

At the same time, the wealthiest among us have only grown richer.

As we emerge from COVID-19, the richest 1% of US residents—totaling just 1.3 million households—now hold more wealth than the bottom 90%.³ This is not a coincidence. It is the result of an economic system working as it was designed to: concentrating the vast wealth of our nation in the hands of a few at the very top.

We have reached a pivotal moment in US history—likely our best and final chance to simultaneously address this crisis of wealth inequality and the economic, social, racial, and environmental injustices exacerbated by it. Doing so will take courage and a radically new approach rooted in common-sense economic activities growing out of communities across the country. Transformational change is not only possible in this moment. It is *demanded*. We must fundamentally rebuild our economy from the bottom up—connecting together community-based solutions, and scaling them with supportive policies and frameworks.

Community wealth building is the answer.

First articulated by The Democracy Collaborative (TDC) in 2005, community wealth building (CWB) transforms local economies based on communities having direct ownership and control of their assets. CWB takes progressive elements across all sectors of a local economy, like community land trusts, worker cooperatives, public banking, anchor institutions and more—elements that have previously only existed as one-offs—and supercharges their power, connecting and scaling them in a systemic way through policy development, institutional design, and ecosystems of support that change people’s lives and the economic future of our communities. It does so in coordination with local governments, economic development teams, anchor institutions, labor unions, and community leaders: helping them work in harmony, identify what elements are needed, and see the big picture as they replicate successful new tactics.

CWB is a transformative new economic development model that is built for the moment. It is designed for leaders not satisfied with tinkering



Community wealth building transforms local economies based on communities having direct ownership and control of their assets.

around the edges, and those ready to reset the system *entirely*. It is a model that challenges the failing approaches that have been widely accepted in American economic development for too long, and addresses wealth inequality at its core.

On the following pages, you will read how CWB uniquely meets the crises of our time. You will learn about the powerful historical context behind its ideas, from the early progressive and cooperative movements through to the civil rights movement. And you will see how this model is *already* reshaping cities and communities across the globe, including a landmark opportunity in Chicago. In this pivotal moment, CWB is ready to drive a fair, equitable recovery for every city and locality with the audacity to implement it.

■ THE MOMENT FOR CWB



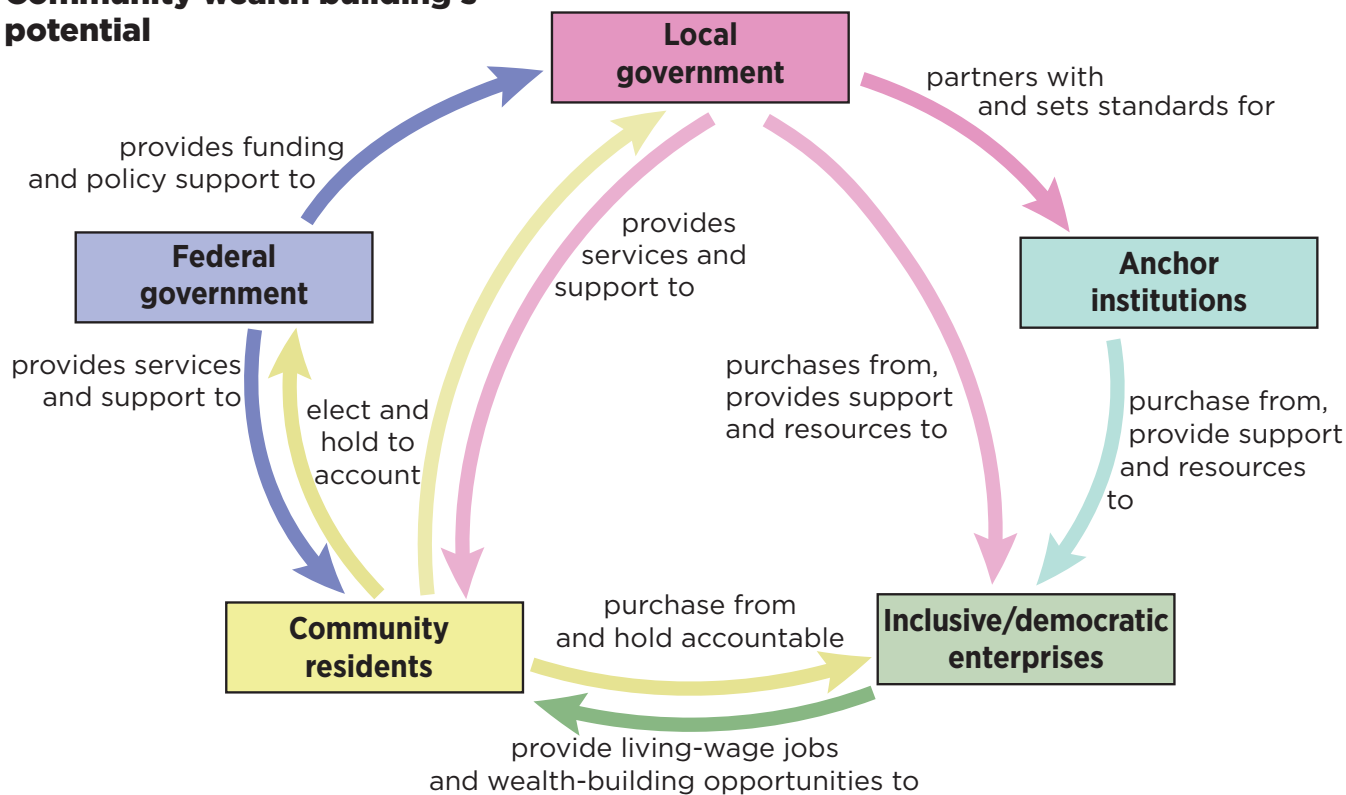
The inequality and pain in our communities today are not new. Nor do they have one single point of origin. Our system has long been designed to extract wealth from our communities, resulting in: the concentrated ownership of assets in the hands of an elite few, disinvestment from our communities, attacks on labor and working people, degradation of our environment, and deeply institutionalized social and racial injustice. These currents flow through American history, and we have allowed each to grow stronger over time without sufficiently damming them.

In another moment of upheaval, the 1960s, political and social activists worked to address these interconnected challenges. 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.”⁴ King observed that racial

integration by itself would not be enough; without change to the economic system itself, he would simply be “integrating my people into a burning house.”⁵ He 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. Activists including Gar Alperovitz, the future co-founder of TDC, pushed for federal legislation through the Community Self-Determination Act of 1968 (CSDA)—urging Congress to authorize community-controlled organizations that would supplement social services. Game-changing ideas like community land trusts (CLTs), community development banks, and worker-owned businesses organically sprung to life in communities ranging from Georgia and Ohio to the Pacific Northwest.

Community wealth building's potential



These individual, one-off successes were never amplified and replicated at scale. Despite the abiding need, through the 1970s to the 1990s, the American political establishment lacked the will and desire to deliver the radical jolt to the system. Liberal politicians and organizations largely remained committed to orthodox economic thinking, and the conventional social democratic framework ultimately gave way to neoliberalism—a globalized, deregulated system designed to maximize profit and shareholder dividend. This increase in corporate influence has stymied and undermined efforts to democratize our economy ever since.

In this critical moment, we have a chance to do something different.

Wealth inequality, which was already at historic highs, has exploded during COVID-19. While millions of Americans have lost their jobs, homes, health care, and savings, the wealth of billionaires has grown by \$1.2 trillion during the pandemic.⁶ Every day, money flows from our communities—dollars

hard-earned by working- and middle-class families—onto the stockpiles of an increasingly small group of billionaires, owners, and oligarchs. It is this simple: Far too much of our nation's wealth, from businesses to homes to land, is in the hands of too few.

This challenge is structural and systemic. It will not be solved by mere regulatory tinkering within the confines of an economic system doing exactly what it intended to do: enriching those at the very top at the expense of everyone else. For too long we have relied on philanthropy, charitable nonprofit organizations, and federal and local programs of community revitalization and urban renewal to ameliorate the injustices ingrained in this system. While well intentioned, there is only so much that conventional “after the fact” regulation and spending can address in a context of fast-moving global capital, offshoring, and shareholder supremacy.

This moment requires a much more radical change. Decades from now, this will either be remembered as the moment tens of millions of Americans fell

behind for good and we cemented an economy for oligarchs and the ultra-wealthy—or the moment we radically reinvented our economy, finally recognized the suffering of too many people, and built a truly just and sustainable future, where everyone has a genuine stake in the economy and the wealth we produce collectively.

Community wealth building is the path forward.

Community wealth building keeps hard-earned wealth in the hands of the people and communities that create it in the first place. Instead of extraction and exploitation, CWB creates an economy that produces equity as its everyday, natural function—and in doing so, shifts the behavior and attitudes of people, communities, cities, and potentially the United States as a whole. CWB replaces the focus on what our local economies have *conventionally* accepted and valued— growth based on trickle-down economics, incentives to attract large corporations, maximizing shareholder profit—with new progressive values and goals: communal ownership, justice, and shared wealth.

By keeping wealth in our communities, CWB addresses the interrelated challenges of our time. When workers are their own bosses, they are less likely to be laid off during a pandemic. When we invest in local green energy solutions, everyday Americans will no longer be at the mercy of gas prices that come from global instability. When public investment flows into housing, local businesses, and resources for Black and Brown communities—rather than the shareholders of corporate America—racial justice will finally be on the horizon. CWB is not revitalization with a new name. It is about a new way of organizing our local economies to ensure that they genuinely work for all Americans.

Elements of CWB are already being deployed in cities and communities all over the world: a worker-owned enterprise in the Bronx, a CLT in Georgia, a community bank in Ohio. What has always been missing from these one-off projects is the structure and strategy CWB provides: the ability to connect

and scale across the whole local system, and ensure each progressive intervention works together in synergy to create a local economy greater than the sum of its parts.

Local government can lead the way.

For community wealth building to reach its full potential, everyone must play a role. Individual workers at a cooperative must stand in solidarity and run the business in a socially- and environmentally-conscious way. Anchor institutions like hospitals and universities must direct their economic outputs to the benefit of local communities. The federal government must invest heavily and, through economic policymaking, help spur fair and equitable economic development across the nation.

Yet at this moment, perhaps no role is more important than that of *local government*. With recent funding from the American Rescue Plan, many cities and counties nationwide now have more resources to begin implementing a fair, equitable economic recovery from COVID-19—and the power to quickly scale what works.

Local government often sits uniquely at the center of the CWB model. It can calibrate and harness the grassroots energy on the ground, and empower and fund community-based organizations. It can choose to invest its significant purchasing power locally, in underserved communities, instead of offering tax write-offs to a large corporation. It can partner with a local hospital to create job training programs, or grow community enterprises to service their demand locally. And it can deliver needed public services from broadband to transportation in a fair, affordable, and accessible way. Importantly, local government is a *convener*, bringing together different groups across the community to drive progress and ensure alignment. It can use the power of the bully pulpit to support and catalyze a movement. And as the CWB movement grows, the success of local governments will serve as proof points to federal action—bold beacons and laboratories of economic democracy in the face of federal gridlock.

THE TDC APPROACH

Our cities have frequently been the vanguard of progressivism, from the settlement house movement and the birth of community foundations to the civil rights and LGBTQ+ movements and the embrace of immigrants from across the world. Now, local government is where a true reimagining of our economy has begun, with some local leaders trying new approaches to address inequities and put people, families, workers, communities and ecological sustainability at the center of local economies. Such efforts point to a system change—one that will begin to transform our nation from a place owned by the few to one in the hands of the many.

It begins with a model of community wealth building theory and practice that TDC has been designing and refining since 2005, working with communities in Rochester, N.Y.; Cleveland, Ohio; Tacoma, Washington and worldwide to produce broadly shared economic prosperity rooted in racial equity and ecological sustainability. Instead of tax incentives, outsourcing, and public-private partnerships—wasting billions to subsidize the extraction of profit by footloose corporations with no loyalty to communities—CWB resets economic development by ensuring wealth is retained and recirculated through a range of institutions, practical policies, and approaches that support broad-based ownership of the local economy. It does so by deploying a range of elements, including

- Worker, consumer, and producer cooperatives
- Employee ownership
- Procurement and hiring strategies for “anchor institutions” (e.g., hospitals and universities)
- Municipal ownership and enterprises
- Community development financial institutions (CDFIs), credit unions, and public banks
- Community land trusts (CLTs)

Now, as America attempts to “Build Back Better” from COVID-19 and funds from the American Rescue Plan begin to flow, CWB is more crucial than ever. This is the moment to grow this movement at scale, as the means of creating a fairer, more just economy with a more equitable distribution of ownership, wealth, and power. TDC is directly engaged with cities and local governments in different geographies to deliver concrete improvement in people’s lives and “show by doing”—developing a clear, accessible, replicable process that other local governments can adopt into practice. So how does it work?

The five pillars

The crises we face are driven by the extractive nature of our existing system—concentrated ownership, community disinvestment, attacks on labor, environmental degradation, and structural social and racial injustice. CWB directly confronts and addresses these trends, building an economic system where broad and democratic ownership is the groundwork for greater equity and social and racial justice. It achieves this through the following pillars of direct intervention into local economies:



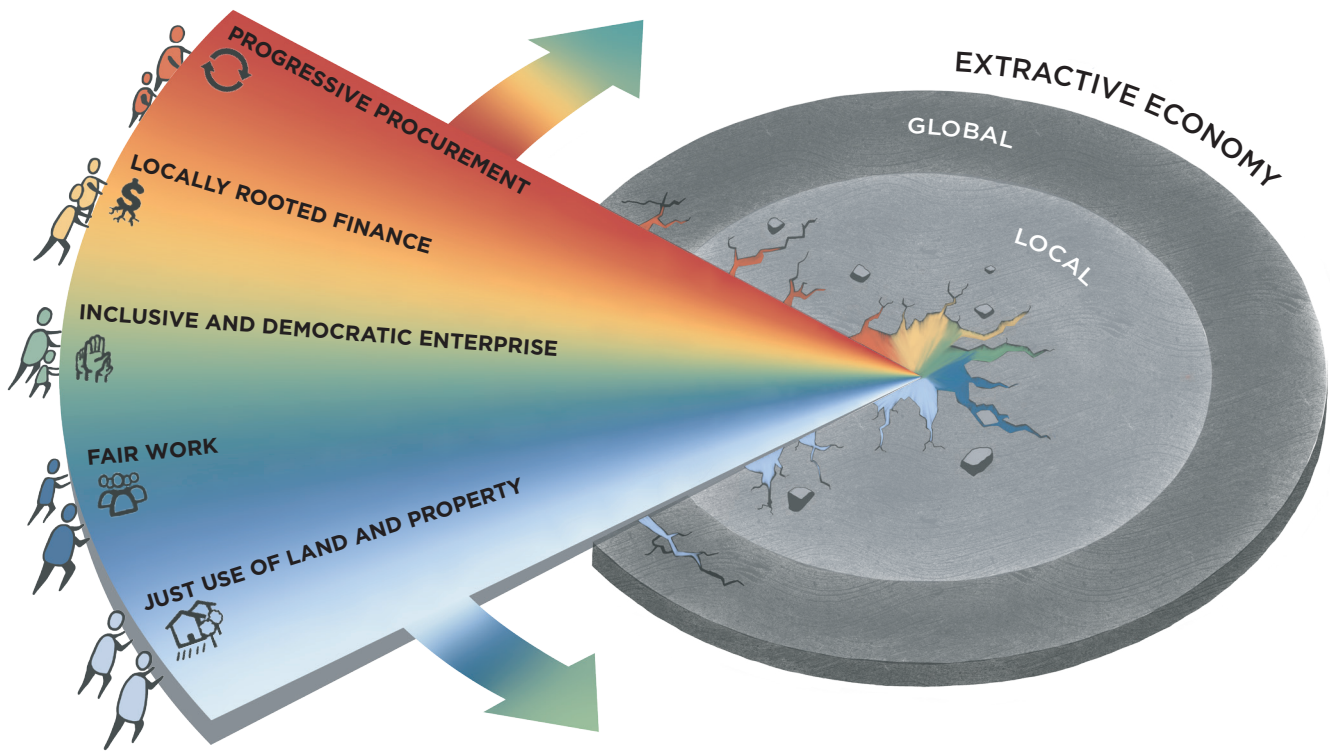
Progressive procurement. Local governments and place-based “anchor institutions” should lead with procurement practices that democratize economic activity, build local multipliers, and end leakage and financial extraction.



Locally rooted finance. Cities and local institutions should redirect money in service of the real economy through public and community banks, credit unions, and targeted public pension investments.



Inclusive and democratic enterprise. Cities should have multiple forms of worker and consumer cooperatives, social



The “wedge” represents CWB’s truly transformative power, disrupting and displacing the extractive economy, and driving a more democratic economy from the local to the global.

enterprises, municipal ownership/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.



Fair work. Every worker must receive a living wage, the ability to start or join a union, and real power in, and control of, their workplace for decent jobs and working conditions.



Just use of land and property. Cities 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.

The various elements of CWB mentioned above sit within each of these five pillars as actions that democratize local economies from the ground up. When these five pillars come together, they form

the community wealth building “wedge.” The wedge represents CWB’s truly transformative power—pulling together the actions within these pillars in an intentional and interconnected way, disrupting and displacing the extractive economy, and creating a new model that drives a more democratic economy from the local to the global.

TDC has a tried and tested methodology to deploy this wedge through tailored action plans for local governments, as seen in the Chicago case study later detailed in this report. This methodology assesses CWB activity in place across the five pillars using an appreciative inquiry-based approach, and recommends a suite of actions that, if taken together, would act as the wedge to democratizing the local economy through practical, focused and achievable steps. As demand and interest grows, TDC will develop tools—from trainings to briefings to toolkits—and communities of practice with the

resources, supports, and expertise needed to take this movement from the cutting edge to the mainstream.

Community wealth building is already happening.

Many elements of CWB—from cooperatives and CLTs to community development financial institutions (CDFIs) and employee stock ownership plans (ESOPs)—are already at play in cities and communities across the nation. In 2005, when TDC was founded, we conducted a review of community wealth building “elements” across the United States. We found 700 CDFIs, 9 million worker-owners in ESOPs, 110 CLTs, thousands of cooperatives (with more than 100 million members), and tens of thousands of local, municipally owned enterprises and services.⁷ Over the past two decades, those numbers have only continued to grow. Nationwide, we now see more than 1,160 CDFIs, 13.9 million worker-owners in ESOPs, and more than 225 CLTs.⁸

CWB pulls these individual elements together as pieces of a larger whole. Here are three examples where CWB is making a difference in people’s lives:

- In **Cleveland, Ohio**, the Cleveland Foundation—in collaboration with city government, local institutions and community groups—partnered with TDC to develop the first pilot of the community wealth building concept. Together we created 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 and live in nearby historically disinvested communities. Many are returning citizens. Every employee-owner earns a living wage, receives a share in the profit of the company, and can access a home ownership program, among other benefits. Evergreen began with an industrial laundry service which has performed so well that it recently won the Cleveland



Above, workers at Green City Growers, an Evergreen Cooperative business in Cleveland, Ohio. Below, the revitalized Market Hall in Preston, England.



Clinic's full laundry contract and doubled in size, creating more secure high-paying jobs in the community. Evergreen now has five cooperative businesses, including Evergreen Cooperative Laundry and Green City Growers, a food-production greenhouse. It also houses the Fund for Employee Ownership, which supports the conversion of existing businesses to employee ownership. A revolving loan fund helps sustain the growth of the cooperatives, and a nonprofit holding company made up of community residents and leaders ensures the cooperatives stay in and benefit the community.

- In the city of **Preston, England**, a community wealth building strategy was deployed after a revitalization plan with an international development firm failed in the wake of the 2008 financial crisis. The city started with a progressive procurement strategy and expanded to integrate strategies within all pillars in the wedge to redirect wealth and reshape the economy. Preston has seen £70 million of anchor institution spending returned to the community and 4,500 jobs created. Once listed as one of the most deprived urban areas in England, Preston rated as PricewaterhouseCooper (PwC)'s most improved city in 2018 and 2019 and the "Best Place To Live" in the north of England. Other municipalities across the United Kingdom have taken note, working to replicate Preston's strategy and tactics.
- In **Scotland, UK**, we are seeing a whole-nation approach to CWB, where a Scottish variant of the wedge is embedded in the national economic plan, all 32 local municipalities within the country are developing bespoke CWB action plans, and there is now a Minister for Community Wealth within the Scottish Government. National legislation is being developed to strengthen the legal basis for CWB as a key element of systemic economic transformation.

These are only three examples of a rapidly-growing movement for change in communities and cities

across the world. In each of the above examples, you see the application of strategies in all of the five pillars, especially progressive procurement, democratic enterprise, and fair work. Similarly, many places across the US are already undertaking strategies within the CWB pillars.

However, it is only when the strategies come together as a coherent suite of actions—the "wedge"—can they truly disrupt and displace extractive economic activity and build a truly democratic economy. To this end, TDC is engaging numerous cities and local governments to scale and amplify these practices—helping each locality drive a fair, equitable recovery from COVID-19, and proving these strategies work on larger and larger scales.

In the United States, TDC has already begun to build a network of "community wealth building cities," with vastly different geographies and scales that reflect the diversity of social, economic, racial, and environmental challenges across the country. These include a mid-sized Northeastern city within a large metropolitan region (Somerville, Mass.); a small post-industrial mid-Atlantic town (Meadville, Pa.); and a West Coast county combining urban and rural geographies (Alameda County, Calif.). Each locality is receiving an influx of resources through the American Rescue Plan and seeking guidance on how best to use it for true change.

In 2019, the city of Chicago announced it was ready to think big. It created a historic Office of Equity and Racial Justice (OERJ), tasked with reaching across every department and agency in city government and achieving "equity in the city's service delivery, decision-making, and resource distribution." Only months later, with COVID-19 raging and a long-overdue reckoning with racial injustice occurring in Chicago and nationwide, the OERJ's work was more critical than ever. It was time for Chicago to live up to its potential as a progressive beacon. After establishing a larger community wealth building strategy and plan, the OERJ engaged TDC to advise and help shape an action agenda to make that strategy real and bring the winds of change to the Windy City.

■ CHICAGO: A CASE STUDY



“Chicago is like a snake that sheds its skin every thirty years or so and puts on a new coat to conform to a new reality.”

—Dominic A. Pacyga, from *Chicago: A Biography* (2009)

City of the Broad Shoulders

Since its very founding, Chicago has been a place built by, and proud of, working people. After the World’s Fair of 1893, the city boomed as a transportation hub for the nation—which meant it was an agricultural, manufacturing, and financial center, as well. Its population doubled every 20 years, with the vast majority of those newcomers working-class people and immigrants from around the world, including large waves of Black Americans who left the US South during the time of the Great Migration. In 1914, Carl Sandberg christened it “City of the Broad Shoulders,” a testament to working Chicagoans who moved the city and nation forward.

Because of its strong working class and the intense challenges they have faced—from segregation to union-busting to corruption—Chicago has always held vast potential for a progressive economic revolution. In the decades following World War II, activists like Saul Alinsky helped organize working-class communities to demand better conditions from landlords, politicians, and business

leaders. In 1965, Martin Luther King Jr. brought his campaign to the Windy City at the invitation of the Chicago Freedom Movement, a coalition of 44 civil rights organizations, to address racial discrimination in urban cities. For 17 months, the movement led boycotts and demonstrations until Mayor Richard Daley came to the negotiating table. King called the resulting summit agreement “the most significant program ever conceived to make open housing a reality in a metropolitan area.” King’s broader campaign, coupled with President Lyndon B. Johnson’s War on Poverty, led to a proliferation of community development corporations (CDCs) in Chicago—attempting, for one of the first times at scale, to rebuild underserved communities on their own terms.

Nearly two decades later, in 1983, civil rights leader Harold Washington sought to build on that progress. Washington made history not only as the first Black mayor of Chicago, but because of his radical agenda to address segregation, racial injustice, economic inequities, and corruption across city government. Washington gave progressives a major role in setting policy and the city plan: increasing public investment in underserved neighborhoods, diversifying the city workforce, and empowering community-based organizations. Yet every step of the way, Washington was met with significant, and often virulently racist, resistance—and with his death in 1987, only four years after assuming office, hard-fought gains were eroded. A potentially transformative moment was missed. “When Washington died,” one stakeholder observed, “the wind got sucked out of the progressive movement.”

Like most American cities, Chicago has weathered the booms and busts of an unsustainable extractive system. Our cities and places deserve better—it’s time for something different, something new, something truly transformative.

Chicago’s progressive potential

Nearly 40 years after Washington’s death, Chicago has reached a new turning point that demands

justice and equity. By 2017, the gap between Black and White home ownership had reached more than 30%. Hispanic families in Chicago were over three times more likely than White families to live below the poverty line; Black families were almost *six* times more likely than White families.⁹ Never has it been more necessary for Chicago to stand on the shoulders of King, Washington, and the activists who had come before.

In 2019, a newly elected administration led by Mayor Lori Lightfoot took office amidst this backdrop, determined to address the city’s racial wealth gap and the lack of investment in traditionally Black and Latino communities on the South and West sides, where decades of disinvestment had left residents out of Chicago’s wider economic growth and wealth-building opportunities. The Office of Equity and Racial Justice (OERJ) was created and Candace Moore was appointed the city’s first-ever chief equity officer, tasked with achieving “equity in the city’s service delivery, decision-making, and resource distribution.”

As the COVID-19 crisis escalated in early 2020, Chicago—as did cities and localities all across America—saw the pandemic exacerbate long-standing racial inequities and economic injustice. Black and Brown communities, which had been underserved for decades when it came to health care, suffered more hospitalizations and loss of life. Working-class families, many employed in the hospitality and service industries, lost their livelihoods. Coupled with powerful protests against police brutality, it was clear the moment demanded urgent action and change.

Through participation in the Bloomberg-Harvard City Initiative, a national collaboration focused on inclusive economic development, the OERJ team realized that conventional models of economic development were not truly serving Chicago’s vulnerable communities. They identified community wealth building as a key means for transformative change that will finally deliver inclusive development with equity and justice at its core.

Engagement with TDC

The OERJ team engaged TDC to help focus and advance a comprehensive CWB strategy to position Chicago as a national leader in equitable, inclusive, and sustainable economic development. The strategy echoes back to the city’s legacy of community self-determination and economic equity, and stands to deliver on Chicago’s long promise as a beacon of progressivism. If supported in a maximal, connected, and resourced way, this fully realized CWB strategy could transform how Chicago’s economy operates and improve the lives of millions of people.

Phase 1: Research

Like many cities, Chicago already had some elements of community wealth building at play. The OERJ team began their CWB initiative by: Identifying key desired outcomes, such as development without displacement; detailing the stages required to launch CWB work; and identifying work areas by sector (for example, food and beverage businesses) and theme (for example, home ownership). They assembled a working group of 30 leaders¹⁰ that developed recommendations on city policies and investments that they presented in a public CWB convening in July 2021. At this point, the city began its partnership with TDC to further analyze the working group recommendations and examine existing barriers and potential opportunities to advance transformative CWB in Chicago.

In the first phase of TDC’s work with the OERJ, we reviewed the presentations from the July 2021 CWB convening and the recommendations presented from the working group. We then conducted further interviews to examine the state of existing CWB work across the five pillars, and identified key gaps and challenges as well as opportunities to advance a maximalist approach to CWB in Chicago. The interviews engaged key stakeholders within the OERJ and city government, as well as community leaders and activists. Additional key consultees included Manufacturing Renaissance, LISC Chicago, Community Desk Chicago, World Business Chicago, and the University of Illinois

This fully realized CWB strategy could transform how Chicago’s economy operates and improve the lives of millions of people.

Chicago. This led to a thorough report of activity and recommendations for action with detail on practical implementation pathways including consideration of strategic fit, governance design, management, delivery, monitoring and scale up.

Phase 2: Our recommendations

Our internal action plan report for the OERJ laid out a vision for reshaping Chicago’s local economy, with recommendations for action across each pillar of CWB. As with any city, even with funding from the American Rescue Plan, resources and time are finite. Every investment the city makes is at some level a “bet” on what will be the most efficient, cost-effective, and successful use of those resources. We identified five “big bets” the city of Chicago could make to inspire a sense of the possible and ensure that they deliver a full-system approach to CWB:

- 1. Bet on Chicago as a beacon for community wealth building through a “whole city” approach.** In cities large and small across the nation, there remains a misguided idea that once growth is secured at the top—once the multinational corporation comes in, or high-income earners move here—benefits for all communities will trickle down. In these ecosystems, community wealth building cannot thrive as it should. It is relegated to the side: “token” projects that bring surface-level attention and press but lack real impact.

We have urged Chicago to go all-in on CWB as the heart of its economic engine—using its economic development money in service of racial, social, economic, and

environmental justice and showing the country what can be done. Chicago is now embracing CWB and there is excitement around the agenda, with discernible recognition that CWB and its future success must be transformative, including tangible projects that produce results for those experiencing injustices. Many organizations across the city are collaborating with the city and will play even more of a role moving forward. Through the OERJ, the city already has a structure in place to advance CWB, but it must be empowered to work across all city departments so that it can bring to bear a coherent whole of government approach to this work.

- 2. Bet on inclusive and democratic enterprise ownership.** Inclusive and democratic enterprises and broad-based ownership are the centerpieces of any CWB effort. As with all CWB activities and interventions, the aim is to make the overall economy less extractive and more generative, so that the benefits of asset ownership are broadly shared and recirculatory. This approach to enterprise forms ensures that everyone involved has a genuine stake in producing, owning, and enjoying the wealth they create and moves us closer to the just and equitable recovery demanded as we emerge from COVID.

In Chicago, this move towards more democratic forms of enterprise ownership has gained momentum. Democratic ownership, and particularly the cooperative model, is firmly established as a way to create sustainable and dignified jobs in communities traditionally overlooked by mainstream methods of economic development. The CWB agenda in Chicago has advanced that movement—and we have urged the city to continue its drive for cooperative development on the ground by amplifying and scaling up activity. This includes the development of a “community

wealth hub,” a dedicated, physical site that would coordinate networks of activities and provide support services tailored to the needs of inclusive and democratically owned enterprise, such as legal and advocacy support, and identifying and supporting potential firms for cooperative conversion.

- 3. Bet on community wealth building as the best way to screen every dollar invested from the American Rescue Plan Fund.** American Rescue Plan (ARP) funding offers a huge opportunity for Chicago and many cities to adopt a fuller and more expansive view of CWB. This means embedding CWB building blocks and institutional design components so that they will be sustained beyond this initial flux of resources—ensuring a more circulatory and generative approach long-term.

The city’s plan to allocate the nearly \$1.9 billion in ARP funding that it has received already shows great potential, with funding in program areas like housing, transit, and food to support CWB-aligned practices such as shared-equity models. However, imagine the impact of directing the full \$450 million earmarked for “equitable economic recovery” toward new models of ownership, democratic participation, dignified work, land stewardship, and local wealth circulation, perhaps by capitalizing a public bank that would provide sustainable, long-term CWB financing for generations. That must be the approach every city takes.

- 4. Bet on anchor institutions.** A crucial tenet of CWB is harnessing the economic activities of anchor institutions: Large public and nonprofit institutions, such as local government municipalities and hospitals, that have a significant stake in a place and a mission to serve. If these anchor institutions use their land, property, and financial assets in the right way, in accordance with CWB strategies, they can generate wealth beyond

1.

income; meaningful, unionized jobs; and opportunities for residents to have a stake in the local economy.

In Chicago, we have recommended the city build on its past and present anchor institution collaborations and efforts to develop a network focused explicitly on undertaking work across all five of the CWB pillars. Part of this group's work would include identifying and working through any challenges in the procurement process with anchor institutions for local enterprises—making the process easier through long-term contracts and commissioning across departments, connecting procurement directly to an economic development strategy, and laying out explicit criteria for wealth building opportunities in requests for proposals (RFPs) and contract bids.

5. **Bet on community investment vehicles.**

Access to credit, finance, and investment is the life blood for people, communities, businesses, and broader economic activity. However, finance can be inconsistent, hyper-selective, and often greedy, flowing to safe bets and/or where the ostensible economic return is highest. For poorer places or people, disinvestment is generally historic and chronic, and new investment either fails to happen or, when it does, any benefits of wealth accrued is too often extracted. Therefore, we need a progressive and diverse financial ecosystem that supports local investment and access to tools and instruments that harness and recirculate local wealth, enabling communities to thrive.

“Community investment” accomplishes this—investing in inclusive and democratic enterprises and organizations, with funds that seek to deliver economic prosperity and benefits to specific communities, often those historically low-income or marginalized. The city of Chicago is already on a community investment pathway, with

a collaboration of local partners led by local philanthropy developing plans to launch a Community Investment Vehicle (CIV). We have recommended the city build on its plan by growing a centralized resource where residents, local entrepreneurs, and inclusive and democratic enterprises can find investment opportunities that drive transformative change. The goal is to grow a financial ecosystem at scale, grounded in a local public bank, to support and sustain CWB work and create a comprehensive pathway for low-income residents to have equity shares in their own neighborhood. This offers a toe-hold into systemic localized financial investment, with the potential to grow into other investments in land, asset ownership projects, and other types of CWB.

Phase 3: Implementation

To deliver on these big bets, the OERJ is working across all aspects of city government to imbed CWB thinking and action into the city's DNA. OERJ is looking to ground CWB practices across city departments to change the way that the city does business. To do this, there should be increased understanding and buy-in of CWB among city staff from the economic development department to the planning department.

TDC has proposed to support implementation through:

- Bespoke training modules across city government, helping educate public servants about the new approach and drive excitement for CWB practices
- Formalizing a CWB commission—made up of city officials as well as community and labor leaders, activists, residents, and institutional leaders—that will be critical in championing CWB practices
- Connection to an international network of “CWB cities,” convened by TDC, who can share best practices, successes, and ways of delivery.

■ CHANGE THAT WORKS



The ongoing progress in Chicago is yet another proof point that CWB can deliver the real change we so desperately need—not only at a community level, or the level of a small city, but at tremendous scale in the third-largest city in the United States.

Places like Chicago are leading the way. Yet this movement is larger than one city. We must reorient not only our economic system, but the public servants and individuals tasked with keeping it running—training and incentivizing people to think differently and take the bold action required. We are moving from retail, one-off experimentation and practices to a wholesale revolution of how economic development works in America, from small towns to mega-cities and all the way to the federal level.

Local governments will continue to be at the center of this movement, but they will never be alone as they implement this radical new approach. Every year, TDC aims to keep growing our network of “CWB Cities” across the nation and, indeed, across the world—constituted by localities that will implement community wealth building practices in a holistic way, deliver better outcomes for their people, and learn from each other in the process. With guides, tools, best practice examples, a powerful network, and a team that pioneered the field, TDC stands poised to work with *any* city government that wants to ensure a fair recovery in this moment and beyond.

We know community wealth building works. We know we can achieve it at scale, and improve the lives of millions of people. In this moment, we must act boldly to create a fairer, equitable future. We do not have a day to waste. ■

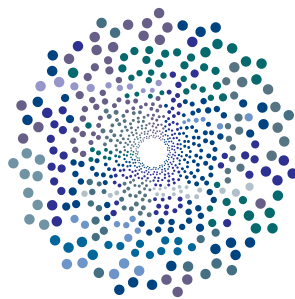
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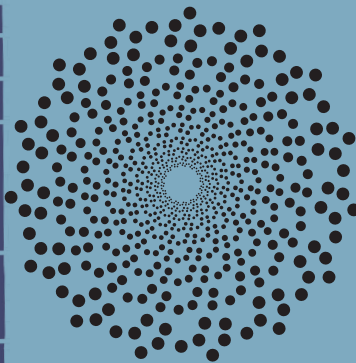
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Founded in 2000, our mission is to demonstrate in theory and in practice the principles of a democratic economy, offering a vision of what that economy can be, designing models that demonstrate how it operates, and building in coalition with others the pathways to a new reality. By making the democratic economy conceivable, visible, and practical, we open minds, ignite hope, and inspire action.



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