Rebuilding America’s Communities

A Comprehensive Community Wealth Building Federal Policy Proposal

Gar Alperovitz, Steve Dubb and Ted Howard

The Democracy Collaborative at the University of Maryland

April 2010
# Contents

Acknowledgments .......................................................... 3

Preface ............................................................................. 5

I. Community Wealth Building: Connecting Capital with Communities .... 11

II. Declining Federal Capacity to Address Urban Challenges .............. 15

III. Communities at Risk .................................................. 18

IV. Leveraging Anchor Institutions and Green Development ........... 20

V. Basic Principles for a New Direction .................................. 23

VI. Current Federal Policies Related to Community Wealth Building .... 26
    A. Anchoring Local Ownership ....................................... 26
    B. Increasing Local Multipliers ...................................... 27
    C. Supporting Community Economic Development Capacity ...... 28
    D. Building Wealth and Assets ....................................... 29

VIII. National Community Wealth Building Initiative ..................... 32
    A. White House Office of Community Wealth Building .......... 33
    B. Network of Local Community Wealth Building Centers ....... 37
    C. National Community Wealth Building Bank ................ 41
    D. Expanding Federal Policies for Building Community Wealth .... 44

Conclusion ......................................................................... 51

Appendix A: State Policy Developments .................................... 53

Appendix B: Community Wealth Building—Glossary of Terms .......... 57

Appendix C: Community Wealth Builders (Selected List) .......... 61

Appendix D: Interview Subjects and Contributors ........................ 74

Endnotes ........................................................................... 75
Acknowledgments

The Democracy Collaborative was established in 2000 to promote new strategies and innovations in community development that lead to greater local economic stability in our nation’s urban areas. The Collaborative is a recognized national leader in the field of community development through our Community Wealth Building Initiative. The Initiative sustains a wide range of projects involving research, training, policy development, and community-focused work designed to promote an asset-based paradigm and increase support for the field across the board.

Products of this work include our 2005 book, Building Wealth: The New Asset-Based Approach to Solving Social and Economic Problems (published by the Aspen Institute) and www.Community-Wealth.org, which, since its launch in May 2005, has become a leading national community economic development information portal.

Anyone concerned about the state of America’s communities today must give serious thought to how public policy can support city leaders and on-the-ground practitioners in strengthening, and in some cases rebuilding, local economies. The present report was prompted by our own concern with these issues, particularly as they relate to building wealth in low-income neighborhoods of urban areas. We wish to thank the Annie E. Casey Foundation for its support and encouragement in developing this policy proposal, in particular Ralph Smith, Bob Giloth, Roger Williams, and Salin Gevarghese.

In developing this report, we relied on the good will and contributions of over two dozen individuals. These practitioners, experts, and policy analysts participated in interviews, suggested additional key people to interview, and helped us track down important articles and information. A full list of interview subjects and their affiliations is included in Appendix D.

We also gratefully acknowledge the help of the following individuals who read and commented on the entire draft or segments of this report: Mark Berry, Ray Boshara, Jason Carbone, Stephen Crawford, John Emmeus Davis, Jane DeMarines, Carla Dickstein, Richard Dines, Colleen Ebinger, Jessica Gordon Nembhard, Ira Harkavy, Melissa Hoover, Jenny Kassan, Marjorie Kelly, Stacy Mitchell, Kris Pendergast, Corey Rosen, Cliff Rosenthal, Julia Sass Rubin, Ronald Phillips, Mark Pinsky, Heerad Sabeti, Adam Schwartz, Michael Shuman, Lisa Stolarski, Debby Warren, Justin Wellner, Rick Williams, and Robert Zdenek. We also wish to acknowledge the encouragement we have received from Jack Dover and a number of staff members in the legislative office of U.S. Senator Sherrod Brown.

While it was not possible to fully incorporate all of the valuable feedback we received, the final product has been immeasurably improved due to these many contributions, edits, and suggestions. All responsibility for errors and omissions remains, of course, our own.
Preface

The past several decades have not been good ones for many American cities, particularly our older industrial—or “weak market”—cities. Many communities have experienced extraordinary distress. The foreclosure crisis of the past two years is but the most recent disaster to hit these urban areas. In the past several decades, many of America’s cities have seen declining population, the flight of capital and millions of jobs, stressed city services, and endemic poverty.

During this same time period, the capacity of the federal government to support programs of community and economic development in our cities has atrophied. Federal outlays for regional and community development (excluding disaster relief) in FY 1980 were $9.21 billion or slightly more than 0.3 percent of GDP. In FY 2006, direct outlays were $8.43 billion, or 0.06 percent of GDP—in relative terms, roughly one fifth of 1980-level expenditures.1 When tax expenditures such as the Low Income Housing Tax Credit are included, the picture brightens somewhat—still, overall community development funding as a percentage of GDP remains roughly half of its 1980 level. Federal expenditures on social services have not suffered as much, but have lagged far behind population and economic growth. According to the National Low Income Housing Coalition, between 1976 and 2004, even as real GDP more than doubled and the number of Americans below the poverty line climbed 50 percent, social service expenditures increased by a mere 18 percent.2

Perhaps such program cuts would not matter if we could honestly say that America’s cities are healthy, stable, and strong. But the impact of this decline in federal investment has been far from benign. According to the U.S. Census Bureau, even before the Great Recession hit, in 2007 Detroit had a poverty rate of 33.8 percent, Cleveland 29.5 percent, and Buffalo 28.7 percent. The level of pain in our smaller cities is even greater: in 2007, Bloomington, Indiana led the list with a poverty rate of 41.6 percent.3 Reversing these trends demands a comprehensive approach, one requiring effort from the private sector as well as the public sector, and from state and local governments as well as the federal government. Only the federal government, however, has the convening authority, reach, and scale required to set a new direction at the national level.

The Obama Administration has supported a number of small but innovative programs that hint at the potential for a new direction. The Choice Neighborhoods Initiative program, funded at $65 million in FY 2010, seeks to integrate public housing revitalization and social service provision. The Promise Neighborhoods planning grants, funded at $10 million in FY 2010 represents a small step toward federal efforts to replicate the Harlem Children’s Zone anti-poverty model. The Sustainable Communities Initiative, funded at $150 million in FY 2010, aims to integrate housing, environmental, and transportation planning. The Healthy Food Financing Initiative, a proposal in the FY 2011 budget, would provide $400 million
in financial and technical assistance to community development financial institutions and other community wealth building enterprises to address healthy food needs in low-income communities. The Social Innovation Fund, a new investment vehicle designed to identify, replicate, and expand promising new “transformative” approaches targeted at low-income communities, will award up to $50 million in federal funding in FY2010 to seven to 10 intermediary groups.

As promising as these new initiatives are, however, what ultimately will be required is a new direction that takes us beyond individual programs and toward a comprehensive approach to urban economic redevelopment. We call this approach **community wealth building**. It is a form of development that puts wealth in the hands of locally anchored forms of business enterprise (with ownership vested in community stakeholders), not simply investor-driven corporations. These anchored businesses (both for-profit and nonprofit), in turn reinvest in their local neighborhoods, building wealth in asset-poor communities.

What community wealth building offers is a perspective that assists communities to build upon their own assets. It makes asset accumulation and community/shared ownership central to national economic development. In so doing, community wealth building provides a new direction to begin to heal the economic opportunity divide between haves and have-nots at its source: providing low- and moderate-income communities the tools necessary to build their own wealth.

The field of community wealth building is comprised of a broad array of locally anchored economic institutions that have the potential to be powerful agents to build both individual and commonly held assets. Their activities range along a continuum from efforts focused solely on building modest levels of assets for low-income individuals to establishing urban land trusts, community-benefiting businesses, municipal enterprises, nonprofit financial institutions, cooperatives, social enterprises, and employee-owned companies. Also included in the mix is a range of new asset-development policy proposals that are winning support in city and state governments.

Federal policy can promote community wealth building by developing an integrated strategy and set of activities and processes that foster economic regeneration through:

- Advancing shared-ownership mechanisms (including employee ownership, cooperatives, community development corporations and financial institutions, community land trusts, and social enterprise) to create local economic stability;
- Linking land use planning and stewardship to transportation access, energy use, affordable housing, and local job creation and economic development;
- Increasing economic multipliers to spur locally oriented economic growth;
• Leveraging anchor institutions (such as place-bound large nonprofit universities and hospitals) to focus their procurement, investment, and other economic activities toward local ends;

• Expanding investment opportunities and asset creation for low- and moderate-income Americans.

The following report draws upon practical experience accumulated over the years in many areas and proposes a strategic approach to integrate, expand, and coordinate a powerful array of activities focused on promoting community wealth building in the nation’s distressed communities. Or, to put it more simply, to place community wealth building squarely at the center of federal economic revitalization policy. Specifically, it proposes a new 10-year, $100 billion initiative to bring federal, state, and local community wealth-building strategies to a new level of sophistication: The National Community Wealth Building Initiative.

A comprehensive national strategy to implement such an initiative would require a federal Community Wealth Building Office and a national Community Wealth Building Bank (to provide a dedicated source of capital). These would need to be coupled with support at the local level to finance the establishment of Community Wealth Building Centers located in metropolitan areas across the country. The National Community Wealth Building Initiative outlined in this report additionally proposes a number of federal policy measures in the areas of procurement, finance, technical assistance, and capacity building, as well as approaches to build capacity at the state and local level.

Such an integrated approach, we believe, is greatly needed and could be implemented at what is, in the context of a $3.55 trillion federal budget, a relatively modest cost of $10 billion a year. The resulting economic progress in low- and moderate-income communities across the country would far outweigh this investment. (For details of this proposed comprehensive wealth building strategy, see Section VII of this report.)

Although the cost as a percentage of the federal budget is small, within the context of standard appropriations in the under-funded area of community economic development, the funding commitment required is substantial. As an interim approach, and one that would surely prove to be more politically feasible at this time, we would suggest a more modest, 10-city, five-year pilot program to test and refine a range of comprehensive, place-based community wealth strategies. We believe this could be done for $50 million a year, with an additional one-time set aside of a capital investment pool of $500 million. To provide an effective test of the community wealth building concept, such a pilot initiative should ideally embrace five core components:

First: a federal national office to highlight the importance of community wealth building in solving the economic problems faced by American communities. The office would
also serve to provide coordination across agency lines to increase the effectiveness of the federal government’s many disparate community development programs. Ideally, it would report to the White House Office of Urban Affairs, and be housed at an appropriate federal agency, perhaps the CDFI Fund at the Department of the Treasury or with the Sustainable Communities Initiative at the Department of Housing and Urban Development.

Second: a dedicated development finance entity to help finance various forms of local wealth building enterprises, such as employee owned firms, green worker cooperatives, urban land trusts, manufactured housing land ownership cooperatives, and social enterprise finance. This capital facility, an absolutely vital aspect of this work, could be housed initially at the CDFI Fund in Treasury, but with distinct program administration, in much the same way that New Markets Tax Credits are set up separately from CDFI technical assistance grants.

Third: a group of community wealth building centers that can serve as local catalysts for the effort in pilot cities. An RFP (request for proposal) could be used to select 10 initial cities. The application process should be a highly competitive one driven by strong local champions/conveners (such as community foundations or other “homegrown” philanthropies, anchor institutions, and city government) with the stature, capacity, and commitment to develop a comprehensive community wealth building plan. These, in turn, can bring into the process multiple local actors capable of making significant institutional commitments to fulfill the plan. In evaluating proposals, points could be given based on criteria that increase job creation and ownership generation, such as strength and credibility of local funding/financing sources (such as philanthropy, commercial banks, and CDFIs); support from local anchor institutions (such as statements of commitment to target purchasing and investment locally); evidence of support from local government (by, for example, committing to formally include wealth building and local ownership as priorities within the city government’s departments of community and economic development and sustainability); and local technical assistance capacity, especially in the critical areas of finance, business development, and workforce training.

Fourth: a budget that is meaningful in order to test the viability of the concept. To have the greatest possible job and wealth creation impact, we recommend annual direct funding of $4 million per city (to be matched 1:1 by local sources) and a capital funding pool per city of $50 million.

Fifth: a national institutional capacity capable of providing overall strategic guidance, research on best practices, cross-city learning, technical assistance, training, and evaluation. Ideally, this would be located outside of the normal bureaucratic channels of government to achieve innovation through social entrepreneurship and a willingness to engage in a higher level of risk than is typical in already-established federal programs. We recommend a free
standing center or a center housed at a larger institution (such as a university). This should be funded at $10 million a year for a minimum of five years.

The crisis faced by our nation’s metropolitan communities is severe. But the community wealth approach, which hardly existed four decades ago, offers considerable promise. Today there are tens of thousands of innovations and models across the country, many of significant financial scale. There now exists a nationwide network of practitioners, policy makers, researchers, trade associations, and, increasingly, local and state elected officials with a wealth of expertise and experience in this field. In addition, many new innovations have shown how to effectively link wealth building to the creation of jobs in the growing green economy.

Given current political and fiscal realities, policymakers who are committed to regenerating our great metropolises need to rethink how to achieve our country’s most important urban goals. The nation faces an unusual, and we believe, historic opportunity to fundamentally change direction. By acting boldly, the federal government can develop a new framework that can rejoin economic and community development and thereby begin to build wealth in low- and moderate-income communities across America.
I. COMMUNITY WEALTH BUILDING: CONNECTING CAPITAL WITH COMMUNITIES

Fostering community wealth in today’s economy requires going beyond a traditional federal government “service delivery” mode of operation to develop programs that connect capital with low-income communities. Largely unnoticed in the media, over the past few decades, there has been a steady build-up of new forms of community-supportive economic enterprises.

Forty years ago, there were fewer than 200 employee-owned companies in the United States. The community development finance industry did not yet exist. Likewise, few community development corporations (CDCs) and no significant community land trusts existed. State public pension funds did not employ economically targeted investments.

Today, the National Center for Employee Ownership reports that 13.7 million Americans work at roughly 11,400 businesses where they own all or part of the company through employee stock option plans, with an ownership stake of $922.5 billion as of the end of 2006. There are now over 4,600 community development corporations (CDCs) nationwide that develop on average 86,000 units of affordable housing and 8.75 million square feet of commercial real estate a year. Between 1998 and 2005, CDC business development efforts helped create an estimated 527,000 jobs. Community development financial institutions (CDFIs) manage assets of over $25 billion. In 2006 these groups financed affordable housing for 69,000 housing units and helped create or maintain 35,000 jobs. More than half of all states now allocate a portion of their pension funds to economically targeted investments, which now total ten of billions of dollars. Additionally, older forms of community ownership continue to thrive—everything from the 2,000-plus publicly owned utility companies spanning the nation to a cooperative movement in which 130 million Americans participate, which has $3 trillion in assets, generates $650 billion in annual revenue, and employs over 850,000.
These developments represent an important counter-tendency to otherwise prevalent trends of economic dislocation. Given the difficulties now facing America's communities, the timing is auspicious to make community wealth building a central organizing principle of federal policy.

First community wealth building offers a way to leverage limited public monies to empower local communities to generate wealth and hence reduce economic inequality in a period when government faces growing fiscal constraints. Over time, federal domestic discretionary spending has declined from 5.2 percent of GDP in 1980 to 3.6 percent in 2007 and the
impact of cutbacks has been felt from city hall to Capitol Hill. Even the stimulus package passed by Congress in 2009 only boosted domestic discretionary spending to 4.0 percent of GDP. Although the origins of the various community wealth strategies are quite diverse, the fact that they make efficient use of limited public resources and, indeed, in the long-term can help generate jobs, wealth, and tax revenue to help finance public services, is a major advantage.

Community Wealth Building Model

A second advantage of these strategies is that they also respond to another feature of twenty-first-century America: the de-linking of people and place. Most of these efforts—employee-owned firms, community development corporations, municipal enterprises, land trusts, co-ops, most social enterprises—are either deeply anchored to, or in the case of a number of state strategies, contribute to the stability of specific localities. At a time when globalization and interstate job chasing often means economic and job dislocation, “anchored” strategies (and especially employee-owned enterprises) keep jobs in place. They also contribute to the local tax base, thereby helping to provide resources for local services in a time of great fiscal pressure. Employee owners rarely outsource their own jobs.
The promise and record of achievement of community wealth building is clear. But the potential for a unifying effort to advance community wealth building strategies remains unrealized. A few key shortfalls stand out:

- **Policy Fragmentation:** The limited federal programs that support community wealth building are scattered across more than a half-dozen departments, including Agriculture, Commerce, Education, Housing and Urban Development, Interior, Transportation, and Treasury, as well as some programs (NeighborWorks, Appalachian Regional Commission) that are independent agencies. To this list, one could also add workforce development in Labor, such as the recently authorized Green Collar Jobs program (allocated $500 million in the February 2009 “Recovery Act”), and the newly created Energy Efficiency and Conservation Block Grant program in the Department of Energy (a $3.2 billion allocation in the 2009 “Recovery Act”).

- **Lack of Scale:** The extent of federal policy fragmentation speaks to the lack of an overarching community economic development strategy that could effect deep and lasting change, but the scale of the programs also makes clear the limits of current efforts. Add up all federal support expenditures and the net annual level comes to less than $20 billion—in other words, about one half of one percent of the federal budget.

- **Failure of Vision:** Community economic development, as its name suggests, was founded on the idea of linking community building with economic development. But the truth is that the federal government has largely abandoned the field of economic development, with remaining federal community building programs largely separated from economic development objectives. In fact, community economic development has largely become “housing development,” while what remains of federal economic development is pursued in separate programs in Commerce. In the vacuum, state and local economic development offices have come to play an increasingly central role.

While state and local economic development offices make many positive contributions, this lack of a unifying strategic focus has also resulted in a less-than-productive competition for jobs that drains increasingly limited state and local government resources. In particular, state and local governments are often locked into an economic “arms war” against each other, in which each entity seeks to obtain jobs by raiding companies in other states and localities. According to calculations made by Kenneth Thomas of the University of Missouri-St. Louis, in 1996, the cost of direct state and local economic tax incentives, a large portion of which subsidizes Fortune 500 companies, totaled $26.4 billion. When indirect subsidies (e.g., infrastructure improvements made to attract business) are added, this total increased to $48.8 billion. In 2002, University of Iowa urban and regional planning professors Alan Peters and Peter Fisher estimated that these expenditures totaled $50 billion, more than twice the federal level of spending on all community development programs combined.
II. DECLINING FEDERAL CAPACITY TO ADDRESS URBAN CHALLENGES

The difficulties facing the U.S. economy and the declining capacity of the federal government to address these problems as they relate to communities are well known. Indeed, a key part of the attraction of supporting community wealth building strategies is that they are able to internally generate a substantial portion of their own revenues. But many when devising policy solutions still tend to ignore these facts, so a brief summary of the federal fiscal condition may be helpful.

Shrinking Federal Discretionary Spending
Discretionary domestic spending at the Federal level declined from its peak level of 5.2 percent of GDP in 1980 to 3.2 percent in 1999, the lowest level as far back as 1962, the earliest date for which the federal government tracks these numbers (it was 3.4 percent of GDP in that year). Since 1999, discretionary spending has recovered slightly to 3.6 percent of GDP in 2007 and increased by roughly 12 percent (i.e., to roughly 4.0 percent of GDP) as part of the Obama economic stimulus package, but gains, dependent on a high level of government borrowing, may prove ephemeral. White House Office of Management and Budget Director Peter Orszag estimates that by FY 2019 domestic discretionary spending will fall to 3.1 percent of GDP.11


**Increasing Competition for Dollars among Domestic Expenditures**

In 2009, the American Society of Civil Engineers gave the United States’ infrastructure an overall grade of ‘D’ and recommended a five-year, $2.2 trillion effort to remedy current and looming problems. This figure does not include costs of dealing with climate change, an area where in 2008 Apollo Alliance modestly proposed to spend $500 billion over 10 years.\(^\text{12}\)

**Declining Labor Movement Adds Political Hurdle**

A strong labor movement has proved to be critical to building political support for government community development and poverty alleviation programs in all advanced industrial countries. But in the United States, the percentage of the private sector workforce that is unionized has fallen from 35 percent in the mid-1950s to 7.2 percent today. Even including public sector workers only raises the unionization figure to a mere 12.3 percent of all employment.\(^\text{13}\)

**An Aging Population Exacerbates Our Fiscal Problems**

A 2005 Brookings Institution report projected that by 2030 Medicare, Medicaid, and Social Security alone could cost 24 percent of GDP. Since the entire federal government, including social security, Medicare, the military, and all domestic discretionary programs, currently costs about 18 percent of GDP, this is a huge number. As report authors Alice Rivlin and Isabel Sawhill put it, “Even if revenues return to their historic average from their current low point, an unsustainable gap of about 6 percent of GDP [i.e., six percentage points greater than total existing federal government spending] will remain between projected non-interest spending and revenues. Once interest payments on the debt are added to spending, the gap widens.”\(^\text{14}\)

There are steps—such as passing national health insurance—that might allow the United States to save hundreds of billions of dollars and bring its health care costs more in line with other nations. Nonetheless, with an aging population, even if combined government health care and Social Security expenses “only” increased from their current level of roughly 10 percent of gross domestic product to 15 percent, that would mean, in current dollars, a government spending increase in excess of $650 billion. Consider that in 2006 all federal government discretionary domestic expenditures combined, including homeland security, cost 3.8 percent of GDP or just a tad over $500 billion.\(^\text{15}\)

**Funds for Community Development and Social Services Have Long Trended Downward**

The Office of Management and Budget reports that federal outlays for regional and community development (excluding disaster relief) in FY 1980 were $9.21 billion or slightly more
than 0.3 percent of GDP. In FY 2006, direct outlays were $8.43 billion, or 0.06 percent of GDP, roughly one fifth of 1980-level expenditures. When tax expenditures such as the Low Income Housing Tax Credit are included, the picture brightens considerably—still, overall community development funding as a percentage of GDP remains roughly half of its 1980 level. Federal expenditures on social services have not suffered as much, but have not kept pace with population and economic growth. According to the National Low Income Housing Coalition, between 1976 and 2004, even as real GDP more than doubled and the number of Americans below the poverty line increased by 50 percent, social service expenditures increased by a mere 18 percent.

Mounting Trade Deficits Endanger Long-Term American Economic Health

Although the current recession has reduced demand for imports for the moment, the long-term picture for the U.S. trade balance remains poor. In 2007, the United States’ trade deficit was $708.5 billion, equivalent to 5.1 percent of America’s gross domestic product, a level previously associated only with failing Third World economies (and yet 2007 actually represented an improvement from the record 5.7 percent of GDP in 2006). For example, in 1994—the year of the “peso crisis,” which led to a major national recession and a greater than 50 percent decline in the value of the Mexican peso—Mexico’s trade deficit was 4.8 percent of GDP. With the sole exception of Greece, often considered the “basket case” economy of the pre-expansion European Union, no advanced industrial country suffers from trade imbalances on the level that America has permitted. While to date the U.S. economy has largely been shielded from the effects suffered by other nations with similar deficit levels as a result of the U.S. dollar being the world’s reserve currency, already China, owner of over $1 trillion in U.S. debt, has begun to diversify its holdings, which could trigger further painful economic adjustment in the United States in the years to come.
III. COMMUNITIES AT RISK

The current political and fiscal climate would not seem to bode well for a new effort to help communities. And yet the need to address mounting social deficits has never been greater. The National Community Wealth Building Initiative described below has particular promise in our nation’s urban communities, especially those that have suffered from disinvestment.

As Paul Brophy and Kim Burnett noted in their 2003 study of “weak market cities,” even in the “Comeback Cities” decade of the 1990s, “recovering health was not a uniform phenomenon among American cities or within them. Fifty-five percent of cities over 100,000 lost population, had no-growth, or experienced modest population growth. Even in cities that experienced growth, the bulk of the growth was in neighborhoods on the edge of cities, with most cities seeing population losses in their core neighborhoods.”21 According to the U.S. Census bureau, in 2007,—i.e., before the current recession hit—Detroit had a poverty rate of 33.8 percent, Cleveland 29.5 percent, and Buffalo 28.7 percent; smaller cities have even higher poverty rates: Bloomington, Indiana leads the list with a poverty rate of 41.6 percent.22 Most proposals or policy solutions have focused on such items as schools, infrastructure, and workforce development.23 The Brookings Institution’s Metropolitan Policy Program, for instance, emphasizes five areas: innovation policy, human capital development, infrastructure, energy and green investment, and regional governance.24

While the work of Brookings and the American Assembly, to name two prominent thought leaders, is laudable, their recommendations by and large fail to empower low-income communities to be central in the design and implementation of policy solutions. As John P. Kretzmann and John L. McKnight noted fifteen years ago, “Well-intended people [take] one of two divergent paths. The first, which begins by focusing on a community’s needs, deficiencies and problems, is still by far the most traveled, and commands the vast majority of our financial and human resources. By comparison . . . [the] alternative path, very simply, leads toward the development of policies and activities based on the capacities, skills and assets of lower income people and their neighborhood.”25 Today, the language of asset-based community development that Kretzmann and McKnight introduced is ubiquitous, yet its presence in policy design is not.

Of course, the national community wealth initiative outlined here should be seen as a complement, not a replacement, to workforce development, education, and infrastructure measures, all of which remain critical to overall development. But what community wealth building offers, as an approach, is a new direction to begin to heal the economic opportunity divide between haves and have-nots at the source: by empowering low-income communities to build wealth based on their own assets and by making wealth building and community ownership central to economic development in our nation.
The need for creating sources of capital for community development is widely acknowledged. Richard D. Baron, the 2004 recipient of the Urban Land Institute’s J.C. Nichols Prize for Visionaries in Urban Development, noted that community revitalization requires many “ingredients,” including economic, racial and social diversity; good schools; a variety of housing that appeals to singles and families; a safe environment; ample cultural, entertainment and recreational venues; historic preservation; and job creation. But, Baron added, “The ability of cities to provide these ingredients could be boosted considerably through a national source of capital . . . to aid in financing the redevelopment of vacant land, abandoned plant sites, deteriorated commercial districts, empty schools and closed shopping centers.”

Yet rebuilding communities requires more than federal money, important though federal dollars may be. Community wealth building goes a step further than Baron envisions: by supporting the development of community business and putting capital in the hands of community businesses themselves. Operating in this frame of mind, community wealth building offers a new paradigm that places community members and community building at the center, rather than the periphery, of building wealth in our nation’s 21st century economy.
IV. LEVERAGING ANCHOR INSTITUTIONS AND GREEN DEVELOPMENT

While a new community wealth building initiative will face many challenges, a pair of unusual openings exist that, if seized upon, can greatly strengthen the effort. In particular, the community wealth building effort can be greatly strengthened if it is aligned with growing efforts by anchor institutions to participate in community building and the new federal push for “green jobs.”

Anchor institutions are large-scale employers that once established tend not to move location. The largest are universities and non-profit hospitals (often referred to as “eds and meds”), but others also play a significant economic role, including museums, community foundations, faith-based institutions, and public utilities. A key strategic issue is how to leverage the vast resources that flow through these institutions to build community wealth by such means as targeted local purchasing, hiring, real estate development, and investment.

Nationwide, universities have extensive endowment assets (over $400 billion before the 2008 economic crisis and still $306 billion in 2009 after the stock market decline), annual budgets of $373 billion, and employ 3.4 million. Hospitals and health care institutions employ over 5 million and have an annual economic impact of $531 billion. Anchor institutions of higher education and hospitals have a vested interest in building strong relationships with their communities. However, realizing this potential requires a conscious strategy to align anchor institution economic activity with core community wealth building principles. Some examples where such principles have been put into practice include:

- The University of Pennsylvania shifted 12 percent of its annual purchasing to purchasing locally, thereby injecting $94.8 million into the West Philadelphia economy in Fiscal-Year 2009.28

- The Duke-Durham Neighborhood Partnership Initiative in North Carolina has invested more than $12 million in an affordable housing loan fund and has helped fund Durham’s national prize-winning Latino Community Credit Union.29

- The Mayo Clinic in Minnesota donated $7 million to the Rochester community foundation to establish First Homes, a group that develops a mix of rental housing, shared equity (land trust) housing, and fee simple home ownership. Mayo’s $7 million spurred $7 million in matching donations and helped leverage $115 million in public and private investment. To date, 875 new single-family homes and below-market-rate rental units have been built, including more than four-dozen community land trust properties.30

- The Health Alliance in Cincinnati, Ohio, allocated $1.6 million for community building activities (concentrated in the Mount Auburn neighborhood) and has set and exceeded a $23 million target for purchasing from local minority suppliers.31
In addition to partnering with anchor institutions, community wealth building can also be enhanced by developing “green collar jobs” that both meet America’s need to reduce carbon emissions, while also building wealth in low-income communities. Raquel Pinderhughes, Director of the Urban Studies Program at San Francisco State University and author of *Alternative Urban Futures: Planning for Sustainable Development in Cities*, defines green collar jobs as being “blue-collar work force opportunities created by firms and organizations whose mission is to improve environmental quality.” As Pinderhughes points out, many of these jobs have limited formal educational requirements, making them natural replacements for traditional manufacturing jobs.\(^{32}\)

Although efforts to use community ownership to develop green collar jobs that promote environmental sustainability and build community wealth remain in their infancy, a number of promising approaches are emerging, including the following:

- In Oakland, California, through a Green Business Council, the Oakland Green Jobs Corps brings together 20 local and regional employers to develop 40 annual internships for Jobs Corps trainees recruited from low-income neighborhoods.\(^{33}\)

- In New York City, Green Worker Cooperatives incubates worker-owned and environmentally friendly cooperatives in the South Bronx. Its first cooperative, ReBuilders Source, acts as a retail warehouse for surplus and salvaged building materials recovered from construction & demolition jobs.\(^{34}\)

- In Yellow Springs, Ohio, YSI Inc began operations as a four-person company in 1948 that produced sensors and related medical instruments, but has shifted the focus of its business to producing environmental monitoring equipment. Today, the business has 250 employee-owners and pursues a “triple bottom line” of business, social, and environmental performance.\(^{35}\)

In Cleveland, Ohio, another innovative model is underway: the Evergreen Cooperative Initiative. Branded in some national publications as “The Cleveland Model,” Evergreen is developing a group of community-based, worker-owned businesses in the city’s low-income neighborhoods.\(^{36}\) Each business is closely linked to the procurement needs of the city’s large anchor institutions, such as the Cleveland Clinic, University Hospitals, and Case Western Reserve University. The first fruit of this effort—the Evergreen Cooperative Laundry—launched in October 2009. ECL is an industrial-scale laundry; at full capacity it will employ approximately 50 low-income residents and will be the greenest commercial-scale laundry in Northeast Ohio. As a worker cooperative, each employee will have an equity account in the business. Another Cleveland-based “Evergreen” business, Ohio Cooperative Solar, has begun installing and maintaining large solar panel generators on the roofs of the area’s large hospitals and universities; the institutions will purchase electricity from the cooperative over a fifteen-year period. During winter months, Ohio Cooperative Solar focuses on providing weatherization services for low-income homeowners. A third business, Green City
Growers, will be the largest urban year-round greenhouse in the country, using hydroponic agricultural technology to grow millions of heads of lettuce each year for the local food market. Other new business opportunities are in the R&D phase.

The goal is a robust network of worker-owned, locally-based, green businesses that provide employment opportunities to hundreds, perhaps thousands, of local residents. The Evergreen Cooperative Development Fund, currently based at the CDFI ShoreBank Enterprise Cleveland, has been established to provide seed funding to other green cooperative efforts in the area.37
V. BASIC PRINCIPLES FOR A NEW DIRECTION

The community wealth building approach to community and economic development is based on a set of design criteria that emphasize the following principles:

1. Anchor local ownership by:
   - Identifying and leveraging existing community assets; and
   - Focusing on building local equity and ownership.

The idea behind the concept of anchoring local ownership is simple: community ownership of business pays big dividends by anchoring jobs and building business assets locally. For instance, as of the end of 2006, the average ownership stake for an employee at a company with an employee stock ownership plan (ESOP) was over $67,000—more than the average worker’s 401(k) holdings. Local ownership also helps “anchor” businesses in communities—an important feature in these days of globalization, when non-anchored companies can and do often change location, leaving considerable economic dislocation in their wake.38

2. Increase local economic multipliers to spur locally oriented economic growth by:
   - Concentrating on increasing the local circulation of goods and services;
   - Working with existing anchor institutions (universities, hospitals, churches, museums, public utilities) to support community economic development strategy;
   - Leveraging funding from local foundations, anchor institutions and existing city and chamber of commerce business development programs to support wealth building;
   - Complementing systematic local-preference procurement policies at major institutions (such as: hospitals, universities, local government, utilities and major corporations); and
   - Building “buy local” campaigns directed at households and small businesses.

A numbers of studies have demonstrated that local firms, when they sell a product in their local market, tend to spend a larger proportion of their income on local wages and procurement, while chain stores are more likely to divert revenues abroad and import from abroad. For instance, a 2007 study of San Francisco found that every $1 million spent at
local bookstores created $321,000 in additional economic activity in the area, including $119,000 in wages paid to local employees, while the same $1 million spent at chain bookstores generated only $188,000 in local economic activity, including $71,000 in local wages. The study further found that if residents shifted 10 percent of their spending from chains to local businesses that would generate $192 million in additional economic activity in San Francisco and almost 1,300 new jobs. 39

3. Build local community economic development capacity by:

- Helping retiring owners sell their businesses to their workers through promoting greater use of employee stock-ownership plans (ESOPs).

- Working across sectoral lines to build comprehensive strategies that can unite different community groups to support common community wealth building goals. Build community awareness of the need for a comprehensive wealth-building approach.

- Expanding Community Development Corporation (CDC) capacity to generate income through property management and business ownership.

- Developing nonprofit trusts that own land to ensure permanent low- and moderate-income housing, stabilize neighborhoods, and avoid gentrification.

- Attacking efforts that strip assets away from communities or otherwise have wealth-reducing effects (e.g., predatory lending).

Building a support system for community development corporations (CDCs) and related community groups is one important step. The 15-year, $1 billion effort by LISC, Enterprise, and Living Cities between 1991 and 2005 helped leverage a total of over $14 billion in community investment. 40 However, outreach capacity for community development organizations is equally important, as has been made painfully obvious by the wave of foreclosures, many of which might have been prevented had community groups been able to reach those in need in time. Outreach is needed in other areas as well, such as employee ownership. A 2008 article in the Milwaukee Business Times points out that, “As the baby boom generation ages over the next 20 years, the owners of most of Wisconsin’s 150,000 businesses will retire or will start seriously planning for retirement. More than 75 percent of American middle-market business owners,” the article adds, “anticipate selling within a few years. . . .” Nationally, economist Robert Avery wrote in a 2006 paper that, “The majority of boomer wealth is held in 12 million privately owned businesses, of which more than 70% are expected to change hands in the next 10-15 years.” Avery further estimated that the wealth transfer over the next 20 years would total $4.8 trillion. 41 As John Logue, the late Founding Director of the Ohio Employee Ownership Center, noted, “The failure to plan for business succession is the number one cause of preventable job loss in this country.” For the majority
of family businesses that lack an obvious successor, an ESOP or a worker cooperative can be a valuable, tax-advantaged way to exit, but it will only happen if business owners are aware of the availability of this alternative.\textsuperscript{42}

4. Expand investment opportunities for Americans of modest means by:

- Augmenting funding for individual development accounts (IDAs) and other related mechanisms that help low- and moderate-income individuals save and acquire wealth;
- Developing investment opportunities for low-income people by promoting shared-equity housing and affordable equity shares in community-owned enterprises; and
- Working across the asset-development continuum to devise mechanisms that integrate individual or family asset-accumulation with community wealth-building strategies.

Coupled with the place-based strategies identified above, successful community wealth building also requires direct efforts to boost the savings and wealth-building abilities of individuals. The range of available strategies is broad. For instance, worker co-ops are rarely considered as a wealth building strategy. However, the 1,500 worker-owners at Cooperative Home Care Associates in the Bronx, in addition to earning higher wages and enjoying better working conditions, have accumulated ownership stakes in the company that are collectively now worth more than $400,000, as well as having 401(k) holdings that collectively exceed $2.5 million. Venture investments are certainly a wealth building strategy, but not usually for employees. However, SJF Ventures, a community development venture firm, promotes employee ownership in the companies in which it invests. When SJF Ventures exited from one firm in its portfolio, the firm employees earned between $700 and $5,500.\textsuperscript{43}

Cleveland’s Evergreen Initiative, discussed above, currently provides worker-owners with the opportunity to build equity in their firms by allocating dividends into each employee’s patronage account. In addition, Evergreen is now developing a set of individual asset accumulation products (such as matched savings programs) that will be made available to workers within the cooperatives. In San Diego, the Market Creek Plaza commercial Development project has offered local residents an ownership stake in the project through an innovative Community-Development Initial Public Offering (CD-IPO). Today, more than 400 residents of nearby neighborhoods, most of whom are low- and moderate-income, own 20 percent of the development. The goal is to transfer complete ownership to local residents and the community over the next decade or so.\textsuperscript{44}
VI. CURRENT FEDERAL POLICIES RELATED TO COMMUNITY WEALTH BUILDING

Although the efforts of the federal government fall short in many areas, the federal government has employed a variety of policies to anchor local ownership, increase local economic multipliers, support community economic development capacity, and build wealth. These approaches—as well as some of the key limitations of current efforts—are outlined below.

A. Anchoring Local Ownership

ESOP and worker cooperative capital gains tax rollover
Since 1974, the federal government has supported ESOP formation. Since 1986, it has allowed owners that sell at least 30 percent of their shares into an employee-owned trust to defer payment of capital gains on the sale of the company if the money is reinvested in domestic stocks. The Office of Management and Budget estimated the annual cost of this tax benefit to the federal treasury to be $1.89 billion in 2007, a billion dollars less than the cost of business employee parking deductions. Meanwhile, a 2008 study by two University of Pennsylvania researchers found that as a result of added productivity of ESOP firms, S-corp. ESOPs alone (roughly 40 of all ESOPs) return $8 billion a year—four times the cost of the ESOP tax break—in added federal income tax revenue. The same study also found that S-corp. ESOPs contributed directly to community economic stability, estimating that annual gains from increased job stability "save employees approximately $3 billion annually."45

CDC business development programs
The Office of Community Services, housed in the U.S. Department of Health & Human Services operates two small programs that fund CDC business development work, including both CDC-owned businesses and CDC-facilitated projects that have led to the establishment of inner city shopping centers. In FY 2010, funding for the Community Economic Development program was $36 million while the Job Opportunities for Low-Income Individuals (JOLI) was funded at $5.28 million. Both programs fund grants to CDCs that are typically in the $300-700,000 range (maximum of $500,000 for JOLI).46

HUB Zones
In 1997, Congress established the Historically Underutilized Business Zone (HUBZone) program to target federal contracts to small businesses that are located in distressed areas. From a baseline of $44 million in FY 2000, the contracts let out had increased to $1.76 billion by FY 2007. Although shy of the goal set in the law that 3 percent of all federal procurement contracts should be to HUBZone businesses, the FY 2007 figure did reach 2.1 percent.47
B. Increasing Local Multipliers

Appalachian Regional Commission

The Appalachian Regional Commission (ARC) was established in 1965 to address poverty in the Appalachian region. Since then, although some high-poverty areas remain, the region’s overall poverty rate has fallen by more than half, from 31 percent to 13 percent. In FY 2008, Congress allocated the agency $73 million. A 2006 study by Teresa Lynch of the Boston-based Economic Development Research Group found that between 1969 and 2000, income in ARC counties had grown 131% more than in non-ARC county “twins” (i.e., counties with similar levels of poverty) earnings growth was 96% higher; population growth was 9% higher; and per capita income was 36% higher. A 2008 evaluation of ARC’s Entrepreneurship Initiative, which provides grants to local businesses, found that ARC investment of $43 million in this program between 1997 and 2005 helped create or retain over 12,000 jobs at a cost of $600 to $4,000 per job—less than a tenth of what most economic development “job attraction” efforts cost.48

Land Grants (USDA)

The land grant program traces its roots back to legislation passed in 1862. Housed in the US Department of Agriculture, it provides for cooperative extension services, as well as funding for teaching and research. Annual federal funding for land grant programs in FY 2008 was $1.177 billion. Including state and local contributions to these programs, total funding exceeds $3 billion; nationwide, extension programs employ roughly 15,000. By far, the land grant program is the biggest federal effort to leverage university faculty to work for local community economic benefit. Although focused on rural areas, there is a growing shift toward supporting urban extension services; for instance, Maryland’s extension programs on nutritional education, youth development, and financial education reached nearly 100,000 in 2002.49

Sea Grant

In 1966, with strong encouragement from environmental scientists and members of Congress from coastal states, the federal government launched the Sea Grant program to encourage universities to dedicate faculty and other resources to promoting ocean fishery and environmental protection. As a result of the legislation, approximately 30 institutions have been designated as Sea Grant Colleges (an extension of the land-grant model). A 1981 analysis of 56 projects from 26 states found a net benefit to their communities of $227 million a year, based on a cumulative investment of just $270 million since the program’s founding (peak funding level was $41.8 million during that period). In the 1990s, funding levels were increased somewhat to a level of roughly $62 million by 2000. Since then, funding levels have not kept pace with inflation, but the nominal level of funding has been maintained.50
University Centers (EDA)
Administered by the Economic Development Administration of the Department of Commerce since 1966, the University Centers program funds 69 University Centers in 45 states to help create wealth and minimize poverty, with a focus on rural areas. Currently funded at a level of $6.5 million, the program provides small grants (averaging slightly more than $100,000) to universities to help them provide technical assistance for rural economic development.51

C. Supporting Community Economic Development Capacity
Brownfields programs
Reuse of industrial sites is a much more energy efficient way to create jobs than locating jobs at new “greenfield” sites and is often a necessary step for community groups to successfully revive their communities. The Environmental Protection Agency’s Brownfields Program provides direct funding for brownfields assessment, cleanup, revolving loans, and environmental job training, as well as providing grants for research, training, and technical assistance. In FY 2009, total funding was $165.8 million. In FY 2010, funding increased to $173.6 million. In FY 2011, the Obama administration has requested a further increase to $215.1 million. The program is estimated to fund assessment of 1,000 Brownfields properties and leverage $900 million in cleanup and redevelopment funding.52

Office of University Partnerships
The Office of University Partnerships (OUP) programs at the Department of Housing & Urban Development have often proven catalytic at leveraging university community economic development investment, despite limited funding. Small grants (typically about $400,000, disbursed over three years) were made to 361 universities in the Office’s first dozen years. In FY 2009, Office of University Partnerships programs received $23 million. In FY 2010, university programs received a slight increase in funding to $25 million.53

Department of Transportation: New Starts
Transit-oriented development is widely seen as an important strategy both to build wealth in communities and reduce sprawl. Federal funding for transit remains limited. In fiscal year 2008, funding for new capital investment in mass transit at the Federal Transit Administration was $1.569 billion. Total transit expenditure for FY 2008 (including support of existing programs) was $10.8 billion or a little less than one sixth of the total transportation budget of $68.6 billion. In the February 2009 Recovery Act, transit did far better, receiving an allocation, albeit of one-time money, in excess of $19.6 billion. About half of this money is dedicated for inter-city rail (including $8 billion for high-speed rail), but, even so, nearly $10 billion goes to programs that directly support public transit (including $750 million for “New Starts” projects).54
HUD Community Development: CDBG, HOME, LIHTC
The U.S. Department of Housing & Urban Development supports neighborhood-based nonprofit community development corporations (CDCs) largely through three programs: Community Development Block Grants (CDBG), Home Investment Partnerships Program (HOME), and the Low Income Housing Tax Credit. CDBG, which received $3.9 billion in FY 2009 and $4.45 billion in FY 2010, funds a wide range of community improvement projects. HOME, which got an allocation of $1.825 billion in FY 2009 and $1.807 billion in FY 2010, funds home ownership assistance programs. The Low Income Housing Tax Credit, which funds multi-family rental housing, is not a direct budget line item, but HUD estimates the annual value of the tax credit program to exceed $5 billion (The February 2009 Recovery Act provided $2.25 billion in “gap” funding to provided direct money to projects given the collapse of the housing tax credit market). According to a 2005 CDC industry census, 52 percent of all CDCs surveyed received CDBG funds, 57 percent received HOME dollars, and 28 percent received tax credit allocations.55

Learn & Serve America
Learn and Serve America, established in 1990, provides grants that fund experiential, community-based “service learning” programs at both the high school and collegiate levels. With the incentive of federal funding, universities initiated or expanded programs that involved more than 1.7 million college students by 2004, up from an estimated 610,000 six years earlier. Campus Compact, an association representing over 1,000 university presidents, estimates the economic value of this volunteer student labor exceeds $7 billion. In FY 2007, federal support through Learn & Serve totaled a modest but not insignificant $34 million, one fourth of which goes to universities while the other three-quarters goes to K-12 school districts and community-based groups. The Edward M. Kennedy Serve America Act, passed by Congress in April 2009, authorizes a dramatic increase in Learn & Serve appropriations of $97 million in FY 2010.56

D. Building Wealth and Assets
Community Development Financial Institutions (CDFIs)
Community development financial institutions involve a wide range of community development banks, credit unions, loan funds, and venture funds that pursue the social goal of revitalizing communities while seeking to earn reasonable financial returns. In 1994, the federal government established the CDFI Fund in the U.S. Department of Treasury to support these efforts. Funding levels have been limited: in FY 2000, Congress allocated $118 million. By FY 2005, that funding level had fallen to $51 million, although funding was raised in FY 2008 to $94 million and to $107 million in FY 2009. In FY 2010, the CDFI Fund received a record allocation level of $246.75 million for FY 2010, which financed both the existing CDFI Fund programs and a new “capital magnet fund” program for affordable housing lending, established by the 2008 Housing Act. The CDFI Fund reports that, in FY
2005, CDFIs leveraged each appropriated financial assistance dollar from the CDFI Fund with $27 in non–CDFI Fund dollars, leveraging $1.4 billion private and non–CDFI Fund dollars with $51 million in CDFI funds.57

**Individual Development Accounts**

The Assets for Independence Act (AFIA) is a Federal law that supports Individual Development Account (IDA) programs. Originally passed in 1998, AFIA has been regularly funded at $25 million a year. This program is administered by the Office of Community Services (OCS), within the Administration for Children and Families, of the U.S. Department of Health and Human Services. Matched funds must be spent on specific wealth-building activities, such as home ownership or renovation, business start-up or expansion, or education. To date, over 50,000 Americans have participated. A related smaller program exists in the Office of Refugee Resettlement (with different rules on qualifying wealth building purchases). Another similar program is the Family Self-Sufficiency (FSS) program in the Department of Housing & Urban Development, which permits low-income families who are in subsidized housing and seeking to move “up and out” to deposit a portion of the gains in income they earn in a matched savings account to finance college or a downpayment and thus speed their transition to self-sufficiency.58

**NeighborWorks**

NeighborWorks began as a pilot community-based effort in the city of Pittsburgh in 1968, which the Federal Home Loan Bank helped spread throughout the country. In 1978, Congress institutionalized this network by establishing the Neighborhood Reinvestment Corporation. In FY 2008, NeighborWorks received a $119.8 million allocation, not including two supplemental $180 million allocations associated with emergency foreclosure counseling assistance. In FY 2009, NeighborWorks received a $131 million allocation plus $50 million in additional funds for further emergency foreclosure counseling assistance. In FY 2010, NeighborWorks received a $233 million allocation. NeighborWorks provides most of its programs and services through its network of 230 community-based organizations. In 2007, NeighborWorks generated more than $4.3 billion in public and private investments and helped 204,000 low- and moderate-income families purchase homes; improve previously purchased homes; or live in safe, decent rental or mutually owned housing. In other words, each federal dollar helped finance $36.54 in public and private investment.59

**New Market Tax Credits**

The New Market Tax Credit (NMTC) law was enacted in December 2000. The original legislation provided $15 billion in Tax Credit authority over seven years. In December 2005, Congress provided an additional $1 billion in credits targeted to communities devastated by Hurricane Katrina. In December 2006, Congress extended the program through 2008 with an additional $3.5 billion in Credit authority. In October 2008, Congress further extended the program with an additional $3.5 billion in credit authority through 2009. In the 2009
stimulus bill, the allocation amounts for 2008 and 2009 applicants were further increased by $1.5 billion a year, for a total allocation of $5 billion in both years. The program provides a 39 percent federal tax credit to finance loans or investments in business and community facilities in low-income areas, helping fund inner city supermarket development, charter schools, and neighborhood business districts. NMTC has a high leverage ratio of 20:1. As a result, a proposal pending in Congress to extend an additional $17.5 billion in credits over the next five years has an estimated federal price tag of $850 million.\textsuperscript{60}

**Organizational Partnerships: Living Cities and Habitat-for-Humanity**

The US Department of Housing & Urban Development (HUD) helps fund two network-based efforts: the Self-Help Housing program that supports Habitat for Humanity (made famous in part by the participation of former President Jimmy Carter, which produces housing using a model of participant based “sweat equity”) and the Section 4 program that has supported Living Cities. Since 1991, Living Cities (a partnership between HUD, banks, and a number of foundations, known officially as the National Community Development Initiative), has invested more than $543 million in 23 cities, helping finance homes, stores, schools, daycare, healthcare, job training centers and other assets that exceed $15.9 billion—a leverage ratio of 29:1. The Section 4 program that funded Living Cities has since been broadened to support a broader range of community development organizations. In fiscal year 2008, HUD allocated $27 million for Self-Help Housing and $34 million for Section 4. In fiscal year 2010, Self-Help Housing received $27 million while Section 4 funding was increased to $50 million.\textsuperscript{61}
VIII. NATIONAL COMMUNITY WEALTH BUILDING INITIATIVE
As indicated above, the federal government does provide limited support to community wealth building. Adding up the cost of the initiatives above, however, the total expenditure level is less than $18 billion, or roughly one half of one percent of annual federal budget. The Obama administration initiatives add significant sums to these amounts—however, the Recovery Act funds are one-time allocations that may not be maintained and increases in annual allocations have been smaller. Even if the Obama administration were to increase total spending to $25 billion, which would require a 40 percent increase, total federal government spending on community wealth building would be only two thirds of one percent of the annual federal budget. The initiative outlined below represents a modest increase: all told, the programs below will add roughly $10 billion a year in total spending, after which federal community development spending would still be less than one percent of all federal expenditures. However, this modest increase in spending will provide a marked improvement over the status quo. Today, the limited federal programs that support community wealth building are scattered across more than a half-dozen departments. Such policy fragmentation leads to a lack of overarching community economic development strategy that impedes deep and lasting change.

The 10-year, $100 billion National Community Wealth Building Initiative—by creating a coordinating White House Office of Community Wealth Building, developing a Community Wealth Building Bank, and providing new money to support both key community wealth building programs at the federal level and an integrated network of Community Wealth Building Centers in metropolitan areas across the country—has the potential to be transformative. By empowering community groups and leaders across this country, the federal government can unleash the tremendous on-the-ground innovative capacities of the American people to build wealth and community ownership across the nation.
A. White House Office of Community Wealth Building

Ten-year cost: $10.27 billion

This office will highlight the importance of community wealth building to solve the economic problems faced by American communities and serve to more effectively coordinate the federal government’s many disparate community development programs. Among other things, this would involve an outreach and publicity effort that would include a multi-media website, documentaries of successful community wealth building projects, national conferences, and regional presentations to encourage local innovation.

The Office would also host an inter-agency group consisting of representatives of relevant programs in Agriculture, Commerce, Education, Energy, Housing & Urban Development, Interior, Labor, Transportation, and Treasury. In addition, the group would also include relevant officials from independent agencies such as the Neighborhood Reinvestment Corporation and the Appalachian Regional Commission, as well as representatives of new Obama administration offices begin established through the Domestic Policy Council, such as the White House Office of Social Innovation and the White House Office of Urban Affairs.

Last but not least, the Office of Community Wealth Building provides a mechanism to identify gaps in current community economic development policy and propose new initiatives. The administrative cost of a coordinating office should be modest. For comparison sake, the White House Office of Drug Policy had a budget in FY 2008 of $27 million. The yearly administrative cost of a White House Office of Community Wealth Building over ten years might thus be expected to be roughly $270 million.

The remaining $10 billion ($1 billion a year over 10 years) will be dedicated to serve as a federal “research and development” fund that can finance a broad range of pilot efforts and social innovation, sponsor regular conferences of colleagues to facilitate mutual learning and sharing of best practices, and publicize the work through conferences, media, and other means to increase the public visibility of community wealth builders both among policymakers and the public. A model for how this works might be the Small Business Administration, which in FY 2008 had an appropriation of $568 million, which has an Office of Advocacy and funds a network of small business assistance programs including targeted programs for minority and women business owners, as well as technical and financing support.

Another model is provided by the European Union “Structural and Cohesion Funds” program, which targets regional development funds to support growth in disadvantaged regions, as well as assisting with skill and workforce development. For instance, Ireland, in the three decades after joining the European Union in 1973, was the recipient of 17 billion Euros (US $22.1 billion) in European Union “Structural and Cohesion” funds—funds which played a significant role in accelerating Ireland’s development prior to the current world
recession. Between 2007 and 2013, the European Union plans to spend an additional 50 billion Euros a year—a total of 350 billion Euros (US $455 billion at November 2008 exchange rates)—to support “regional growth agendas and stimulate job creation.” A modest effort based on Europe’s success in this area is reflected in the Brookings Institution’s proposal to create a $360 million a year program to provide federal seed funding to foster coordinated economic growth plans in metropolitan areas. President Barack Obama has proposed a lower initial funding level of $200 million. Money for these purposes conceivably could be included in the 10-year, $10 billion initiative outlined here.64

A great deal of research, thinking, consultation, and analysis will need to go into developing the details to have a fully functioning national integrated network of Community Wealth Building Centers. But by way of illustration, such efforts would surely involve the following steps:

• **Identify a set of communities to pilot initial comprehensive efforts**, similar to the current arrangement between Living Cities and the Departments of Housing and Urban Development and Health and Human Services. The partnership could develop a 10-year project involving two-dozen cities, working with local community development groups and anchored by hospital and university-backed consortia focused on community revitalization programs.

• **Encourage innovative state-level policies** through which state governments might match federal resources and encourage universities and hospitals to leverage their assets, particularly their hundreds of billion in endowment funds, for community development. For example, a state could provide credit enhancement that leverages hospitals and university funds or could help form an entity to utilize New Market Tax Credits.

• **Assist municipalities and metropolitan regions to leverage hospital and university resources for their own community needs**. For instance, localities that were able to partner with area hospitals and universities and arrive at specific community benefit agreements might be able to access matching federal funds to help them reach their community economic development goals.

One of the byproducts of such an experimentation process would be to test different policy options so that a broader initiative might eventually become truly national in scope. Options that might be explored could include:

• **A test of the Italian “social cooperative” hybrid nonprofit/for-profit model** As described in further detail below, in Italy hybrid cooperatives with both worker-members and non-worker members have helped create over 100,000 jobs, including 18,100 for individuals who are disadvantaged, and well as providing needed social services to nearly 500,000.
• **Incentive programs, such as preferential procurement, tax holidays, and set asides to attract existing employee-owned firms to low-income areas.** To date, programs such as HUBZones that have used such incentives have been spread too thin to have much effect. And more concentrated enterprise zones have focused on attracting privately-owned firms, rather than employee-firms, which, by virtue of their ownership structure, would not only provide wages, but also capital income to the low-income communities if they opened operations there.

• **Assessment of “green collar job” development strategies.** Government procurement and investment in renewable sources of energy provides an obvious source of capital, as well as a long-term economic development strategy with tremendous potential, which could be employed to support wealth building in low-income communities. For instance, on a trial basis in a specific region, the Department of Energy might commit to buying, say, 10 percent of wind turbines from employee-owned companies that employ low-income residents of low-income neighborhoods. Coupled with workforce development resources, such an approach might provide a way to develop low-income workers and help attach them to a growing 21st-century economic sector.

• **Support for innovative groups of hospitals and universities that develop comprehensive community development plans.** On a private level and without much government support, five large nonprofits in Cincinnati, Ohio, have developed an organization known as the Uptown Consortium an alliance of the city’s public university—the University of Cincinnati—and four leading nonprofit groups—Children’s Hospital Medical Center, the Cincinnati Zoo & Botanical Garden, the Health Alliance of Greater Cincinnati, and TriHealth, Inc. With an annual operating budget of $3 million and a capital budget of $100 million, the Uptown Consortium to date has helped leverage over $400 million for community renovation work. Much could be gained by assessing the impact of such strategies, particularly when matched with federal resources and linked to job creation targets.63

• **Backing for citywide coalitions of community development corporations** Community development corporations (CDCs)’ strength lies in their local knowledge of neighborhoods, but many of the issues they confront, such as the present foreclosure crisis, require a broader response. Increasingly, to face such challenges, CDCs have been banded together in local city associations in places such as Cleveland, Houston, Memphis, and Philadelphia to coordinate efforts, advocate for policy, and share best practices. For instance, on a trial basis in a specific city, the Department of Housing & Urban Development might commit to providing working capital and operating dollars, linked to community-determined job creation and economic development objectives.

**Soliciting Ideas from the Bottom Up**
It is noted so often that is has become a cliché, but it is also true: Washington does not have all of the solutions. And probably nowhere is local knowledge more important than with
community development. An important part of any sustainable community wealth building effort must be to tap into the creativity in America’s metropolitan regions.

Most community development leaders are open to new strategies, but often day-to-day pressures get in the way of innovation. Often opportunities are not taken advantage of simply because there is no sustained leadership to catalyze forward movement. Here lies an important federal role. One benefit that a White House Office of Community Wealth Building and a federal Community Wealth Bank would bring is the ability to mobilize significant resources to achieve these ends.

We have identified some potential models above, but we also envision a program to provide up to ten years of funding for “catalytic groups” within a range of communities. Establishing parameters and requirements for funding these demonstration efforts will be particularly important. Since one key goal should be to learn what works and demonstrate possibilities, selected communities should come from a range of economic circumstances (weak market cities, strong market cities) and regions. Another goal of the effort should be to support the development of comprehensive models of community wealth building.

An RFP could require that key issues be addressed in order to receive funding:

1. Creating new university and hospital-backed programs with a community development focus;

2. Incorporating “matched savings” as an element of these efforts;

3. Targeting reforms of state and local government, as well as hospital and university business practices (including local purchasing, real estate, and investment) to, for instance, site new facilities using smart growth principles in existing low-income communities, both for community development and energy/ecological benefit;

4. Establishing a commitment by leading hospitals, universities and public agencies to expand the reach of their internal wealth-building programs (rather than contracting out work to service providers that do not meet the employee wealth building benefits that universities and hospitals often maintain for their own employees) and make explicit commits to set aside a percentage of their endowments for community investment;

5. Targeting effort to develop social enterprise and employee-owned businesses to build wealth in the community;

6. Developing clear sustainability and green job creations goals; and

7. Identifying metrics to track the impact these changes have on funneling new resources to the community.
To insure institutionalization of the process, the RFP should require that a community planning process be undertaken with clear, measurable community-building outcomes. Such comprehensive models would draw upon and attempt to integrate elements of the most impressive current experience now emerging in communities across the country. These models would also provide a learning laboratory from which important lessons (of both success and failure) could be derived and made available to other institutions.

The Office of Community Wealth Building could evaluate pilot efforts, such as the ones sketched out above, as well as others, might meet at regular intervals to assess overall progress and begin assembling the key elements of a longer-term major undertaking.

In addition to direct expenditures, the federal government has many tools it can use to promote community economic development, including its location of federal physical infrastructure (such as new office buildings), contracting, and the way it manages federal investments. The Office of Community Wealth Building can be effective in another way: identifying current obstacles to community wealth building. For instance, a White House Office of Community Wealth Building might propose restrictions on economic “bidding” wars between the states or amongst localities by tying federal funding to the enactment of state and local bans on such practices. The Office could also review federal projects (road building, construction, infrastructure, etc.) and make recommendations to ensure that community wealth benefits are realized from these projects.56

### B. Network of Local Community Wealth Building Centers

*Ten year cost for core funding: $3.63 billion*

While Washington can provide overall policy support and financing [see below], the Community Wealth Building Initiative can only be implemented on the ground in communities around the country. The proposed Network of Community Wealth Building Centers provides the critical bridge between communities and the national community wealth building vision.

According to recent analysis of the Brookings Institution, there are 363 metropolitan regions of 50,000 or more people in the United States. Establishing Community Wealth Building Centers in each of these metropolitan centers funded at an average rate of $1 million a year (with variation as determined by a formula that would include a minimum funding level of perhaps $250,000 for small metropolitan areas and from there take into account population, degree of need, and related factors) would cost $363 million a year or **$3.63 billion over 10 years.**
Perhaps the most direct parallel to this proposed network is the U.S. Department of Agriculture’s cooperative extension service. Connected with the nation’s land grant universities, the cooperative extension system, which receives over $1 billion in federal funds and over $3 billion in total funds a year, has a staff of more than 15,000 agents operating from offices located in every county of every state of the nation. It is likely that a similar degree of effort will be required here.57

In the broadest sense, the Community Wealth Building Centers would serve to ensure that community wealth building becomes a core function of local governments nationwide, in a similar fashion to how such familiar functions as “housing and community development” and “economic development” currently are widely understood to be part of local authority and strategy. Put another way, the Community Wealth Building Centers aim to bring together local functions of economic development and community development so that they are joined to serve a common purpose of building wealth for ordinary Americans. It may not be possible to fully complete this transformation in one decade, but it should certainly be possible to take major steps in this direction.

Community Wealth Building Centers could be established as separate entities within a city, or attached to the existing network of metropolitan planning offices. While each city’s Community Wealth Building Center would develop and execute a wealth building strategy attuned to the needs and opportunities of its particular setting, the network as a whole would share a number of common functions. Among these could be:

- **Conducting a local inventory of community wealth resources**
  As a first order of business, a Community Wealth Building Center would conduct local research aimed at developing an inventory of various relevant actors who could be engaged in a community wealth effort. These would include key units of the city government, local private sector business leaders, local community development corporations, nonprofit groups focused on community and economic development, anchor institutions, some elements of the local business and banking community, etc. The goal would be to understand the lay of the land and the potential allies and partners who could be brought into the community wealth building process.

- **Organizing community wealth building roundtables**
  Another early order of business for any Community Wealth Building Center would be convening a meeting or series of meetings that brought together the groups and leaders identified through the inventory process for a series of briefings and in-depth discussions about wealth building concepts, innovative models developed in other areas of the country, and the potential for local application. Part of this process is educational—to expose local leaders to the range of what is possible and is under development around the country; part of the function is networking and to break down silos among and between the various sectors of ownership and asset building that exist in any locale.
• **Developing comprehensive local wealth building strategies**
  In partnership with the broad range of organizations and leaders engaged with community and economic development in each city, the Community Wealth Building Center would support city-specific wealth building strategies that harness the capabilities and strengths of local community based organizations, philanthropy, anchor institutions, the business community, etc. In some cities, the strategy might target specific neighborhoods on which efforts would be focused; other locales might adopt a citywide strategy that emphasizes a few key themes and interventions. In some, the strategy would be focused around green jobs and the green economy; others might build their strategies around job attraction and retention programs. But all would have at their heart a clear commitment and goal of creating wealth locally.

• **Organizing and focusing anchor institution business practices**
  The Community Wealth Building Centers would have a core function to reach out to the local anchor institutions and work with them to develop clear programs with defined goals that would be aimed at producing economic benefit in the local community. These would include targeted procurement, investment, and hiring.

• **Building public understanding and support**
  Community Wealth Building Centers would work to increase public understanding, awareness and support of wealth building strategies. For example, “buy local” campaigns might be conducted to educate people on the value of achieving a multiplier effect and prevent resources from leaking out of the community. Public awards and recognition could be given to anchor institutions that achieve significant expansion of their local procurement. Initiatives would be undertaken to expand understanding of cooperative economics and common ownership mechanisms.

• **Training and strengthening local wealth building capacity**
  Community Wealth Building Centers would conduct training to expand local expertise and capacity around various community wealth institutional approaches, such as employee ownership and business development/ownership among community development corporations.

• **Accessing funding from philanthropy and existing city, state, and federal programs**
  Community Wealth Building Centers would access new and additional sources of funding for community wealth building. At the Federal level, these could be HUD 108 loan funds or the Commerce Department’s Economic Development Authority grants. Presentations would be made to local philanthropy to encourage area foundations to devote resources to wealth building initiatives.

• **Linking the “green economy” to wealth building at all levels**
  There will be an increasing public investment in green jobs and the green economy over the coming decade. The Community Wealth Building Center would be tasked with the responsibility to ensure that these public funds are directed in ways locally that ensure
that the new green jobs are joined with wealth building mechanisms for maximum benefit to those carrying out the work.

In carrying out these broad responsibilities, each Community Wealth Building Center could develop its own flagship initiatives. There are scores of possibilities that could be implemented in local settings (depending on the local state of play). By way of example:

- **Fostering regional ESOP development and conversion of family-owned businesses to employee ownership as the “baby boom” generation retires**

  The strength of employee ownership as a wealth building and job creation strategy is clear. As noted above, employee ownership as of the end of 2006 was responsible for generating $922.5 billion in assets for 13.7 million employee-owners—in other words, a *per capita* retirement account balance of over $67,000. One important step that Community Wealth Building Centers could play is to assist with the development of employee ownership firm support networks. A second is to facilitate the conversion of family-owned businesses to employee ownership for those businesses (approximately 70 percent of the total) where no ready family successor exists. Today, only two states—Ohio and Vermont—have employee ownership centers. With an annual budget of roughly $500,000, the Ohio Employee Ownership Center (OEOC) has helped retain or stabilize 13,654 jobs at 69 companies between 1987 and 2004. OEOC’s work might help explain why from 1993 to 2001 the number of employee-owned companies in Ohio increased by 37 percent versus 23 percent nationally.59

  A precedent and model would be the Rural Cooperative Development Grant program—which funds the Cooperation Works! network of 18 organizations. Since the 1990s, this network has helped start or expand more than 400 co-op businesses with over 47,000 members and assets of $900 million, thereby creating 5,800 new jobs in many different economic sectors, including energy, housing, agriculture, forestry, food, senior and child-care services, and health care. And these results were achieved with funding that, prior to FY 2010, had averaged only $6.5 million a year.70

- **Expanding Networks to Integrate Low-Income Communities into Wealth Building**

  As outlined above, a relatively small investment in employee ownership could result in large gains in employee ownership and wealth creation. However, because the barriers to creating jobs in communities suffering from high unemployment and low levels of education are greater, linking employee ownership with community development in low-income communities would require greater investment.

  A precedent and model of what might be done is provided by Italian social cooperatives, a hybrid for-profit/non-profit organization (distributions to co-op members are limited by law) with a focus on social service provision and the employment of members from disadvantaged groups. Backed by government assistance (including a 25 percent reduction in property taxes and payroll tax exemption for each disadvantaged worker employed), the number of social cooperatives in Italy has increased from 650 before the
legislation was in place to an estimated 6,800 in 2002, involving 105,000 paid workers (18,100 of whom are disadvantaged), 11,400 volunteers, and as many as 129,300 members or share/stakeholders and 498,000 beneficiaries.71

• **Building Community Capacity**

A 2008 report from the Aspen Institute recommends the creation of a Small Nonprofit Association (SNA) with an annual budget of $25 million to “help build the capacity and effectiveness of small- to medium-sized nonprofits, providing high-quality training programs on organizational growth and management, leadership, and legal issues.”

This issue is also at the heart of the National Council of Nonprofit Association’s National Capacity Building Initiative and has been adopted as one piece of the work of the Obama Administration’s newly created White House Office of Social Innovation and Civic Participation. Although Community Wealth Building Centers have a broader mission, one piece of this work, certainly, will be to provide a national network of local centers that provide such technical assistance and tailor its programs to best meet the needs and capacity building goals, according to the priorities of each region.72

C. National Community Wealth Building Bank

*Ten-year cost: $28.5 billion*

Just in case there was any doubt, the 2008 economic crisis has clearly demonstrated the central role that finance plays in the U.S. economy. This is as true for community wealth building and community economic development as for the overall economy. For this reason, the creation of a financing mechanism to provide capital for local community economic development efforts is absolutely vital. A Community Wealth Building Bank could develop a range of financial services to meet the needs of community wealth building in the areas of social enterprise, employee ownership, and others.

Pieces of this structure are already in place and, sensibly, might be added and incorporated into this broader effort. For instance, the Community Development Financial Institutions (CDFI) Fund at Treasury has helped spawn a national network of over 1,000 community development banks, credits unions, and loan funds. The National Cooperative Bank, with $184 million in “seed money” from Congress in 1978 ($585 million in 2007 dollars) has used that investment to provide $3.5 billion in financing to support community wealth building. In 2007 alone, NCB made loans of $450 million, financing over 7,000 units of affordable housing and supporting health centers serving nearly a half million patients.73

Yet large capital funding gaps remain. Determining the appropriate scale needed for a Community Wealth Bank is a complicated matter, perhaps best done by outlining its different components. But certainly, to begin with, the CDFI Fund alone could use a major
infusion of funding. In 2006, CDFIs financed and assisted 8,185 businesses, which created or maintained 35,609 jobs and facilitated the construction or renovation of 69,893 units of affordable housing, as well as financing 750 community facilities, assisted 32,738 people get alternative loans to payday loans, and helped 91,180 low-income individuals open their first bank account. A four-fold increase in the CDFI Fund’s annual allocation, from its current level of $246.75 million to $1 billion (or roughly $750 million in additional funding per year) could be productively absorbed by the community development financial institutions industry and lead to a like increase in local community wealth building activity. With the present fund, in a typical year applications for funding exceed available funds by a factor of five, indicating a large degree of latent capacity that would almost certainly be able to employ the funds provided to provide small business loans, finance nonprofit facility construction, and make available non-predatory home loans for low and moderate-income buyers.74

Another capital funding gap is in employee ownership finance. Senators Bernie Sanders (I-VT) and Patrick Leahy (D-VT), with the support of Senator Sherrod Brown (D-OH) have sponsored a bill that would fund the creation of an employee ownership bank. Typically, conventional financing for an employee buy-out works well when it can be staged over a number of years (and hence leveraged against the exiting owner’s remaining equity share). More rapid conversions, however, are more difficult. In 2003, John Logue of the Ohio Employee Ownership Center testified to Congress that in the previous year 2,000 jobs at four manufacturing companies where workers wanted to buy out the company had been lost in the previous two years, despite having strong business plans, precisely due to this financing problem. A program within the Community Wealth Bank of $100 million a year could help save such jobs and facilitate community wealth building through employee ownership.75

A third funding gap exists in the area of social enterprise finance. Michelle Jolin, senior advisor for social innovation for President Obama’s Domestic Policy Council, has noted that, “Access to capital is a key factor limiting the ability of most successful non-profits to spread and grow. Unlike for-profit capital markets,” Jolin points out, “there is not a natural and reliable source of capital for high-performing nonprofits or social entrepreneurs who are ready to expand their reach. . . . Federal funding can be used to catalyze investments by the private and philanthropic sectors.” Andrew Wolk, CEO of Root Cause, senior lecturer at the Massachusetts Institute of Technology, and visiting practitioner at the Harvard Center for Public Leadership, has proposed a social innovation fund to leverage taxpayer dollars on the model of the Small Business Investment Company program of the Small Business Administration. With a budget of $15.7 million, the SBIC made available $2.1 billion in financing to over 2,000 small businesses in FY 2007.77 The Social Innovation Fund, a $50-million program established in the FY 2010 budget, managed by the Corporation for National Service, is an important step in this direction.78 A program within the Community Wealth
Bank of $100 million a year could build on this effort and facilitate community wealth building through social enterprise.

A fourth funding gap exists in the area of funding for resident purchases of manufactured housing co-ops. In the late 1990s, manufactured housing represented 66 percent of new affordable housing. However, typically residents rent the land the homes occupy and thus do not gain the equity they would through homeownership. Backed with $8 million in foundation funding, a new national organization ROC-USA (Resident-Owned Communities-USA) opened in May 2008 and has set up 28 technical assistance centers nationwide to develop resident-owned cooperatives and enable residents to enjoy the benefit of land ownership. In New Hampshire, a 25-year effort led by a CDFI, the New Hampshire Community Loan Fund, had succeeded in converting 70 trailers parks to cooperative ownership, capturing 18 percent of this market. However, federal policy support remains zero. Given an estimated 17 million residents in 50,000 manufactured housing “parks” nationwide, the wealth building potential of cooperative developments would be literally billions of dollars. Even making a modest assumption that the Community Wealth Building Bank cost of gap financing per purchase is $100,000, converting twenty percent of these properties nationwide over ten years would cost $1 billion.79

A fifth funding gap concerns money for land acquisition for community land trusts and land banking. A January 2008 report from United for a Fair Economy estimated “the total loss of wealth for people of color to be between $164 billion and $213 billion for subprime loans taken during the past eight years . . . the greatest loss of wealth for people of color in modern US history.” By contrast, as attorney David Abromowitz and Rosalind Greenstein of the Lincoln Institute of Land Policy have noted, “National survey results show that only a fraction of [the thousands of] homes on community land trust land have gone to Foreclosure—only two in 2007.”80 With a community land trust, equity is shared between residents, who typically get a minority share of the equity gain, and a nonprofit trust, which owns the land on the community’s behalf. The land trust not only holds land, but also provides financial education and ensures affordability is maintained for future members. This “stewardship” component helps explain how land trusts maintain their extraordinarily low foreclosure rates.81

A “Shared Equity” program at the Community Wealth Bank could help finance technical assistance and provide land acquisition funds to build community wealth and help avert future foreclosures. In August 2008, Congress passed a one-time $3.9 billion allocation which had land bank listed as one of five approved uses. Long term, holding a portion of land in trust helps both stabilize communities in bad times by preventing foreclosures and preserve affordable housing in good times by restraining prices. Obtaining (and often holding) land is costly, however, even if the bank uses leveraging techniques like guarantee funds ($1 billion might be able to leverage a $20 billion private lending fund, for instance) to raise capital.
And of course grant funds can't be leveraged. A combination of $10 billion over 10 years in grant funds and a one-time commitment of $2 billion to leverage a $40-billion land acquisition lending facility would go a long way to ensuring the development of stable mixed-income communities through America.

A final area of focus of the Community Wealth Building Bank will be to provide a source of equity funding to build up community-owned enterprises. While community development loan funds have rapidly expanded, community development venture capital has expanded much less rapidly—and for a simple reason. The venture capital-size returns that community development venture funds seek to achieve limits the range of fundable enterprises. A community development venture fund of $10 million might be expected to support investments in up to 20 portfolio companies. A logical way of using Community Wealth Bank Funding would be to provide a source of capital that would enable Community Wealth Centers to develop projects in their regions. While presumably the investments (at least the successful ones) should begin to provide returns, even in highly successful cases it takes a minimum of 5-7 years to exit from investments, meaning that this will be a “cost” item for most of the initial ten-year period of the initiative. A reasonable estimate of funding need would be $6 billion—enough to provide an average of $15 million in equity finance (adjusted according to the size of the region, viable business plans, and the need for equity) per regional Community Wealth Center.

D. Expanding Federal Policies for Building Community Wealth

Ten-year cost: $57.6 billion

Another critical role of the White House Office of Community Wealth Building is to identify gaps in current policy and help make the case for policy instruments that will assist the federal government in meeting its mission to support wealth building in American communities. The following items would significantly enhance the federal government’s ability to encourage the development of community wealth building at the local level.

1. Anchoring Local Ownership

The costs in this area appear above with the Community Wealth Bank, but additional leverage can be gained through redirecting current spending to support local ownership.

Support local ownership by encouraging the growth of local business associations

Ten years ago, businesses associations supporting “buy local” campaigns were a rarity. Now they are common. One such network, the Business Alliance of Local Living Economies (BALLE), has grown since its start in 2001 to now have 60 local member associations representing 20,000 businesses. Another network, the American Independent Business Alliance, founded at roughly the same time, now has 50 local member associations. Their economic
effect on community wealth building can be profound. For instance, a September 2008 report on Grand Rapids, Michigan, found 10 percent shift in market share to independent businesses from chain stores would result in 1,600 new jobs, $53 million in added wages, and $137 million in overall economic impact to the area. Federal policy can support this kind of “community self help” both by creating a “safe harbor” provision in the tax code to establish that “buy local” associations with a community wealth building mission qualify as 501(c)3 nonprofits.

Facilitate the development of community corporations
Community corporations that enable local residents to own businesses are not new. The Green Bay Packers football team, owned by Green Bay residents since 1923, is one prominent example. However, community ownership has gained favor in recent years. Recent examples include the community buyout of a bookstore in Menlo Park, California (near Stanford University) and the start-up of community-owned department stores in Powell, Wyoming and Ely, Nevada. In San Diego, California residents used an initial public offering limited to community members to buy a direct 20-percent ownership stake in a $65-million commercial and cultural complex known as Market Creek Plaza. But a shortage of capital for such enterprises persists. As business consultant Michael Shuman has noted, “About 58% of the economy is situated in place-based economic institutions—small, private businesses, nonprofits, and government spending . . . But this sector is getting in the range of 10–20% [in investment dollars]. A critical challenge for community development is to create new institutions that affordably connect individual investors with small business.” Federal policy can assist by reducing Securities & Exchange Commission restrictions on small investments (defined, say, as individual investments of $500 or less) to facilitate the creation of local stock exchanges and amass more dollars for local business investment.

Tailor existing incentives to encourage employee ownership in low-income areas
Government incentive programs, such as the current preferential procurement or set-aside mechanisms of the Small Business Administration’s HUB-Zone program, could also be applied to encourage employee-owned firms to invest in low-income areas and hire and train new employees from neighborhood residents. This would not only create good quality jobs and equity ownership for employees, but would help contribute to community stability by anchoring jobs and productive capital within underserved and distressed neighborhoods. A November 2008 report by Good Jobs First notes that many government community and economic development programs, including the Workforce Investment Act in Labor and the Community Development Block Grant (CDBG) program fail to ensure job quality standards; these programs could also be adjusted to provide incentives for proposals that incorporate wealth building into grant objectives.
Change regulations to generate more rapid cooperative development
A 2009 report from the University of Wisconsin Center for Cooperatives found that 30,000 U.S. cooperatives operate at 73,000 places of business throughout the United States, own over $3 trillion in assets, generate $654 billion in revenue and provide two million jobs. Yet, in many instances, federal regulatory structures make the start-ups of new cooperatives more difficult. For instance, Small Business Administration regulations have often been interpreted to deny co-ops eligibility in the lending programs, while health benefit regulations often preclude businesses from forming joint employee benefits cooperatives, which could help decrease costs for pension, health and other benefits. Changes in these regulations would expand cooperative capacity to generate jobs and lower business health care costs.85

2. Increasing Local Multipliers
*Ten-year cost: $500 million.* As with anchoring local ownership, considerable gains can result simply by redirecting current spending to support this objective.

Target government investment and procurement to build community wealth
Often government’s greatest role is by way of example: for instance, by purchasing, investing in, and locating facilities in targeted areas to support community wealth building goals. A revenue-neutral way to favor domestic production would be ask bidders to identify what percentage of production will occur locally and adjust the bid cost according to resulting anticipated tax revenues. To get a contract, a local bidder would still have to prevail in a competitive bid process, but the bid award would more accurately reflect the total costs and benefits of the project. In terms of government investment, the federal government could follow the trend of state pension funds and invest a small portion of its trillions in assets in community investment. As Anna Steiger notes in the summer 2008 issue of *Community Banking*, “Institutional investors such as public pension funds, insurance companies, foundations, and universities are increasingly allocating capital to community investment.” Often, Steiger notes, such mission-related investments offer financial returns comparable to traditional market investments.86

Secure community benefits in smart growth and transit development
As Eliot Rose and Rex Burkholder of Portland, Oregon’s Metro Council have noted, “The U.S. cannot address climate change without addressing transportation, and cannot make transportation more sustainable without changing development patterns. A trip taken in a hybrid car still emits far more greenhouse gasses than a trip not taken.” A recent report titled *Growing Cooler*—a collaboration of Smart Growth America, the National Center for Smart Growth, the Center for Clean Air Policy, and the Urban Land Institute—advocates shifting housing development from 7.6 units per acre to 13 units per acre (for a combined average of old and new stock of 9 units per acre), simply to reduce total transportation-related carbon emissions from current trends by 7 to 10 percent in 2050. Transit-oriented development can support community wealth building strategy since the collocation of jobs
and housing such developments facilitate can help community groups simultaneously meet affordable housing and job creation goals. It can also aid cash-starved cities and counties raise revenue without raising tax rates by reducing sprawl and thereby increasing the efficiency of public service delivery. A White House Office of Community Wealth Building can work with communities to develop strategies to take full advantage of these opportunities.87

**Leverage infrastructure expenditures to support community wealth building**
In March 2005, the American Society of Civil Engineers estimated that the United States had an infrastructure backlog of $1.6 trillion over 5 years, a number they have since increased to $2.2 trillion. In 2007, Senators Christopher Dodd (D-CT) and Chuck Hagel (R-NB) introduced a bill (S-1926) to create a National Infrastructure Bank, which would issue $60 billion in bonds. According to Everett Ehrlich, Undersecretary of Commerce during the Clinton administration, and New York investment banker Felix G. Rohatyn, “[T]his could produce almost a quarter-trillion of investment on a $60 billion annual bond issue.” As with transit development, infrastructure expenditure provides communities with the chance both for project-related jobs, but also for supporting economic development that builds community wealth. A White House Office of Community Wealth Building can work with communities to develop strategies to take full advantage of these opportunities.88

**Develop community benefit legislation to leverage anchor institution wealth**
Currently, foundations are required to pay out five percent of their endowments on an annual basis for grants and program-related investments, but the “public benefit” requirements for nonprofit hospitals and universities remain vague. A national policy of a “quid pro quo” of federal support in exchange for universities and hospitals to play a more active community wealth building role in metropolitan areas would benefit both anchor and government actors.

**Support higher education sustainability research**
Endorsed by over 220 colleges and universities, higher education associations, NGOs and corporations, the new grant program, passed as part of the Higher Education Act of 2008 authorizes $50 million to serve as a catalyst for schools and associations to develop and implement more initiatives and practices based on the principles of sustainability.89 Funding this act fully is an important step in developing a comprehensive approach to leverage spending to meet our nation’s energy independence and carbon emission reduction needs to support the development of community economic capacity.

**Integrate broadband development with community wealth building**
In some sectors, community ownership has proved to have a clear competitive advantage. This is true, for instance, in the case of broadband development. As Becca Vargo Daggett of the Institute for Local Self-Reliance noted in 2006, “About 50 cities already have municipally owned wireless networks. . . We are learning that publicly owned telecommunications
systems can pay for themselves, and could well generate significant revenue to the city.” A White House Office of Community Wealth Building can help support such local initiative. As Jim Baller and Casey Lide note, “The federal government can offer universal service, economic development, transportation, agriculture, and other grants, loans, and subsidies; provide federal tax credits, deductions, and accelerated depreciation; use federal purchasing power wisely; and provide a host of other federal measures to stimulate broadband deployment and adoption.”

3. Supporting Community Economic Development Capacity

Ten-year cost: $13 billion

Expand the job creation capacity of community development corporations
Community development corporations (CDCs) anchor capital locally both through the development of residential and commercial property and business development. Known best for their housing work, few realize that a sixth of CDCs have equity investments in business operations and more than one in five directly operate one or more businesses. They also helped create 500,000 jobs between 1998 and 2005. Yet with the exception of two very small programs mentioned above, housed in Health & Human Services, CDCs are given little support for this activity. Federal technical assistance grants to expand this capacity could pay substantial dividends. The Community Economic Development Expertise Enhancement Act, supported by the National Alliance of Community Economic Development Associations, advocates $350 million a year for this purpose. Support at this level would cost $3.5 billion over 10 years.

Foster comprehensive community engagement by anchor institutions
A competitive grant program could encourage institutions of higher educations and non-profit hospitals to create and sustain an infrastructure and culture for community engagement through a variety of community and administrative policies, including a shift in purchasing, investment, and hiring. A reasonable level to support the program initially would be $250 million a year or $2.5 billion over 10 years.

Revive and expand the Community Outreach Partnership Centers program
The Community Outreach Partnership Centers (COPC) program and related programs in the HUD Office of University Partnership have played a vital role in leveraging billion-dollar institutions with small federal grants (typically of $400,000 or less). Increasing its funding level to $100 million, as was proposed a decade ago by David Cox, then the Director of the Office of University Partnerships, would greatly further this important work, by allowing for a tripling of both the number and amount of the awards, with funds split between universities and community partner groups. A parallel program similar to COPC could also be established in the Environmental Protection Agency. Establishing programs in both areas could be done for $200 million a year or $2 billion over 10 years.
Launch a Metro Grant program, patterned on the “land grant” program
In 1964, at the dedication of the University of California, Irvine, President Lyndon Baines Johnson foresaw “the day when an urban extension service, operated by universities across the country, will do for urban America what the Agricultural Extension Service has done for rural America.”94 A National Metro Grant University program would facilitate greater university-community interaction to close the education gap between rich and poor, reduce class and race-based health disparities, and promote community wealth building. A reasonable funding level for such a program might be $500 million (less than half the present cost of land grants) or $5 billion for 10 years.

4. Building Wealth
Ten-year cost: $44.1 billion

Enact an Individual Development Account tax credit
The Assets for Independence Act provides $25 million a year for IDAs, but this program is administratively complicated and has served fewer than 100,000 people over the past decade. An IDA tax credit would allow for a rapid expansion of the program. In Congress, a bill called the Savings for Working Families bill would enable 900,000 low-income families to save for education (for adult or child), homeownership, or education through a tax credit to financial institutions that is matched up to $2,000 in savings dollar-for-dollar ($500 a year, for four years), thereby increasing ten-fold the impact of this matched savings. Participating banks and credit unions would receive a $50 tax credit for each account they administer to cover their costs. The total cost of this program would be $1.35 billion or $13.5 billion over ten years.95

Expand the matched savings “IDA” principle to create universal savings accounts
Michael Sherraden of Washington University is credited with pioneering the IDA concept. According to Sherraden, a core element of the IDA idea has always been to start savings accounts at birth, to instill habits of savings throughout life. In Great Britain, Child Trust Funds, established in 2002, enable every child on birth to receive a £250 (about $500 US) voucher from the government to start a savings account—which can then be increased by parental and family contributions. Legislation that would accomplish this aim in the United States was introduced in the 110th Congress as the ASPIRE (America Saving for Personal Investment, Retirement, and Education) Act. The Aspen Institute estimates that a UK-like program in the United States would cost $2.1 billion the first year, and $26.6 billion over 10 years. With annual deposits of $500 (including a $250 government match) and compound interest, the accounts would be worth an estimated $16,000 at age 18, helping young adults to invest in education and build wealth.96
Scale-up mortgage counseling network to meet the need
Research has shown that community-based loan products avoid foreclosure, but the supply is far short of the demand. A fee on housing loans could finance a universal network of pre-purchase counseling. A likely delivery vehicle would be NeighborWorks. In FY 2008, NeighborWorks received a $119.8 million federal allocation, which generated more than $4.3 billion in investment and helped more than 204,000 families purchase or improve housing in 230 communities. This year, NeighborWorks received $360 million for foreclosure counseling assistance. A permanent scaling up of the network could bear great dividends in providing safe and secure homeownership, with obvious wealth building implications. A ten percent increase from this amount or $400 million or $4 billion over 10 years would support a healthy network of mortgage counselors. As should now be clear, paying up front for adequate mortgage counseling is much cheaper than having to remedy foreclosure afterward.97

Prevent asset stripping by ending usury
While expanding matched savings programs are important to community wealth building, equally important is stemming asset leakage. A 2006 study from Center for Responsible Lending estimates that payday lending hits borrowers with $4.2 billion in fees every year, most of which are due to borrowers “rolling over” loans, with the end result that the “typical payday borrower pays back $793 for a $325 loan.” A national cap of a 36-percent annual percentage rate would set a necessary “speed limit” to curtail such asset-stripping measures. A similar measure, which applied only to military borrowers, became law in October 2007. In May 2009, a bill restricting credit union practices was signed into law; however, the measure did not cap interest rates.98

Extend the Community Reinvestment Act to cover non-bank lenders
Established in 1977, the Community Reinvestment Act has facilitated over $4.5 trillion in community investments by banks, but it did not cover the rising sector of non-bank mortgage lenders. These lenders, which did not face the CRA public review process, engaged in much less responsible lending. For instance, a study by Hinckley LLP, a fair lending compliance law firm, found that 84.3 percent of the high-cost home purchase loans in the 15 most populous metropolitan areas were issued by non-CRA covered lenders.99

Incorporate “fair exchange” in government investment as a core wealth building principle
Public subsidies to corporations have long been common, well before the 2008 economic crisis. Attorney Deborah Olson has forcefully argued that the federal government should not only receive equity when “bailing out” companies, but should set up a system for doing so, in which a public trust would hold warrants or other equity instruments in companies receiving public aid to provide citizens with a stream of steady income. Currently, the state of Alaska treats the oil industry this way; in 2008, every eligible man, woman and child in the state of Alaska received $2,069 as a result of high oil company earnings that year, effectively providing an income floor that combats extreme poverty. A similar proposal, by Peter Barnes, would place half of the income from the sale of pollution permits in an American
Permanent Fund. This principle can have broad application, particularly when considering that President Obama has proposed to invest $150 billion in renewable energy development over the next 10 years.100

Conclusion

Given current political and economic realities, policymakers who are committed to community building, economic development, and strengthening the economies of America’s great cities, need to think newly and boldly about how to achieve their goals. Any list of priorities must include seriously addressing the question of funding and institutional support for building community wealth.

In these times of political stalemate and polarization in Washington, D.C., one might rightly wonder whether it is possible to build sufficient political will at the federal level to help initiate a comprehensive new community wealth building approach.

It is instructive, we believe, that a January 2006 Washington, D.C. Aspen Institute policy forum found bipartisan political support expressed for the overall approach from liberal Robert Borosage, co-director of the Campaign for America’s Future; from “New Democrat” and former Clinton White House adviser William Galston; and, strikingly, from Republican Steve Goldsmith, former mayor of Indianapolis and George W. Bush’s domestic policy adviser in the 2000 campaign. Goldsmith, for instance, expressed his support for community ownership this way. “[F]or people to actually own part of their country...” Goldsmith noted, “is not only terrifically important for those folks but it’s enormously important for the American Experiment.”101

Nor is this an accident. One key elements of the community wealth building strategy—firms in which workers gain both wealth and income through their direct ownership of their places of employment through an employee stock ownership plan (ESOP)—has enjoyed support from Presidents Ronald Reagan and Bill Clinton, activists Ralph Nader and Jesse Jackson, and Senators John McCain and Bernie Sanders. Individual development account legislation and children’s savings accounts likewise have both Republican and Democratic champions, including Senators Charles Schumer (D-NY) and Jim DeMint (R-SC) and former Senators Jon Corzine (D-NJ) and Rick Santorum (R-PA). Other elements of community wealth building strategies also enjoy a broad range of political support.

The National Community Wealth Building Initiative outlined above provides the basis for building a systematic and integrated long-term effort to align economic development and community development in an effective manner to revive American cities and rebuild wealth. In this proposal, we have suggested a number of measures in the areas of procurement, finance, technical assistance, and capacity building, as well as an outline of ways to
instill capacity at the state and local level through the creation of an integrated network of Community Wealth Building Centers.

To be sure, this task will not be easy. But we also face an unusual opportunity to change direction. By acting boldly, the federal government can develop a new framework to rejoin economic and community development and thereby begin to build wealth in low and moderate-income communities across the country.
APPENDIX A: STATE POLICY DEVELOPMENTS

In many cases, states have taken the lead in supporting community wealth building. Below are just a few of the many examples of community wealth building activity at the state level.

California: State High-Speed Rail Initiative
In November 2008, voters approved a $9.95 billion bond measure (Proposition 1A) to begin building a planned 800-mile statewide high-speed rail network. The state funding is intended to leverage an additional $35 billion in private and federal funded to fully construct the network. When completed the train network is expected to reduce oil consumption by 12 million barrels per year and reduce greenhouse gas emissions by 12.7 billion pounds annually. Proponents also estimate the project could create up to 450,000 jobs statewide and provides the opportunity for stepped-up community wealth building in connection with transit-oriented development.102

Indiana: State Linked Deposit Program to Finance Conversions to Employee Ownership
Launched in May 2008, Indiana’s ESOP Initiative creates a “linked-deposit” program that allows the State Treasurer to link its routine purchase of CDs to assist Indiana-based companies to complete an ESOP conversion (leveraged buyout). State Treasurer Richard Mourdock has designated $50 million worth of CDs for the ESOP Linked-Dposit Program. A maximum of ten percent or $5 million may go to any one company. To qualify, at least 10% of the company must be in the process of being converted to an ESOP. Currently the state of Indiana is receiving 1% interest on its CDs and lending the money to ESOPs at the below-market rate of 4.25%. Additionally, Credit Suisse, which is managing a $155 million Indiana Investment Fund on behalf of Indiana’s Public Employees’ Retirement Fund & Teacher’s Retirement Fund that is targeted for investment in Indiana, will consider on a case-by-case basis the purchasing of equity in an Indiana company for the purpose of completing an ESOP transaction.103

Louisiana launches Office of Social Entrepreneurship
In the fall of 2006, Lieutenant Governor Mitch Landrieu founded the Louisiana Office of Social Entrepreneurship, the first of its kind in the nation. In March 2007, the Louisiana Office of Social Entrepreneurship, in partnership with the Louisiana Serve Commission, launched a statewide initiative consisting of city-specific conferences aimed at promoting citizen involvement in social entrepreneurship and volunteerism. Gatherings held in Alexandria, Baton Rouge, Lake Charles, New Orleans, and Shreveport attracted more than 1500 participants.104
Massachusetts Approves Green Jobs Act
Passed in August 2008, the landmark Massachusetts law allocates $68 million over 5 years to support green jobs development. The legislation also gives initial authorization for $5 million in Renewable Energy Trust funding in 2009 as well as $1 million each in for seed grants to companies, universities, and nonprofits; workforce development grants to state higher education, vocational schools, and nonprofits; and low-income job training (Pathways Out of Poverty); plus $100,000 for a study of the clean energy sector. The $1 million allocated for Pathways Out of Poverty, patterned after the federal “Green Collar Jobs Act,” will award five grants to clean energy companies that employ low- and moderate-income citizens.

Michigan leverages pensions to finance in-state investment fund
In August 2008, Governor Jennifer Granholm announced the state’s intent to invest up to $300 million from the state’s pension fund in venture capital for small- and medium-sized companies growing and expanding in Michigan, Called the Invest Michigan! Fund, the fund aims to make investments to retain and create jobs and strengthen Michigan’s faltering economy. Foundations, corporations, universities and local governments are being asked to also invest in the fund. According to Michigan State Treasurer Robert J. Kleine, the Michigan Retirement system will initially commit $150 million in capital for the fund. If initial returns are adequate, the state has pledged to double its direct investment to $300 million.

Ohio: State Expands ESOP Succession Program
In October 2007, the administration of Governor Ted Strickland awarded a two-year contract to the Ohio Employee Ownership Center to expand its program of assisting retiring owners of family-owned businesses to transfer ownership to their employees, rather than shutting their business down or selling to a competitor who is likely to consolidate operations and reduce the number of available jobs after the purchase. Since 1987, OEOC’s program has enabled the OEOC to retain or create over 13,000 jobs at a cost of less than $500 a job. The contract issued by the Ohio Department of Job & Family Services allows the OEOC to expand its successful Business Succession Planning Program from northeast Ohio to other regions in the state.

Pennsylvania: State-CDFI Partnership Supports Groceries in Low-Income Areas
A State appropriation of $30 million for the Farm Fresh Food Financing Initiative (FFFI) helped leverage $90 million in funding, raised by the Philadelphia-based community development loan fund, TRF (The Reinvestment Fund) through private sources and a New Markets Tax Credits allocation. The $120 million finance pool created now serves as a one-stop-shop for financing fresh food retailers in underserved areas. According to a February
2010 report, the FFFI to date has committed $84.2 million in grants and loans supporting 88 stores and other food-related projects (e.g., farmers markets) across the state. These projects are expected to bring 5,008 jobs and 1.66 million square feet of fresh food commercial retail space across Pennsylvania. The program has also heavily influenced the Obama administration’s FY 2011 budget proposal to establish a national healthy food financing initiative.\textsuperscript{108}

Vermont Creates New Corporate Form for Hybrid Social Purpose Businesses
In May 2008, with bipartisan support, the state of Vermont creates a new kind of corporate registration: a low-profit limited-liability corporation, called an “L3C.” Vermont is the first state to enact this new type of company. The Low-profit Limited Liability Company is a cross between a nonprofit organization and a for-profit corporation. The entity is designated as low-profit with charitable or educational goals. The basic purpose of the L3C is to signal to foundations and donor directed funds that entities formed under this provision intend to conduct their activities in a way that would qualify as program related investments. States that have since followed Vermont’s lead and passed similar legislation include Illinois, Michigan, Utah, and Wyoming.\textsuperscript{109}

Virginia Provides State Budget Support for CDFIs
In April 2007, Virginia enacted a budget bill (HB 1650) that includes a line item increase in the appropriation available for Community Development Services. The bill requires that out of the amounts available, $400,000 from the general fund will be provided over two years to support CDFIs that make business and housing loans in distressed communities and to distressed populations.\textsuperscript{110}

Washington State Provides Core Funding for Asset Policy Coalition
In its 2007 session, the Washington State legislature appropriated $2.8 million in its biennial budget for asset building programs, such as the Individual Development Account (IDA) program, Earned Income Tax Credit, credit counseling, and financial literacy training. Of the allocation, $1 million goes directly to programs, but the other $1.8 million creates a Washington State Asset Building Coalition and provides capacity grants for a dozen local asset building coalitions, the first time a state has voted to provide capacity grants to support a state asset policy coalition. The groups are charged with working with the Washington State Community Trade & Economic Department (CTED) to further wealth building objectives.\textsuperscript{111}
Additional forms of State & Local Policy Support for Community Wealth Building

- Community benefits agreements
  Community benefits agreements are local contractual arrangements in which private developers benefiting from public subsidies on large projects commit to hire locally and meet other local community economic development objectives. Cities using these include Denver, Colorado; Los Angeles, California; Milwaukee, Wisconsin; and New York City.

- Corporate Subsidy Disclosure Laws
  Corporate subsidy disclosure laws seek to rein in corporate subsidies by requiring economic development authorities to clearly disclose the amount of government subsidy that each private employer receives and the benefits promised by the recipient companies in exchange for government support. Minnesota, Maine, and Illinois have the most substantial requirements.

- Living wage policies/local minimum wage laws
  Living wage policies, adopted in over 200 cities to date, seek to raise the income floor for the least well paid and increase the numbers of workers receiving employer-provided health care.

- Millionaires’ Taxes
  These are taxes whose impact is limited to people in very high-income brackets, such as setting up new marginal tax brackets that only kick in at $500,000 or $1,000,000 in income. Typically the money collected from these taxes is earmarked to fund specific, high priority public services. Both New Jersey and California have implemented such measures.

- Retail store caps
  Retail store caps are zoning requirements that discourage the expansion of chain stores and support locally owned institutions by limiting the maximum permissible size of a single retail outlet, either in the city as a whole or to protect specific neighborhoods. Dozens of cities and counties have passed variants of these laws, including Kansas City, Missouri; Madison, Wisconsin; Miami, Florida; San Francisco, California; and Santa Fe, New Mexico.

- Tax credit assistance efforts
  Every year, low-income people lose billions of dollars in federal tax credits that they are owed, due to unawareness over the credits’ existence and the complexities of the tax code. In 2006, churches, non-profit organizations, and local officials teamed up in 50 cities to provide assistance to 11,000 families, resulting in over $15 million in additional claimed funds.
APPENDIX B: COMMUNITY WEALTH BUILDING—GLOSSARY OF TERMS

Anchor Institutions
Often known as “eds and meds,” anchor institutions not only include universities and hospitals, but a broader range of place-based institutions, including cultural and arts centers such as museums, libraries, community foundations and other locally focused philanthropies, faith-based institutions (such as churches, mosques, and synagogues), and community colleges. In many places, these anchor institutions have surpassed traditional manufacturing corporations to become their region’s leading employers. Universities alone now spend $350 billion annually and have a total endowment of over $300 billion. Nonprofit hospitals own assets in excess of $600 billion and enjoy annual revenues greater than $500 billion. Increasingly, anchor institutions are playing an important role in implementing local community wealth building strategies.

Commons strategies
Although many think of the “commons” as the unenclosed grazing land of medieval towns, modern-day commons include any system that supports things whose ownership is held in common or in the public domain, such as open space, the environment, and the Internet. Conservation trusts to preserve land, “cap and trade” systems to protect the environment from global warming, and licensing systems to facilitate the non-commercial sharing of information on the Internet (such as “open source” software and “Creative Commons” licenses, which are now attached to more than 50 million creative works) are all applications of the “commons” principle.

Community Development Corporations (CDCs)
Community development corporations are non-profit organizations that anchor capital locally by developing both residential and commercial property to meet local community needs. First developed on large scale by 1960s civil rights advocates who sought to increase minority community control over local resources, today 4,600 CDCs nationwide promote community economic stability by developing over 86,000 units of affordable housing and 8.75 million square feet of commercial and industrial space a year.

Community Development Financial Institutions (CDFIs)
First formed to combat red-lining in the 1970s (a practice whereby banks would refuse to make loans to minority neighborhoods and would literally draw a red line circling the proscribed area on a map), CDFIs have grown to include a variety of community-focused banks, credit unions, micro-enterprise funds, loan funds, and venture capital funds that have combined assets of over $25 billion, which they use to provide loans and technical assistance to meet the credit and finance needs of low-income individuals, community development corporations, and other community entities.
Community Land Trusts (CLTs)
A community land trust is a non-profit organization that buys land on behalf of the community and leases the land to homebuyers, with a restricted deed, which requires that the buyer give the trust the option to buy the house back at a price set by a predetermined formula. Typically when it sells, the family gets to keep 25 percent of the equity gain, while the trust retains the other 75 percent, which is used to subsidize future buyers. As a result, the land trust can keep the housing it provides permanently affordable—avoiding land speculation and gentrification, while building wealth in low-income communities.

Cooperatives (Co-ops)
A cooperative is any business that is owned by its members and governed on the principle of one member, one vote. The first modern cooperative was a retail co-op founded by 28 people in Rochdale, England in 1844. Originally selling butter, sugar, flour, oatmeal, and tallow candles, business expanded rapidly in scope and scale as the co-op succeeded in elevating food standards—rejecting then-common tactics such as watering down milk. Co-ops today exist in many sectors of the American economy, including banking (credit unions), agriculture, electricity, housing, and grocery stores. All told, over 130 million Americans are members of at least one cooperative or credit union.

Employee Stock Ownership Plan companies (ESOPs)
Employee stock-ownership plan (ESOP) companies are for-profit entities in which employees own part or all of the companies for which they work, financed through part of their pension contributions. ESOPs provide a number of benefits. For former owners, ESOPs provide a way for local owners to cash out when they retire, while protecting the jobs of their workers. For communities, ESOPs provide greater employment stability, while maintaining higher productivity. For workers, ESOPs provide a significant source of retirement savings. Today 13.7 million American are members of ESOPs, up from 250,000 only three decades ago.

Green Collar Jobs
Green collar jobs are blue-collar type work opportunities created by firms and organizations whose mission is to improve environmental quality. Among the areas where green collar jobs are found are: recycling and reuse; hazardous materials clean-up; building retrofits to increase energy efficiency and conservation; housing deconstruction; solar installation; urban agriculture; and manufacturing of items related to the green economy (e.g., solar panels).

Individual Development Accounts (IDAs)
Individual development accounts (IDAs) are a wealth-building strategy that involves having government agencies or philanthropic groups match the savings of low and moderate-income individuals. Typically, matched funds must be spent on specific wealth-building
activities, such as home ownership or renovation, business start-up or expansion, or education..

**Municipal Enterprise**
Municipal enterprises are businesses owned by local public authorities that provide services and often revenue in cities across the United States. Common forms include: public power companies that not only provide power, but also cable and broadband services; environmental businesses, such as methane-recovery, that both generate electricity and promote environmental goals; and real estate development designed to generate lease revenue to finance city services.

**Program Related Investments (PRIs)**
Program-related investments leverage foundation dollars—most often by providing long-term, low-interest loans—to promote mission-related goals. The Ford Foundation, one of the first groups to use PRIs, found that “$1 million invested in a PRI is the equivalent of $5 million in grant expenditures.” In 2001, foundation PRIs to community groups totaled $232.9 million, leveraging over $1 billion a year to support community wealth building work.

**Social Enterprise**
Social enterprise refers to non-profits that operate businesses both to raise revenue and to further the social missions of their organizations. These businesses build locally controlled wealth, which helps stabilize community economies, and represents a shift in non-profit operation toward a model of collaborating with “client” populations in community-building efforts. As of 2005, social enterprise businesses in the Social Enterprise Alliance trade association generated $525 million in business-revenue, helping support $1.6 billion worth of mission-related work.

**Socially Responsible Investing (SRI)**
Socially responsible investment, first used on a large scale in the 1980s to encourage corporate disinvestment from South Africa’s Apartheid regime, is a practice designed to leverage stock ownership to influence the behavior of large corporations. SRI can take a number of forms, including sponsoring shareholder resolutions or community investing (such as investing in CDFIs). The most common form, however, involves screening what stock a fund buys. Screening can be positive, in which the fund invests in preferred sectors (such as “green” companies) or companies, or it can be negative (as with bans on investing in companies with poor labor or environmental records). The number of dollars invested in screened assets has climbed greatly in the past decade—from $162 billion in 1995 to $1.68 trillion in 2005.
State & Local Investment Policy (Economically-Targeted Investments)
City and state governments have adopted a wide set of policy tools to spur community wealth building, including creating loan funds to start up local businesses and venture capital funds that give cities and states an equity stake in the outcome of their public investments. Another important strategy has been economically targeted investments, which employ pension assets to support local jobs and community economic development. The state of California alone has directed more than $11 billion in pension fund investment capital to spur economic progress in California’s inner cities and underserved communities.

State Asset Building Initiatives
Developed in the last few years in a number of states, including California, Hawaii, Michigan, Pennsylvania, and Washington, these efforts combine a variety of state programs into a coordinated initiative to build wealth in low-income communities. Common features include: 1) increasing access to financial education; 2) promoting saving and investment for education, homeownership, small business development, and retirement; 3) limiting predatory lending; and 4) making tax-based savings incentives more accessible to lower-income families.

Transit-Oriented Development (TOD)
Many public transit authorities use their ownership of real estate to concentrate business and residential development near rail stations and major bus lines, thereby encouraging transit use and reducing congestion and pollution. Transit-oriented development can be an important part of a community wealth building strategy by helping cash-starved cities and counties raise revenue without raising tax rates and by concentrating economic development in specific corridors, thereby reducing sprawl and increasing the efficiency of public service delivery. Cities that make extensive use of transit-oriented development include San Francisco, Portland (Oregon), Dallas, Atlanta, and Washington, D.C.
APPENDIX C: COMMUNITY WEALTH BUILDERS (SELECTED LIST)

Below is an abbreviated list of some of the nation’s leading community wealth building organizations. For additional listings, please see our website: www.community-wealth.org

America Forward
www.americaforward.org
America Forward is a coalition that aims to advance a policy agenda to create an infrastructure for social enterprise. The group includes more than 60 nonprofit organizations with programs operating in all 50 states and the District of Columbia. Together, these groups serve more than 10 million people a year and have a collective budget of more than $400 million.

American Independent Business Association
www.amiba.net
AMIBA is a coalition with local chapters in which citizens, independent businesses, and community groups unite to support hometown businesses. These groups help build local economic strength and prevent the displacement of locally owned businesses by chains.

American Public Power Association
www.appanet.org
The American Public Power Association is the trade association for publicly owned electric utilities and has been a leader in municipal broadband development.

Americans for Community Development
www.americansforcommunitydevelopment.org
Americans for Community Development encourages the use of program related investments through low-profit, limited liability corporations (L3C) to achieve social goals. The group’s efforts helped result in a 2008 Vermont law giving legal recognition to such companies.

Apollo Alliance
www.apolloalliance.org
Founded in 2004, the Apollo Alliance is a coalition of business, labor, environmental, and community leaders working to catalyze a clean energy revolution in America to reduce the country’s dependence on oil imports, cut carbon emissions, and expand opportunities for American businesses and workers.
Appalachian Regional Commission
www.arc.gov
The Appalachian Regional Commission is a U.S. government agency responsible for promoting economic development in the Appalachian region. Agency activities include the publishing of research reports, as well as grants and loans to promote small business development.

Association for the Advancement of Sustainability in Higher Education
www.aashe.org
AASHE is a membership-based association of colleges and universities working to advance sustainability in higher education in the United States and Canada.

Association for Enterprise Opportunity
www.microenterpriseworks.org
The Association for Enterprise Opportunity is a trade association of microenterprise loan funds and supporters. It provides members with a forum, information, and a voice to promote enterprise opportunity for people and communities with limited access to economic resources.

Blue Green Alliance
www.bluegreenalliance.org
Launched in 2006, the Blue Green Alliance is led by the United Steelworkers and Sierra Club along with other “blue” (blue collar/labor) and “green” (environmental) partners. The group aims to heighten public awareness about the job-creating potential of solutions to global warming.

Brookings Institution, Metropolitan Policy Program
www.brookings.edu/metro
The Metropolitan Policy Program (formerly the Center on Urban and Metropolitan Policy) of The Brookings Institution was launched in 1996 to provide research, policy analysis, and advocacy on a broad range of issues concerning cities and metropolitan areas.

Building Materials Reuse Association
www.buildingreuse.org
The Building Materials Reuse Association is a non-profit organization whose mission is to facilitate building deconstruction and the reuse/recycling of recovered building materials.
Burlington Associates in Community Development
www.burlingtonassociates.com
Burlington Associates in Community Development LLC is a national consulting cooperative, specializing in the creation of community land trusts, along with other strategies for building community assets like limited equity cooperatives, community development corporations, and community development financial institutions.

Business Alliance for Local Living Economies
www.livingeconomies.org
BALLE is a group of socially conscious small businesses that believe in the importance of building strong local communities that are both economically and environmentally sustainable.

Calvert Social Investment Foundation
www.calvertfoundation.org
The Calvert Social Investment Foundation (Calvert Foundation) works to end poverty by promoting “community investment” as a new asset class in the financial services industry.

Campaign for Environmental Literacy
www.fundee.org
Working to organize and mobilize the collective tools and assets of the environmental education community, the Campaign for Environmental Literacy’s mission is to secure federal support and encouragement for innovated environmental education programs across the nation.

Campus Compact
www.compact.org
Founded in 1985, Campus Compact has grown to represent over 1,000 college presidents and has been a leader in the promotion of service learning (learning outside the classroom) and university-community partnerships.

Catholic Campaign for Human Development
www.nccbuscc.org/cchd
Founded in 1969, the Catholic Campaign for Human Development is the domestic anti-poverty, social justice program of the U.S. Catholic bishops. The grants, economic development, and education for justice programs of the Campaign, implemented in collaboration with local dioceses, are supported from an annual collection in U.S. Catholic parishes.
Center for Neighborhood Technology
www.cnt.org
This Chicago-based non-profit group focuses on promoting transit-oriented development and related strategies that foster sustainable urban development practices.

CEOs for Cities
www.ceosforcities.org
CEOs for Cities is a group of more than 80 urban leaders, representing 26 of the nation’s cities that aims to foster urban development, including the role played by anchor institutions. Members include mayors, university presidents, foundation officials, corporate executives, and heads of economic and civic development organizations.

CFED (Corporation for Enterprise Development)
www.cfed.org
The Corporation for Enterprise Development works to promote asset-building strategies as a way to ensure a sustainable economy accessible to all segments of the community.

Coalition of Urban Serving Universities
www.usucoalition.org
The Coalition of Urban Serving Universities is a group of urban research universities in metropolitan areas with populations of 450,000 or more that have come together to develop a common urban university agenda. The Coalition’s work focuses on building partnerships with K-12 schools, working with community groups to reduce urban health disparities, and supporting partnerships in community economic development and wealth building.

Community-Campus Partnerships for Health
www.ccpph.info
CCPH is a nonprofit membership organization that promotes health through partnerships between communities and higher educational institutions.

Community Development Venture Capital Association
www.cdvca.org
The CDVCA is a membership organization that works to provide members with technical assistance, information, and resources to maximize the implementation of community development venture capital funds in distressed communities throughout the world.
Community Wealth Ventures
www.communitywealth.com
Community Wealth Ventures is a for-profit consulting subsidiary of Share Our Strength, dedicated to expanding social enterprise as a means of promoting social change.

Cooperative Capital Fund of New England
www.coopcapital.coop
Launched in 2007, the Cooperative Capital Fund of New England (CCF) is a socially responsible investment fund that invests in cooperative businesses in the form of “patient capital,” or equity-like financing. CCF assists the parts of New England cooperative industry that are established in areas of high need but limited financial resources, providing capital that acts like equity without requiring co-ops to give up control over their own management and destiny.

Corporation for National & Community Service
www.nationalservice.org
This federal government program provides opportunities for Americans of all ages and backgrounds to serve their communities and country through three programs: Senior Corps, AmeriCorps, and Learn and Serve America.

Credit Union National Association
www.cuna.coop
Credit Union National Association is the national trade association of credit unions. In cooperation with state credit union leagues, CUNA provides research, advocacy, education, and business development services to member credit unions.

Demos
www.demos-usa.org
Founded in 1999, Demos is a research and advocacy organization that focuses on issues of democracy, the health of the public sector, and the creation of a public realm of debate and ideas.

E. F. Schumacher Society
www.schumachersociety.org
The EF Schumacher Society is dedicated to achieving the goals of economic and ecological sustainability through the principle of decentralism. In support of these aims, the Schumacher Society offers lectures, educational programs, and extensive research resources.
Enterprise Community Partners
www.enterprisecommunity.org
Enterprise Community Partners is a nonprofit organization that works through a national network of more than 1,200 organizations to promote employment and housing for low-income individuals and neighborhoods. It has also been a national leader in green affordable housing through its Green Communities program.

ESOP Association
www.esopassociation.org
The ESOP Association is a membership organization composed of companies with employee ownership and those transitioning to employee ownership status. This non-profit organization provides educational materials and training seminars necessary for the successful management of employee-owned companies.

Federation of Southern Cooperatives
www.federation.coop
Founded in 1967, the Federation of Southern Cooperatives has provided self-help economic opportunities for many low-income communities across the South. A primary objective of the Federation is the retention of black owned land and the use of cooperatives for land-based economic development.

First Nations Oweesta Corporation
www.oweesta.org
An affiliate of the First Nations Development Institute, Oweesta provides training, technical assistance, investments research and advocacy for the development of Native CDFIs and other support organizations in Native communities throughout the United States.

Green America
www.coopamerica.org
Green America (formerly Co-op America) has a membership base of over 50,000 consumer activists and 2,500 responsible businesses (the Green Business Network). GreensAmerica publishes the National Green Pages and hosts the Social Investment Forum.

Green For All
www.greenforall.org
Green For All is a national group that aims to build an inclusive green economy in a way that alleviates poverty and pollution at the same time. Launched at the Clinton Global Initiative in 2007, Green For All grew out of the work of activist Van Jones, who helped create a “Green Job Corps” in Oakland, California as part of a program at the Ella Baker Center for Human Rights.
Health Care Without Harm
[www.noharm.org]
Health Care Without Harm is a global coalition of hospitals and health care systems, medical professionals, community groups, health-affected constituencies, labor unions, environmental and environmental health organizations and religious groups. The organization aims to transform the health care industry worldwide to make it ecologically sustainable.

Higher Education Network for Community Engagement
[www.henceonline.org]
The Higher Education Network for Community Engagement (HENCE) aims to deepen, consolidate, and advance the literature, research, practice, policy, and advocacy for community engagement as a core element of higher education’s role in society.

ICA Group
[www.ica-group.org]
The Industrial Cooperative Association (ICA Group) is a non-profit organization that promotes worker ownership by providing education and technical assistance to those organizations seeking to start a community-based or worker-owned business.

Institute for Local Self-Reliance
[www.ilsr.org]
The Institute for Local Self-Reliance takes a comprehensive approach to community building. Its “New Rules” project provides a wealth of practical examples of local legislation that support local community wealth-building efforts.

Institute for Social Entrepreneurs
[www.socialent.org]
The Institute for Social Entrepreneurs is a nonprofit organization that seeks to encourage entrepreneurship throughout the non-profit sector through education and consulting services.

Living Cities
[www.livingcities.org]
Living Cities provides financial and technical support to nonprofit groups engaged in improving economically distressed inner city neighborhoods.

Local Government Commission
[www.lgc.org]
The Local Government Commission (LGC) is a nonprofit group that provides inspiration, technical assistance, and networking to local elected officials and other dedicated community leaders who are working to create healthy, walkable, and resource-efficient communities.
Local Initiatives Support Corporation
www.liscnet.org
The Local Initiatives Support Coalition works to foster the growth and development of Community Development Corporations (CDCs) by helping to channel grants and technical support to some of the nation’s most distressed areas.

Marga, Inc.
www.margainc.com
Marga is a consulting firm that focuses on universities and their role as anchored institutions and engines of economic development within the communities in which they are located.

Mayors Innovation Project
www.mayorsinnovation.org
Launched in 2005 by Madison, Wisconsin Mayor Dave Cieslewicz and the Center on Wisconsin Strategy (COWS), the group has since held semi-annual meetings that provide mayors and their staff a forum to learn from one another and develop urban policies that put a premium of “high road” strategies that promote living wage jobs and community wealth building.

National Alliance of Community Economic Development Associations
www.naceda.org
Founded in March 2007, NACEDA brings together state associations of community development corporations (CDCs) to advocate for community economic development at the federal level and provide peer-to-peer support.

National Association of Educational Procurement
www.naepnet.org
NAEP is a non-profit association dedicated to serving higher education purchasing officers in the United States and Canada. The group aims to promote effective and ethical procurement principles and techniques within higher education, through continuing education, conferences on such topics as sustainability and minority contracting, networking, public information and advocacy.

National Center for Employee Ownership (NCEO)
www.nceo.org
NCEO is a research organization dedicated to advancing worker ownership by providing information, publications, and research on Employee Stock Ownership Plans (ESOPs) and other forms of employee-ownership.
National Coalition for Asian Pacific Community Development  
[www.nationalcapacd.org](http://www.nationalcapacd.org)  
The National Coalition for Asian Pacific American Community Development was founded in 1999 and is dedicated to addressing the community development, organizing and advocacy needs of Asian American and Pacific Islander communities nationwide.

National Community Land Trust Network  
[www.nationalclt.org](http://www.nationalclt.org)  
Backed by the Cambridge, MA-based Lincoln Institute of Land Policy, the National Community Land Trust Network aims to develop a strong system of education and training for the growing community land trust sector.

National Community Reinvestment Coalition  
[www.ncrc.org](http://www.ncrc.org)  
The National Community Reinvestment Coalition is a membership organization that promotes community reinvestment and the necessary public and financial support to increase capital flow to under-served areas.

National Cooperative Business Association  
[www.ncba.coop](http://www.ncba.coop)  
The National Cooperative Business Association is the nation’s leading cooperative trade association. Its members include agricultural cooperatives, credit unions, food co-ops, purchasing co-ops, worker co-ops, and others.

National Federation of Community Development Credit Unions  
[www.cdcu.coop](http://www.cdcu.coop)  
The National Federation of Community Development Credit Unions serves as an advocacy organization on behalf of CDCUs. Through outreach and training, NFCDCU actively promotes the advancement of community development credit unions throughout the nation.

National Forum on Higher Education for the Public Good  
[www.thenationalforum.org](http://www.thenationalforum.org)  
The National Forum on Higher Education, founded in 2001 to extend the work of the Kellogg Commission, has as its aim to “increase awareness, understanding, commitment and action” of the public service role of higher education.

National Low Income Housing Coalition  
[www.nlihc.org](http://www.nlihc.org)  
The National Low Income Housing Coalition is a coalition of affordable housing advocates that is helped lead the campaign for the creation of a National Low Income Housing Trust Fund.
National Rural Electric Cooperatives Association
www.nreca.coop
The National Rural Electric Cooperative Association is a national trade association of 900 member cooperatives that provide electrical service to 37 million people in 47 states.

National Rural Funders Collaborative
www.nrfc.org
The National Rural Funders Collaborative is a philanthropic initiative designed to leverage $100 million over ten years to support rural communities and families facing persistent poverty.

National Vacant Properties Coalition
www.vacantproperties.org
A joint project of Smart Growth America (SGA), Local Initiatives Support Corporation (LISC), and the Metropolitan Institute at Virginia Tech, the National Vacant Properties Campaign aims to help communities prevent abandonment and reclaim vacant properties.

NCB Capital Impact
www.ncbcapitalimpact.org
NCB Capital Impact (formerly the National Cooperative Bank Development Corporation) is a community development lender that supports many different types of community development, including affordable housing, food cooperatives, community facilities, and charter schools.

NeighborWorks America
www.nw.org
The NeighborWorks America is a nonprofit organization, chartered by the federal government, that builds and supports networks of residents and public, private, and nonprofit sector organizations to revitalize declining neighborhoods.

New America Foundation, Asset Building Program
www.newamerica.net/programs/asset_building
New America’s asset building program, founded in 2002, researches and advances public policies to build savings and assets for low-income people in the United States and around the world.
New Profit, Inc.
www.newprofit.com
Since 1998, New Profit has helped a portfolio of social entrepreneurs build world-class organizations and scale their social impact. New Profit provides multi-year financial and strategic support to a portfolio of social entrepreneurs working in education, youth development, workforce development, and other areas.

Ohio Employee Ownership Center
http://dept.kent.edu/oec
The Ohio Employee Ownership Center is a non-profit organization that provides research and technical assistance to those interested in employee-ownership, as well as ownership training to established employee-owned businesses.

Opportunity Finance Network
www.opportunityfinance.net
Opportunity Finance Network is a membership organization comprised of over 150 community development financial institutions across the United States, which collectively provide more than $4 billion in capital. The group aims to leverage private financial markets to achieve economic growth and social gains in communities traditionally denied access to mainstream financing.

Ownership Associates
www.ownershipassociates.com
Ownership Associates is a consulting firm providing a range of services to corporations interested in broadening ownership and participation opportunities for employees, specializing in the design and implementation of employee surveys and education and training programs.

Partners for Livable Communities
www.livable.com
Partners for Livable Communities is a non-profit group founded in 1977 working to improve the livability of communities by promoting quality of life, economic development, and social equity.

Partnership For Working Families
www.communitybenefits.org
Partnership for Working Families provides hands-on research and technical assistance on community benefit agreements to affiliates nationwide.
PolicyLink
www.policylink.org
PolicyLink is a national nonprofit research, communications, capacity building, and advocacy organization working to advance policies to achieve economic and social equity.

Project for Public Spaces
www.pps.org
Founded in 1975, Project for Public Spaces has helped over 1,000 communities improve their parks, markets, streets, transit stations, libraries, and other public spaces.

Public Innovators
www.publicinnovators.com
Public Innovators, a Root Cause initiative, supports government leaders at the city, state, and federal levels and works directly with government entities that are starting state-based initiatives to create a more supportive environment for social innovation and entrepreneurship.

Reconnecting America
www.reconnectingamerica.org
Reconnecting America is a nonprofit organization that focuses on reinventing the planning and delivery system for building around transit and walking rather than solely around the automobile.

Resident Owned Communities USA (ROC USA)
www.rocusa.org
Founded in 2008 with $8 million in seed funding from the Ford Foundation and CFED, ROC USA aims to develop a national network of technical assistance providers to enable mobile home residents to convert their manufactured home communities into cooperatives, thereby enabling residents to build wealth through collective ownership of the manufactured housing park’s land.

Root Cause
www.rootcause.org
Root Cause is a nonprofit organization that advances enduring solutions to social and economic problems by supporting social innovators and educating social impact investors. Root Cause services include advisory and consulting support, research and knowledge, practical tools, and community building.
Smart Growth America
www.smartgrowthamerica.org
Smart Growth America is a coalition of national, state, and local groups working on behalf of the environment, historic preservation, social equity, land conservation, neighborhood redevelopment, farmland protection, labor, and city/town planning.

Social Compact
www.socialcompact.org
Social Compact promotes business investment in lower-income communities by conducting its own highly detailed inner-city neighborhood market analysis (which it calls a “DrillDown” analysis) and through extensive municipal and community trainings and consulting work.

Social Enterprise Alliance
www.se-alliance.org
The Social Enterprise Alliance is the leading trade association in the United States for non-profits engaged in mission-oriented business.

U.S. Federation of Worker Cooperatives
www.usworker.coop
The U.S. Federation of Worker Cooperatives is a national trade association of worker cooperatives and other employee-owned, democratically run workplaces. The federation aims to provide education, training, and technical assistance to its members.

Vermont Employee Ownership Center
www.veoc.org
The Vermont Employee Ownership Center aims to promote and foster employee ownership in Vermont in order to broaden capital ownership, deepen employee participation, retain jobs, increase living standards for working families, and stabilize communities.

Wall Street Without Walls
www.wallstreetwithoutwalls.com
Wall Street Without Walls matches senior and retired volunteers who have investment banking and capital markets experience with community development organizations who are seeking creative solutions to financing challenges of $10 million or more.
APPENDIX D: INTERVIEW SUBJECTS AND CONTRIBUTORS

Jim Baller, President, The Baller Herbst Law Group
Michael Bodaken, CEO National Housing Trust
Ray Boshara, Vice President and Senior Research Fellow, New America Foundation
Janis Bowdler, Associate Director, Wealth Building Policy Project, National Council of La Raza
Jim Carr, Chief Operating Officer, National Community Reinvestment Coalition
Jane DeMarines, Founding Executive Director, National Alliance of Community Economic Development Associations (NACEDA)
Richard Dines, (former) Vice President, Mission Banking, National Cooperative Bank
Danna Fischer, Legislative Director and Council, National Low Income Housing Coalition
Angela Flores, former Deputy Director of Public Policy, Enterprise Community Partners
Lisa Hasegawa, Executive Director, National Coalition for Asian Pacific American Community Development (National CAPACD)
Michael Keeling, President, The ESOP Association
Sandra Kerr, Executive Vice President, Opportunity Finance Network
Jennifer Leonard, Executive Director, National Vacant Properties Coalition
Newell Lessell, President, ICA Group
Roger Lewis, Executive Director, National Community Land Trust Network
John Logue, founding Executive Director, Ohio Employee Ownership Center
Jeffrey Lubell, Executive Director, Center on Housing Policy
Alex Moss, Founder and Principal, Praxis Consulting Group
John Nelson, Managing Parnter, Wall Street Without Walls
Leslie Parrish, Senior Researcher, Center on Responsible Lending
Kris Pendergrast, former Executive Director, Social Enterprise Alliance
Buzz Roberts, Senior Vice President for Policy, Local Initiatives Support Corporation
Corey Rosen, Executive Director, National Center for Employee Ownership
Cliff Rosenthal, CEO, National Federation of Community Development Credit Unions
Kate Rube, Policy Director, Smart Growth America
Adam Schwartz, Vice President of Public Affairs and Member Services, National Cooperative Business Alliance (NCBA)
Michael Shuman, Research and Public Policy Director Business Alliance for Local Living Economy (BALLE)
Steven Tuminaro, Director of Public Policy and Legislative Affairs, NeighborWorks America
Steve Voigt, CEO, King Arthur Flour Company
Carol Wayman, Federal Policy Director, CFED
Kinnard Wright, Grant Specialist, Office of University Partnerships, US Department of Housing & Urban Development
Andrew Wolk, CEO, Root Cause
Sam Zimmerman, Technical Assistance Director, Reconnecting America
Endnotes


Another useful model may be the growth of business incubators. As of October 2006, there were 1,115 business incubators in the United States, supported a variety of academic, government, and economic development sponsors, compared to only a dozen in 1980. See: National Business Incubator Association, Business Incubation FAQ, Athens, OH: NBIA, Nov. 18, 2008, www.nbia.org/resource_center/bus_inc_facts/index.php, accessed Nov. 25, 2008.


12. Quentin Kopp, Statement on Voter Approval of Proposition 1A From Quentin Kopp, Chairman, California High Speed Rail Authority, Sacramento, CA: California High Speed Rail Authority, Nov. 5, 2008.


The Democracy Collaborative at the University of Maryland was established in 2000 to advance a new understanding of democracy for the 21st century and to promote new strategies and innovations in community development that enhance democratic life.

The Collaborative is a national leader in the field of community development through our Community Wealth Building Initiative. The Initiative sustains a wide range of projects involving research, training, policy development, and community-focused work designed to promote an asset-based paradigm and increase support for the field across-the-board.

Our research, strategy and policy website – www.Community-Wealth.org – is updated quarterly and is a comprehensive source for information about the community wealth building movement nationwide.

A current flagship project of The Democracy Collaborative is the Evergreen Cooperative Initiative in Cleveland, Ohio. In partnership with The Cleveland Foundation, the Ohio Employee Ownership Center at Kent State University, and many of Cleveland’s major health and educational “anchor institutions,” the Collaborative has designed and is helping to implement a comprehensive wealth building effort in six low-income neighborhoods. The Initiative is building community-based businesses that will employ hundreds of local residents. Each new start-up company is organized as a green worker cooperative. For more about the Initiative, visit www.Community-Wealth.org.