Municipal Policies for Community Wealth Building
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<tr>
<th>Acronyms</th>
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<tr>
<td>BCDI</td>
<td>Bronx Cooperative Development Initiative</td>
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<td>BDC</td>
<td>Baltimore Development Corporation</td>
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<td>BFPI</td>
<td>Baltimore Food Policy Initiative</td>
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<td>CDS</td>
<td>Community Dental Services</td>
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<td>CEANYC</td>
<td>Cooperative Economics Alliance of New York City</td>
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<td>CLT</td>
<td>Community Land Trust</td>
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<td>DAWI</td>
<td>Democracy at Work Institute</td>
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<td>ESOP</td>
<td>Employee Stock Ownership Plan</td>
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<td>EU</td>
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<td>GDP</td>
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<td>Housing Development Fund Corporation</td>
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<td>Neighborhood Revitalization Program</td>
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<td>Small Business Services</td>
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<td>Supplemental Nutrition Assistance Program</td>
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<td>NYC NOWC</td>
<td>NYC Network of Worker Cooperatives</td>
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<td>OCWB</td>
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<td>OEOC</td>
<td>Ohio Employee Ownership Center</td>
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<td>OFE</td>
<td>Office of Financial Empowerment</td>
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<td>PSM</td>
<td>Public Service Mutual</td>
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<td>WCBDI</td>
<td>Worker Cooperative Business Development Initiative</td>
</tr>
</tbody>
</table>
# Table of Contents

4  
Message from Deputy Mayor J. Phillip Thompson

6  
Message from Commissioner Lorelei Salas

8  
Introduction

10  
How Inclusive Ownership Furthers the Public Good

12  
Support for Inclusive Ownership in New York City—Past Efforts and Future Prospects

15  
A Framework for Successful Inclusive Ownership Policies

18  
Chapter 1: Building a Basis for Inclusive Ownership

22  
Policy Profile #1: Legal Definition of Cooperatives in Italy

24  
Policy Profile #2: Mandatory Reinvestment Commitments and Cooperative Federations

26  
Policy Profile #3: Tax Benefits for Cooperatives in Italy

28  
Policy Profile #4: Regulating and Promoting the Social Economy and Cooperatives in the Basque Country

30  
Policy Profile #5: Cooperative Business Development and Innovation Center in the Basque Country

32  
Policy Profile #6: Mayoral Offices of Community Wealth Building

34  
Chapter 2: Inclusive Ownership as Economic Development

38  
Policy Profile #7: Ownership Succession Planning at the Ohio Employee Ownership Center

40  
Policy Profile #8: Comprehensive Social Economy Support Plan in Seoul

42  
Chapter 3: Inclusive Ownership as Public Service and Public Investment

46  
Policy Profile #9: Support for Public Service Mutuals in the U.K.

48  
Policy Profile #10: Barcelona Cooperative Housing

50  
Policy Profile #11: Champlain Housing Trust

52  
Policy Profile #12: Public Procurement in Preston, U.K.

54  
Policy Profile #13: Bank of North Dakota

56  
Chapter 4: Inclusive Ownership in the Neighborhood

60  
Policy Profile #14: Minneapolis Neighborhood Revitalization Program

62  
Policy Profile #15: Baltimore Food Policy Initiative

65  
Conclusion

66  
Works Cited
Message from Deputy Mayor
J. Phillip Thompson

This important report is being published during an unprecedented time. COVID-19 has beset New York City, transforming life as we knew it, and presenting challenges with no parallel in recent history.

As we work tirelessly on response and recovery, it is paramount that we recognize that the devastation of this virus has not fallen equally across our city. Black and Latinx New Yorkers have suffered disproportionately. We know this from the numbers: higher rates of infection; higher rates of death; higher risk of income and job loss relative to other New Yorkers.

The loss and pain in these communities have exposed anew the deep and persistent racial inequities in our city and country. And while we express our deepest gratitude for our frontline workers—our health care workers, our caregivers, our grocery store workers, our delivery workers—we must acknowledge that many of these essential workers are people of color who labor for low wages with relatively few protections.

We can do better.

Even before the pandemic, the City of New York was working toward a future where all New Yorkers have access to economic opportunity. To this end, the de Blasio Administration has supported minority- and women-owned business enterprises; expanded worker protections, including launching the Office of Labor Policy & Standards in the recently renamed Department of Consumer and Worker Protection (DCWP); and deepened our focus on innovative strategies that promote inclusion and enable workers and communities to capture their fair share of the economic prosperity they help to create.

Inclusively owned businesses and other inclusive ownership models are one powerful and promising strategy to meet the moment:

- For workers, inclusive ownership creates opportunities for asset building and wealth generation, especially among New Yorkers with low and moderate incomes and communities of color.
- For businesses, inclusive ownership promotes greater worker decision making and democracy, which leads to greater economic resilience, productivity gains, innovation, and growth with social impact.
- For communities, inclusive ownership acts as a vehicle for communities to take greater control over the most important aspects of their economic lives and to rectify enduring economic disparities.

I commend the DCWP Office of Financial Empowerment (OFE) for the work that resulted in Municipal Policies for Community Wealth Building. The domestic and international strategies outlined in this report offer insights for the City’s vision of economic inclusion, in particular the critical role that municipal policies, public finance, and business assistance programs can play in affording communities the ability to shape their lives and the economy. They are important guideposts for the months and years of recovery ahead.

Local and state governments can go a long way in embedding democracy and civic participation into the very fabric of the public sphere. The result will likely be a stronger economy and public savings. We look forward to working with business, worker, and community organizations to leverage these insights and build an inclusive economy in New York City.

J. Phillip Thompson
Deputy Mayor
Message from Commissioner Lorelei Salas

We were set to publish Municipal Policies for Community Wealth Building when the COVID-19 pandemic hit. Although the important work outlined in this report remains relevant, much about work and life in New York City has been upended.

My original message had begun with the statement: New York City is a thriving metropolis because of the strength of its communities. Every day, I am reminded that New Yorkers’ resolve and spirit of cooperation are undiminished. Examples abound of New Yorkers who have come together to serve their communities—delivering groceries to neighbors, supporting one another through mutual aid societies, performing essential work as health care, grocery, and delivery workers, to name a few.

The resolve of the Department of Consumer and Worker Protection (DCWP) is undiminished, as well. As the Agency with a mission to protect and enhance the daily economic lives of New Yorkers, we are actively enforcing emergency measures to prevent price gouging on essential items like face masks and hand sanitizer at the same time we are actively enforcing local labor laws to fight for every worker in New York City who has been there for all of us.

This report was borne from DCWP’s past work, namely the Collaborative for Neighborhood Financial Health, a first-of-its-kind initiative that took a community wealth building approach to better understand how neighborhoods influence the financial health of their residents. Findings are documented in How Neighborhoods Help New Yorkers Get Ahead.

Before the pandemic, we had intended Municipal Policies to offer a policy framework for strengthening the financial health and asset building opportunities of New Yorkers with low incomes and their communities.

Now, we believe Municipal Policies can help guide a response and recovery that will generate shared, stable, equitable prosperity for all New Yorkers. Although the profiles predate the pandemic, the strategies to root wealth in resilient community institutions are well-suited to the challenges that our current moment of economic uncertainty presents. Shared enterprises—such as worker-owned businesses and public banks—have often served as anchors of stability in past times of economic peril. In fact, according to a May 15 article in The Washington Post, the Bank of North Dakota, a public bank profiled in this report, was providing crucial support to workers and small businesses during the present economic shock.

Municipal Policies surveys strategies that 15 cities and regions in the U.S. and around the world are undertaking to strengthen the economic and financial health of their communities. Drawing from a diversity of policies and programs—from Seoul, South Korea to Kent, Ohio—we examine some of the most promising examples of community wealth building.

I am grateful to the officials and experts who shared their insight into the work they’ve done to strengthen their communities. I look forward to continuing the conversation with many more.

Lorelei Salas
Commissioner
Since its inception in 2006, the Department of Consumer and Worker Protection (DCWP)’ Office of Financial Empowerment (OFE) has identified persistent, systemic conditions that limit access to asset building and deplete community wealth. Many are consistent with long-standing patterns of racial discrimination and disinvestment, which create structural and place-based impediments to financial empowerment and perpetuate cycles of intergenerational poverty. To confront these conditions, OFE has embraced a community wealth building strategy that is focused on empowering neighborhoods to generate wealth.

As an approach to economic development, community wealth building prioritizes inclusive growth directed by community decision-making and sustained through broad-based ownership. Using policy research and analysis as part of a comprehensive effort, OFE pursues its community wealth building work through dual strategies:

1. improving neighborhood financial health; and
2. creating opportunities for inclusive ownership.

OFE’s neighborhood financial health strategy is documented in the report How Neighborhoods Help New Yorkers Get Ahead.

As part of its efforts to expand inclusive ownership opportunities, OFE conducted extensive research into initiatives in localities around the country and the world, including conversations with researchers, practitioners, and policymakers. The result is Municipal Policies for Community Wealth Building, a report with 15 profiles that:

• document how public support for inclusively owned businesses such as worker-owned enterprises, member-owned banks and credit unions, and housing cooperatives are used as policy tools by municipal, regional, and national governments to create more resilient, equitable, and vibrant economies and communities; and
• provide a policy framework to support DCWP’s mission to improve the daily economic lives of New Yorkers and the City of New York’s broader economic development goals to create a more equitable city.
Within DCWP, OFE has a mission to educate, empower, and protect residents and neighborhoods with low incomes so they can improve their financial health and build assets. OFE pursues this mission through five core strategies:

2. Providing Free, High-Quality, One-on-One Financial Counseling and Coaching.
5. Empowering Neighborhoods to Generate Wealth.

At NYC Financial Empowerment Centers, which offer free one-on-one professional financial counseling, OFE has assisted more than 50,000 clients, helping them to achieve their financial goals. Through NYC Free Tax Prep, which offers free tax preparation services for eligible New Yorkers, OFE has supported hundreds of thousands more to build their wealth by ensuring that they take full advantage of the tax credits and deductions they are owed without having to pay high fees to private preparers.
Opportunities for individuals and communities to build wealth are limited by the distribution and forms of asset ownership. Ownership forms range from privately held assets to inclusively owned enterprises.

With privately held assets—such as private real estate holdings, privately held businesses, investor-owned corporations, and investor-owned banks—ownership (and potential for wealth creation) is concentrated.

Inclusively owned enterprises—such as housing cooperatives, community- or worker-owned businesses, and credit unions—are generally:

- owned and controlled by their users or other community actors;
- have ownership open to all users; and
- distribute profits and other benefits to their owners or to the communities in which they are located.

Further examples of inclusive forms of ownership include employee stock ownership plans (ESOP), consumer cooperatives, community-owned corporations, and community land trusts (CLT).

By increasing access to asset ownership and wealth generation, inclusively owned businesses can play a significant role in reversing the underlying causes of widening disparities in household wealth.

In the course of its broader research into inclusive ownership in New York City, OFE found that existing inclusively owned institutions already have a marked positive effect on the financial lives of New Yorkers. OFE distilled the following four principles:

1. Inclusive ownership models help New Yorkers with low and moderate incomes and communities of color build assets.
   - Credit unions in New York City offer better returns on deposits and more affordable terms on loans than commercial banks.
   - Businesses with ESOPs provide workers with better compensation, wider access to benefits, and greater job stability than concentrated ownership firms.
   - Limited equity housing cooperatives provide affordable housing to hundreds of thousands of New Yorkers, allowing them to build wealth and invest in tools for upward mobility.

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3 The terms “closely held” and “privately held” will be used to distinguish conventional (to the U.S.) forms of ownership in which one or a small number of owners and/or investors or investment entities own an enterprise from inclusive forms of ownership in which a large number (relative to the size of the enterprise) of workers, members, and/or consumers collectively own the enterprise.

4 A formal definition or set of criteria for what is considered an inclusively owned business is a key aspect of any policy support for inclusive ownership. Policies studied for this report range from those that strictly support legally incorporated cooperatives to those that support the social economy more broadly, including ownership models such as Community Land Trusts and Employee Ownership Trusts.

5 New York Credit Union Association 2018; Credit Union National Association 2018.

6 Wiefek 2017.
2. Inclusive ownership models promote a fairer, more resilient economy that helps members weather economic downturns.

- Worker cooperatives and ESOPs lay off fewer workers and have better survival rates during economic downturns than concentrated ownership firms.\(^7\)
- Worker cooperatives have lower levels of disparity between compensation for workers and executives than concentrated ownership firms.\(^8\)
- Businesses with ESOPs provide workers with wider access to benefits and greater job stability than concentrated ownership firms.\(^9\)
- Homes on CLTs are less likely to be in foreclosure than homes on the private market.\(^10\)

3. Inclusive ownership models allow communities and individuals to take greater control over the most important aspects of their economic lives.

- Worker cooperatives and many ESOPs offer workers opportunities to participate in management decisions and governance of their companies.\(^11\)
- Housing cooperatives empower residents with decision-making power over their buildings and where they live.\(^12\)
- CLTs place development and affordability rights in the hands of community members over risky investors.

4. Inclusive ownership models encourage civic engagement and democratic ideals and practices.

- Members of housing cooperatives and worker cooperatives vote at higher rates than the general public.\(^13\)
- Members of worker cooperatives are more likely to volunteer and get involved in their communities than the general public.\(^14\)
- Consumer and worker cooperatives provide members with opportunities to build and put into practice democratic ideals.\(^15\)
- Housing cooperatives provide leadership and organizing opportunities to people of color, and especially women, with low and moderate incomes who might not otherwise have those opportunities.\(^16\)

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8 Schlachter 2017.
10 Thaden 2011; Calhoun and Walker 1994.
12 Saegert 1989.
13 Schlachter 2017; Clark 1994.
14 Schlachter 2017.
15 Ibid.
16 Saegert 1989.
Support for Inclusive Ownership in New York City—Past Efforts and Future Prospects

Inclusive ownership has been an important and recurring part of New York City’s history, especially for its role in creating a more livable city for immigrant New Yorkers and New Yorkers with low incomes. This history reaches as far back as the first not-for-profit housing cooperatives formed by Finnish immigrants in 1916 (some of which are still in operation).

Today, the city is home to both the largest worker cooperative (Cooperative Home Care Associates) and the largest housing cooperative (Co-op City) in the country. 17 Other prominent inclusively owned organizations in New York City include:

- **Polish and Slavic Credit Union**: Established in 1976, it now manages $1.8 billion in assets.
- **Amalgamated Housing Cooperative**: Built in 1927 for garment workers, it is the oldest limited equity housing cooperative in the country and still affordable to families with moderate incomes today.

Along the way, New York City government has taken steps to support inclusive ownership, especially housing cooperatives, to help New Yorkers with low incomes build assets. Examples include:

- **Housing Development Fund Corporation (HDFC) Cooperatives**: The City played an instrumental role in creating and supporting income-limited HDFC cooperatives. More than 24,000 units exist today. 18
- **Department of Small Business Services (SBS) Worker Cooperative Business Development Initiative (WCBDI)**: The City Council backed WCBDI, which supported 64 worker cooperatives in 2017, the third year of the program. 19
- **Community Land Trusts Capacity Building Initiative**: The Department of Housing Preservation and Development (HPD) is supporting the formation and expansion of CLTs in the city through a $1.65 million grant from nonprofit affordable housing developer Enterprise Community Partners. In a second round of funding, the City was awarded grants totaling $1.6 million for CLT investment, which will finance three CLT development projects and help subsidize HPD staffing for the newly formed CLT program.

In addition to the City’s efforts, a network of mutual support among cooperatives, cooperative developers, and cooperative membership organizations is growing in strength and reach in New York City. For example:

- Cooperative developers provide support to businesses seeking to incorporate under or transition to worker ownership. These include NYC Network of Worker Cooperatives (NYC NOWC; the New York City worker cooperative trade association),

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17 Co-op City is not only the largest cooperative housing development in the U.S. but also the largest residential development of any kind in the country.
18 Roesch 2018.
19 See NYC Department of Small Business Services and NYC Mayor’s Office of Contract Services 2017.
Bronx Cooperative Development Initiative (BCDI), Center for Family Life, Democracy at Work Institute (DAWI), FPWA, Green Worker Cooperatives, and ICA Group, among others.

Other sectoral groups and alliances work to organize and align priorities of inclusively owned organizations in New York City. These include Cooperative Economics Alliance of New York City (CEANYC), NYC Community Land Initiative (NYCCLI), and Public Bank NYC.

Community Development Credit Unions such as the Lower East Side People’s Federal Credit Union and organizations such as The Working World play a crucial role in financing other inclusively owned organizations in the city.

Despite these efforts, inclusively owned organizations still face significant obstacles to growth and sustainability. Access to sufficient and appropriate financing and support for new and would-be member-owners are among the most common.

Also, a small but troubling portion of HDFC cooperatives find themselves in financial straits and are struggling to transition leadership to a new generation of residents. Training and technical support for the boards and members of these cooperatives remain a critical resource. Mitchell-Lama cooperatives, too, continue to contend with privatization efforts, and some require restructured financing to remain sustainable.

At the same time, many of the worker cooperatives that have sprung up in recent years could benefit from new sources of investment to expand their operations, especially for those in service industries facing rapid disruption.

With a comprehensive policy framework for inclusive ownership, the City can better position itself and the inclusive ownership sector to surmount these challenges.
A Framework for Successful Inclusive Ownership Policies

In its research OFE explored how inclusive ownership can create asset building opportunities for New Yorkers with low and moderate incomes by giving them stake in their enterprises and affording them a stronger voice in the direction of the economy. Modes of inclusive ownership—such as housing cooperatives, CLTs, worker-owned businesses, and credit unions—exist in many sectors of the economy that are most critical to workers and consumers, including housing, business enterprises, and financial institutions. When supported by local government, inclusive ownership has demonstrated the potential to make asset ownership more open and attainable.

OFE found that the most successful policies for promoting community wealth building through inclusive ownership do more than provide support to inclusively owned businesses: they create a framework that fosters a regulatory and economic environment in which inclusively owned businesses can grow sustainably and serve their communities. The most effective regulatory schemes understand that inclusively owned firms are fundamentally different from firms with concentrated ownership in terms of functions and aims.

OFE further distilled five essential principles that provide the framework for successful inclusive ownership policies and programs. While any one policy or program does not need to embody all five principles at once, it is important that any set of policies and programs addresses all five principles.
A clear legal definition of the various formal aspects of inclusive ownership, including access to and distribution of ownership, as well as any tax treatment that differs from privately held or not-for-profit legal entities is a necessary foundation for the rights, benefits, and responsibilities to be legally assigned to inclusively owned enterprises. It also standardizes and simplifies broad-based ownership models, making them more approachable to policymakers and future members.

Policies and programs provide public sector support for new and existing inclusively owned business.

- **Organizational Development:** Examples include business consulting for new businesses or existing firms seeking to launch new product lines.
- **Access to Markets:** May include working with institutional purchasers to increase purchasing from inclusively owned businesses; outreach to inclusively owned businesses about specific business opportunities; or preference for inclusively owned businesses in contracting.
- **Access to Financing:** Examples include grants, loan funds, and loan guarantee programs for worker buyouts of existing businesses and working capital financing for inclusively owned businesses receiving large contracts.

Policies and programs build both organizational and financial resilience.

- **Organizational Resilience:** Requiring membership in cooperative networks and associations to provide training to new cooperative members about their governance rights and the mission of cooperative organizations; development of cooperative franchises where many cooperative firms receive support from a central business developer who is in turn owned by the franchisees.
- **Financial Resilience:** Requiring that a certain level of profits be retained inside of cooperatives, creating businesses that have healthy balance sheets and can weather tough financial times.

Policies and programs ensure inclusively owned businesses fulfill a community wealth building mission. There are three areas of social impact:

- **Ensuring Inclusion**: Requiring worker cooperatives to have a high percentage of workers who are owners in order to qualify for tax advantages.

- **Focusing on Business and Inclusive Ownership Sector Growth**: Requiring a set portion of cooperatives’ net profits go toward a fund for the development of new cooperatives.

- **Connecting to Place**: Neighborhood investment programs that emphasize community control over the course of development in neighborhoods with histories of underinvestment.

5. Social and Governmental Recognition of Inclusive Ownership.

Policies and programs normalize inclusive ownership business models inside of governments, business communities, and civil society. Examples include the Mayor’s Offices of Community Wealth Building in Rochester, New York and Richmond, Virginia and, in European countries, Offices of the Social Economy, which review policies and regulations for their impact on businesses with many owners and promote programs that publicize inclusive ownership models to business owners and civil society.

In the framework, the legal definition serves as the foundation, providing a basis for inclusively owned enterprises to receive development support and to be held to higher standards of organizational resilience and social impact, ultimately building toward social and governmental recognition of the importance of inclusive ownership. In turn, this recognition safeguards the other principles of the framework against inevitable social, economic, and political pressures.”
Chapter 1:

Building a Basis for Inclusive Ownership
This chapter includes profiles of policies that countries, regions, and cities looking to build a foundation for inclusive ownership in their jurisdictions may use as a starting point.

Even localities that already offer some support mechanisms for inclusive ownership may be able to strengthen the environment they have begun building.
Legal Definition of Cooperatives in Italy

**Principles**
- Legal and Regulatory Foundation

**Place**
- Italy

**Time frame**
- 1940s – Present

**Stakeholders**
- Italian government
- Italian cooperatives and worker-owners
- Cooperative federations and solidarity funds

Legal recognition of cooperatives as unique economic entities is at the foundation of the Italian system of cooperatives, which in some regions account for up to 30 percent of regional economic output.

**Policy Summary**
In Italy, cooperatives are recognized as a unique legal entity that serves social and economic functions distinct from nonprofit corporations, privately held companies, and investor-owned firms. Italy’s legal recognition of cooperatives has paved the way for further legislative supports and regulations that have allowed cooperatives to flourish, especially in areas where those supports and regulations are most robust.

**Impacts**
Italy’s statutes establishing cooperatives as special legal entities form the foundation of a system that has made Italy a worldwide leader in inclusive ownership. On that foundation, the Italian government has added other provisions for the resiliency and social impact of cooperatives which, together, generate a more equitable distribution of wealth to ensure a more inclusive economy.

In areas of Italy that have fully embraced cooperatives:
- cooperative economic activity accounts for roughly a third of regional Gross Domestic Product (GDP);
- unemployment is 4.7 percentage points lower than Italy as a whole; and
- the percentage of people at risk of becoming impoverished is 14 percentage points lower than the national average.

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20 Similar legislation also exists at the national level in Spain and regionally within the Basque Country—one of the strongest cooperative economies globally and home to the world’s largest worker cooperative, the Mondragon Corporation. In addition to national legislation, the European Union (EU) provides a uniform legal status for various forms of cooperatives. Since 2003, ‘European Cooperative Societies’ allow for and promote transnational cooperative activities within the EU.
21 See Policy Profiles #2 and #3.
22 See, for example, Landin 2018; Gosling 2003; Interview Landin 2018.
Moreover, during economic downtimes, Italian cooperatives experience fewer layoffs than privately held firms.24

While the Italian constitution has recognized inclusively owned firms since the 1940s, more recent adjustments have also produced dramatic impact. The social cooperatives sector has more than doubled since 1991, when a law was passed that legally defined and promoted them as a unique form of cooperatives.

**Key Features**

Italian law recognizes and promotes cooperatives as legal entities separate from for-profit or not-for-profit corporations based on their broad social benefits. Cooperatives are regulated and promoted both by the Italian Constitution, which states explicitly that “the Republic recognizes the social function of co-operation of a mutually-supportive, non-speculative nature,” 25 and by Italian law. These statutes codify basic cooperative principles, such as:

- the mandate that all members are represented equally in governing the cooperative (the “one person, one vote” standard); and
- the obligation of cooperatives to primarily employ cooperative members (or sell to members, in the case of consumer cooperatives).26

Italian law also emphasizes the social functions of cooperatives, including a duty to contribute to community well-being and the responsibility of cooperatives to support one another (“cooperation between cooperatives”).27

To distinguish cooperatives from private corporations, the law places restrictions on the distribution of their profits28 and on the employment of (or sales to) non-members. In return for constraints intended to ensure their continued operation and social purpose, cooperatives receive favorable tax treatment.29

Since 1991, the notion that cooperatives contribute to social well-being has been extended to include services provided by “social cooperatives” to benefit the wider public.30 This allows for preferential treatment of social cooperatives in the procurement of social services.
Cooperative federations are business membership organizations for cooperative businesses, generally organized by business sector and by region. They provide support services to their members and promote the sector of cooperative business that they represent.

See Policy Profile #3.

**Principles**
- Legal and Regulatory Foundation
- Provisions for Enterprise Resilience
- Social Impact

**Place**
- Italy

**Time frame**
- 1940s – Present

**Stakeholders**
- Italian government
- Italian cooperatives and worker-owners
- Cooperative federations and solidarity funds

Restrictions on the disbursement of profits from cooperative firms in Italy make for stronger companies that stabilize employment during economic downturns. These requirements are one part of a larger strategy of cooperative development that also includes tax benefits.

**Policy Summary**
Recognizing the importance of encouraging the growth and resilience of cooperatives, the Italian government places two special requirements on the profits generated by cooperative firms. All cooperatives must:

1. retain 30 percent of their net profits inside of the business in an *indivisible reserve*; and
2. contribute 3 percent of net profits to investment funds for other cooperatives called *solidarity funds*.

An *indivisible reserve* is a fund of retained earnings that the cooperative must reinvest in the business or keep as a source of liquidity. The fund can never be disbursed to individual members.

In addition to seeding the development of new cooperatives, *solidarity funds* provide services to existing cooperatives through cooperative federations. While membership in a federation is not mandatory, most cooperatives join in order to take advantage of these benefits.

Together, these requirements strengthen individual cooperative firms—and the cooperative sector as a whole—in Italy. In exchange for limits on the profitability of cooperative firms for individuals, and in recognition of the security and quality of the jobs these firms create, the government offers tax benefits to cooperatives.33

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32 Cooperative federations are business membership organizations for cooperative businesses, generally organized by business sector and by region. They provide support services to their members and promote the sector of cooperative business that they represent.

33 See Policy Profile #3.
In addition to indivisible reserves, cooperatives’ payments into solidarity funds provide an additional growth engine and resilience tool that reach beyond any one firm. Research suggests that solidarity funds have been a key factor contributing to the development and sustainability of the social enterprise and cooperative sector in Italy. The largest Italian solidarity fund, Coopfond, administered by Legacoop cooperative federation, is worth $340 million. Its impact alone is substantial. In the eight years between 1994 and 2001, Coopfond invested $101 million in cooperatives, resulting in 7,300 jobs.

Key Features

The indivisible reserve is owned and controlled by the cooperative but can never be divided among members. “Indivisible” means that if the cooperative ceases to exist as a cooperative (for example, because it closes or is sold), the reserve will go to a cooperative development fund, a federation, or another cooperative organization and will not be available to individual members.

Solidarity funds, on the other hand, are administered by the Italian government in partnership with cooperative federations to provide services to new and existing federation members. Cooperatives generally opt to join one of these federations (similar in some respects to regional and trade business organizations but tending to provide even greater levels of support and cooperation) in order to gain access to these services, creating networks that further strengthen the resilience of the cooperative sector.

Both the indivisible reserve and solidarity fund provisions are based on the legal recognition of cooperatives as entities serving the common good. The restrictiveness of these provisions is offset by favorable tax treatment; together, they create a system that promotes healthy growth and shared prosperity.

Indivisible reserves and solidarity funds are not unique to Italy; other jurisdictions with strong cooperative laws such as the Basque Region in Spain and certain Canadian provinces make use of similar tools.
Tax Benefits for Cooperatives in Italy

Principles
- Legal and Regulatory Foundation
- Provisions for Enterprise Resilience
- Social Impact

Place
- Italy

Time frame
- 1940s – Present

Stakeholders
- Italian government
- Italian cooperatives and worker-owners
- Cooperative federations and solidarity funds

Tax benefits for cooperatives are a fundamental part of cooperative development strategy in Italy, in addition to mandates on indivisible reserves and contributions to solidarity funds. They help make regions like Emilia Romagna among the most economically successful in the European Union (EU).

Policy Summary
Cooperatives in Italy40 enjoy a number of tax benefits—including on corporate income tax—to encourage the growth of the sector and acknowledge the social benefits that cooperatives provide. Social cooperatives which, by law, must provide social services such as home care, child care, educational programming, and job training are afforded even more generous tax relief. These tax benefits are purposefully codified in the same statutes that define cooperatives and impose restrictions on how portions of their profits can be used,41 reflecting an underlying theory that the public benefits that cooperatives receive must be tied to social and economic responsibilities.

Impacts
The Italian tax regime for cooperatives—along with their legal definition and provisions to ensure resilience and sustainable growth42—make Italy one of the strongest cooperative economies in the world. Regions like Emilia Romagna that fully embrace cooperatives and use tax benefits to incentivize their development rank among the most economically successful within the EU and have considerably lower levels of income inequality as compared to the rest of the country.43 These tax benefits help cooperatives to adhere to provisions ensuring resiliency and sustainability over time in the form of restrictions on profit disbursement,44 thus maximizing public investment.

40 Similar tax benefits and requirements exist in other places with strong political support for cooperatives. The Foral territories within Spain’s Basque Region (Gipuykoa, Biykaia, and Araba) provide rebates of 50 percent to 100 percent on contributions to indivisible reserves and solidarity funds (see Policy Profile #5) and a reduction on company income tax of 6 to 8 percent.
41 See Policy Profile #2.
42 See Policy Profiles #1 and #2.
44 See Policy Profile #2.
The tax relief granted to cooperatives by the Italian government is designed to provide the greatest benefits to the businesses and business practices that generate the greatest public good.

The greatest economic impact of this regulatory system results from the tax deductibility of profits that are reinvested in cooperatives’ indivisible reserves. This benefit incentivizes Italian cooperatives to reinvest an average of 86.8 percent of their net profits (far exceeding the legally mandated 30 percent), spurring capital investment as well as research and development. Reinvestment allows firms to expand their operations and safeguard their financial future, which translates to more jobs with better job security.

Key Features
The tax relief granted to cooperatives by the Italian government is designed to provide the greatest benefits to the businesses and business practices that generate the greatest public good. Indivisible reserve funds are entirely tax exempt as are firms’ annual contributions to solidarity funds. Both tax policies provide a return on public investment by encouraging the healthy growth of the cooperative sector, in turn creating more good jobs. Cooperatives also pay lower corporate tax rates than private companies.

Established by Italian law in 1991, social cooperatives receive further tax exemptions based on the social functions they fulfill. Social cooperatives offer social services that directly benefit vulnerable populations, including:

- home care for the elderly and those with disabilities;
- child care for working parents; and
- educational programming and job training for the unemployed.

Disadvantaged workers’ cooperatives are a type of social cooperative that employs those with high barriers to employment, including:

- people with disabilities;
- people with a history of substance abuse and addiction;
- the elderly;
- formerly incarcerated individuals; and
- recent immigrants.

In return for providing this important public service, disadvantaged workers’ cooperatives do not have to pay national insurance contributions on their earnings.

Many of the tax benefits conferred on social cooperatives today were previously extended only to nonprofits. These include tax exemptions on private donations and tax benefits for those buying “solidarity bonds,” which are used to finance nonprofit activities.

Tax benefits for cooperatives are conditional on specific requirements for membership and business practices. These standards ensure that cooperatives fulfill the economic and social functions for which they receive preferential tax treatment and help to clearly delineate cooperatives from other business types.

To qualify for tax benefits, cooperatives’ member “use” must exceed 50 percent of their total “use” as proof that they are “mainly mutual co-ops” or “co-ops with a mutual purpose.”

In a worker cooperative, “use” is measured by the percentage of labor costs which are paid to worker cooperative members.

In consumer cooperatives, “use” is measured by the percentage of sales to cooperative members.

As the proportion of a cooperative’s economic activity (“use”) with non-members increases relative to that with members, it becomes harder to distinguish from a privately held or shareholder-owned firm.

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45 Navarra 2009.
46 Italian Civil Code 2003 Item. VI art. 2511-2548.
Regulating and Promoting the Social Economy and Cooperatives in the Basque Country

Principles
- Social Impact
- Social and Governmental Recognition of Inclusive Ownership

Place
- Basque Country, Spain

Time frame
- 1978 – Present

Stakeholders
- Basque government
- Directorate of Social Economy
- Department of Labor and Justice
- Higher Council of Basque Cooperatives
- Basque cooperatives

Recognition and support for the cooperative sector from public agencies in the Basque Country bolster healthy development of the region’s robust cooperative economy, which includes Mondragon Corporation, the world’s largest cooperative network, accounting for over 80,000 jobs and 266 companies.

Policy Summary
The cooperative sector in the Basque region of Spain is regulated and supported by two institutions within the regional government:
- Directorate of Social Economy:47 Charged with promoting cooperative development and ensuring that existing cooperatives comply with regulatory mandates.
- Higher Council of Basque Cooperatives: Provides a formal channel for cooperatives to advise the regional government and engage in productive dialogue.

Impacts
The Basque region boasts among the strongest cooperative economies in the world. Since 1956, it has been home to the world’s biggest and most successful worker cooperative network, Mondragon Corporation. Founded by a Spanish priest in response to the poverty in the area at the time, Mondragon now counts 266 companies and cooperatives among its network, accounting for 80,818 jobs.48

While Basque Country is among the wealthiest regions in Spain, it maintains a level of income inequality lower than anywhere else in Europe except for Sweden and an unemployment rate lower than the rest of Spain.49

47 Social economy is a term used to reference a range of institutions and businesses that prioritize serving a social function, including traditional nonprofit organizations, nonprofit foundations, corporations with a social mission, and cooperatives. For further reading, see https://ec.europa.eu/growth/sectors/social-economy_en.
48 Mondragon Corporation n.d.
49 Bastegieta 2014; European Commission 2016.
50 Observatorio Español de la Economía Social 2018.
Key Features
The Directorate of Social Economy’s mandate is to promote a competitive and sustainable social economy business sector. It is located within the Department of Labor and Justice and is responsible for:

- supporting the creation of new social economy companies through programs and policy;
- spreading cooperative values and principles and increasing their visibility;
- certifying cooperatives and ensuring compliance with cooperative principles; and
- systemically tracking the development of the cooperative sector.

Closely associated with the Directorate, the Higher Council of Basque Cooperatives is a public entity composed of representatives from cooperative federations, the Basque government, and universities that has a consultative and advisory role.

Agencies similar to the Directorate exist in Italian and Canadian regional and provincial governments.

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Key Highlights

<table>
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<tr>
<th>1956</th>
<th>266</th>
<th>80,818</th>
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<tr>
<td>Date when Mondragon Corporation, the world’s biggest and most successful worker cooperative network, was founded.</td>
<td>Number of companies and cooperatives in Mondragon’s network.</td>
<td>Number of jobs supported by Mondragon.</td>
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Cooperative Business Development and Innovation Center in the Basque Country

**Principles**
- Business Development Support
- Social and Governmental Recognition of Inclusive Ownership

**Place**
- Mondragon, Basque Country, Spain

**Time frame**
- 1985 – Present

**Stakeholders**
- Mondragon Corporation
- Saiolan

The development and advancement of cooperative businesses are at the heart of Saiolan, a business development center in the Basque region of Spain that has had a hand in creating 172 enterprises that together employ 2,281 people.

**Policy Summary**
Saiolan is the business support and development center of Mondragon Corporation, the world’s largest cooperative network, in Basque Country, Spain that helps launch new inclusively owned businesses and bring new products to market for existing inclusively owned businesses. With support from the indivisible reserve funds of existing cooperatives and from the regional government, Saiolan plays a crucial role in the development of the cooperative economy in the Basque Country, particularly in the advanced manufacturing and high-tech industries for which the region is known.

**Impacts**
Saiolan was founded in 1985 by a group of professors at a local university in the Basque Country in response to unemployment rates among university graduates upward of 50 percent to equip these graduates with the skills necessary to become entrepreneurs, creating jobs for themselves and others.

Since then, Saiolan has grown beyond its university origins into an engine of industry and innovation with close ties to the regional government, Mondragon Corporation, and local business associations. It leverages these relationships to enhance the opportunities available to the firms that it incubates. For example, through its relationship with Garaia, Mondragon’s technology park, Saiolan helps to pair foreign technology businesses looking to enter the European market with existing businesses in the Basque Country to partner on their ventures.
Saiolan addresses these challenges by providing specialized support to the particular needs of inclusively owned businesses. This includes:

- customized management courses and training programs; and
- access to capital through partnerships with universities and research institutions, industry, financial institutions, and the regional government.

While not a publicly owned entity, Saiolan is an important part of the Basque region’s economic and workforce development strategy, making the scale of its impact similar to that of public policy. Furthermore, while initially funded internally through indivisible reserves and donations by worker cooperatives, public funding for the center has increased steadily, rendering Saiolan closer to a quasi-public entity today.

Saiolan has been very successful in these endeavors. As of 2009, 89 percent of startups supported through Saiolan are still operating after five years, and 83 percent make it past the ten-year mark. In total, as of 2010, Saiolan had helped create 172 enterprises with a total of 2,281 employees.

Key Features
Inclusively owned businesses face obstacles that are unique to their business form and often not well served by the conventional business support and financial sectors, among them:

- Because workers are also owners with equal votes and voices, they need different governance and management support than a sole proprietorship small business.
- The ownership structure tends to make raising capital difficult, since traditional investors are less familiar with inclusive ownership and, therefore, how to value such firms.

Key Highlights
- **89%** operational after 5 years
  
  89% of startups supported through Saiolan are still operating after five years.

- **83%** operational after 10 years
  
  Of those startups, 83% make it past the ten-year mark.

- **172** enterprises employing 2,281 employees
  
  Saiolan has helped create 172 enterprises with a total of 2,281 employees.

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55 Logue 2009.
56 Uribe 2011.
57 See Policy Profile #2.
58 Interview with Fred Freundlich 2018.
Richmond, Virginia and Rochester, New York are the first U.S. cities to create Offices of Community Wealth Building to direct economic development strategies that prioritize supporting local communities in generating and retaining their own wealth.

Policy Summary
Community wealth building is an approach to community and economic development that revolves around creating an inclusive economy built on thriving neighborhoods and broad-based ownership. The community centered strategy of community wealth building stands in contrast to the prevailing economic development practices of most cities, which rely on attracting large companies with tax and financing incentives while failing to retain the existing wealth and develop the wealth building capacity of the community itself.

In 2014, the City of Richmond, Virginia broke with this convention to become the first U.S. city to create an Office of Community Wealth Building, charged with reducing poverty through a holistic approach that addresses everything from workforce development to transportation to education and housing.

Four years later, the City of Rochester, New York followed Richmond’s example, opening an Office of Community Wealth Building focused primarily on workforce development and inclusive ownership.
At present, Richmond, Virginia and Rochester, New York are the only two U.S. cities to empower government offices with an explicit mandate to further community wealth building policies and programs.”

**Impacts**
The Offices of Community Wealth Building (OCWB) in Richmond and in Rochester embody major shifts in economic development paradigms. They integrate under a comprehensive community wealth building framework previously siloed strategies for achieving more equitable economic and social outcomes, including:

- individual financial counseling;
- support for the creation of high-quality jobs; and
- the promotion of inclusively owned businesses.\(^{59}\)

These cities acknowledge the systemic economic and racial inequalities rooted in past economic development policies, which include:

- disinvestment in communities of color;
- redlining;
- planned shrinkage; and
- urban renewal.

More than acknowledging inequities, these offices are taking concrete steps toward correcting past policies of exclusion. For example:

- In Richmond, the OCWB is partnering with local colleges, state agencies, business groups, and foundations to expand workforce development resources.\(^{60}\)
- In Rochester, the OCWB is developing programs to improve residents’ access to credit, financial literacy, and provide small business loans.\(^{61}\)

The offices also create visibility, awareness, and acceptance for community wealth building as a mainstream policy framework.

**Key Features**
At present, Richmond, Virginia and Rochester, New York are the only two U.S. cities to empower government offices with an explicit mandate to further community wealth building policies and programs.

When the City of Richmond created the first OCWB in March 2014, it budgeted $3.4 million for the office and assigned it responsibility for coordinating previously separate policy areas of transportation, workforce development, housing, and education. The strategy the office has adopted aims to reduce poverty by 40 percent and child poverty by 50 percent by 2030.\(^{62}\) The office became its own department in 2015, charged with providing policy advice to the mayor on anti-poverty strategies and leading implementation of the city’s poverty reduction initiative. The office is also working with The Democracy Collaborative to explore pathways for fostering the creation of enterprises with a social mission through anchor institution procurement strategies, which leverage the purchasing power of large community institutions, such as hospitals and universities, to support better jobs and small business opportunities in their communities.

Following Richmond’s lead, the City of Rochester under its first female mayor, Lovely Warren, established an OCWB in early 2018. The city helped launch the Market Driven Community Cooperatives Corporation (now the Owner Worker Network Rochester or OWN Rochester) to develop a network of cooperatives to fulfill the procurement needs of local anchor institutions. The city has also created a land bank\(^{63}\) seeded with $4.6 million in grants from the New York State Attorney General that has transferred more than 40 properties into public ownership.\(^{64}\)

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59 See City of Richmond 2018 and City of Rochester n.d.
60 Stoney 2017.
61 Ibid.
62 Ibid.
63 A land bank is a local government or nonprofit entity empowered to acquire and redevelop for productive use parcels of land, most often vacant, abandoned, or tax delinquent properties.
64 City of Rochester n.d.
Employee Ownership at Grand River Rubber and Plastics

When the owners of Grand River Rubber and Plastics, a producer of industrial machine parts in Ashtabula, Ohio began thinking about a plan to transition out of their ownership stakes, they turned to the Ohio Employee Ownership Center (OEOC). With counseling, training sessions, and referrals to legal and accounting resources, the OEOC was able to help Grand River successfully navigate their conversion to employee ownership. According to one of the former owners:

“One thing I know for sure is that without the strong knowledge base that our employees received during the OEOC training sessions in 2008, we might still be trying rather than celebrating our new 100% employee-owned company.”

Since finalizing the sale in 2011, the 200 employees of Grand River are now owners of their company through an Employee Stock Ownership Plan (ESOP). One hundred fifty of those employee-owners are also members of United Steelworkers Local Union 1020L, demonstrating the compatibility of labor protection and employee ownership.

65 ESOPs are a type of worker ownership facilitated through a trust model in which workers are entitled to a certain number of shares, held together in a trust entity, which owns part or all of the business for which the employee works. Upon leaving or retiring from the business, workers may sell their shares back to the business for cash. ESOPs differ from worker cooperatives because there is no imperative for democratic governance, although some incorporate various degrees of participatory management practices into their operations.

66 Ohio Employee Ownership Center 2011b.
The economic development potential of inclusively owned institutions is central to the benefits they can provide to communities. With the support of policies and programs such as those described in this chapter, municipalities can amplify the positive effects of inclusive ownership.

Contrary to traditional strategies of economic development, the following community wealth building policies focus on fostering growth and keeping wealth within the existing community.
Ownership Succession Planning at the Ohio Employee Ownership Center

Principles
- Business Development Support
- Social and Governmental Recognition of Inclusive Ownership

Place
- Ohio

Time frame
- 1987 – Present

Stakeholders
- Ohio Employee Ownership Center
- State of Ohio

A wave of retiring small business owners of the baby boomer generation is throwing the future of their businesses—and the jobs generated through those businesses—into uncertainty. Succession planning through the Ohio Employee Ownership Center helps preserve those jobs by making workers into owners, too.

Policy Summary
Half of all jobs in the U.S. are generated by small businesses, but fewer than a third of small business owners planning to retire within the next 10 years have a plan for who will succeed them.68

As the baby boomer generation (ages 52 to 70) retires, it leaves millions of small businesses without a clear plan for the future.69

The Ohio Employee Ownership Center (OEOC), a nonprofit outreach center of Kent State University, has responded to this looming uncertainty by creating a series of succession planning and business development resources to transition businesses to employee ownership. The OEOC’s approach has the dual benefit of preserving existing jobs when small business owners retire and conferring all the benefits of ownership—including a financial stake in the success of the business—on employees.

The State of Ohio and philanthropic foundations support the OEOC’s operation as part of the state’s workforce development strategy.

67 While this profile is about the employee ownership center in Ohio, similar centers operate in some other states, including Massachusetts, Vermont, and Colorado. In New York, Senator Jamaal T. Bailey has sponsored legislation (Senate Bill S2184) to create a New York State center for employee ownership.
68 Mark Kugar quoted in McGrory-Dixon 2012.
69 Ibid.
Conversions can also provide peace of mind to retiring business owners who care for their workers and want to make sure their company is in the hands of responsible stewards for the future.

**Key Features**

The work of the OEOC is based on the conviction that broader ownership of productive assets benefits employees and communities alike. The Center focuses on providing training, consultation, and outreach services to three principle groups of people:

1. Retiring business owners seeking to sell their businesses to their employees
2. Local governments, community groups, unions, and other worker- and community-oriented organizations concerned about losing local businesses and jobs
3. Established employee-owned companies in need of training or technical assistance

Specific supports available through the OEOC include:

- consultation on best practices for structuring employee participation in management;
- training for employees for an effective transition into ownership;
- referrals to law firms and accounting firms specializing in business transitions to employee ownership;
- access to a network of employee-owned firms for information and experience sharing; and
- original research on employee ownership outcomes.

Funding for the OEOC comes from fees charged to companies for its services, as well as from state contributions, foundations, and private donations.

Impacts

Since its formation in 1987 through 2011 (the latest available data), OEOC has helped to create 15,000 new employee-owners in the course of retaining or stabilizing their jobs. It does so very efficiently, at an average cost of $722 per job retained or stabilized.

For the employees of these businesses, the work of the OEOC means that they not only get to keep their job (and thus their source of income), but also begin to accrue a share of company profits in the form of patronage dividends or retirement plans as new part owners of their company.

The benefits of retained businesses and jobs flow up to local economies and the state government by helping to maintain stable tax bases while avoiding unemployment insurance payouts.
With the Comprehensive Social Economy Support Plan, the City of Seoul, South Korea took an all-in approach to fostering cooperative and social economy development. In the span of only a few years, Seoul has supported the creation of over 2,000 cooperatives where none existed before.

**Policy Summary**

Beginning in 2007 and culminating in the Framework Act on Cooperatives in 2012, the South Korean government enacted a series of laws that form the basis of robust public support for the social economy and cooperatives. The municipal government in Seoul followed closely behind with a system of policies and programs supporting cooperatives and the social economy within the city dubbed the Comprehensive Social Economy Support Plan. The Plan includes:

- direct subsidies to social enterprises for business costs and space leases;
- borough-level social economy support centers;
- management consulting; and
- a social investment fund.

The Plan is a top to bottom effort to foster an inclusive economy supported by 52 municipal ordinances with tiers of resources at the city and borough level that draws on both public and private organizations. Instead of a handful of policies working in isolation, Seoul’s approach to encouraging the development of the social economy and cooperatives relies on the interplay of policies designed to work together.
Market. Annual revenue for the whole of the social economy sector in Seoul amounts to $1.9 billion in U.S. dollars. While wages at social enterprises (not including cooperatives) on average fall below wages in the private sector, the opposite is true for the lowest quintile of the income distribution: wages at social enterprises exceed those of the private sector at this low end.

Key Features
Seoul’s Plan aims to strengthen the social economy—including social enterprises, cooperatives, and community enterprises—by focusing on four areas:

1. foster a network of social economy support organizations;
2. provide direct assistance for the development of new social enterprises and cooperatives and for the growth of existing ones;
3. increase public sector purchasing from social enterprises; and
4. build community-centric ecosystems of social economy organizations.

The city created the Seoul Social Economy Policy Council as the central body administering these policies and overseeing their implementation. The entire process from policy formulation to execution is governed by a “multi-sectoral partnership” of government officials, industry groups, and community organizations.

Intermediary agencies—the Seoul Social Economy Center and Seoul Cooperative Support Center—coordinate among municipal government, borough offices, and social economy organizations.

Since the introduction of the Plan, Seoul has created 52 specific municipal ordinances to support cooperatives and other social economy entities. Within this framework Seoul initiated the Local Social Economic Ecosystem Project, aimed at creating a thriving and healthy local ecosystem based on cooperation among social economy entities.

Social Economy Groups were formed by civil society organizations in each of the 25 boroughs and charged with choosing three-year strategic projects to embed the social economy in local communities. The resources available to social economy businesses through these organizations include:

- business development subsidies for research, development, marketing, and sales;
- labor cost subsidies;
- space lease subsidies;
- consulting;
- information technology (IT) support; and
- accounting support.

Impact
Since the launch of Seoul’s Comprehensive Social Economy Support Plan in 2012, the number of cooperatives and other social economy entities has expanded by the thousands. As recently as 2011, only 542 social enterprises were operating in Seoul and not a single cooperative existed yet. As of 2016, only three years after the passage of the Comprehensive Social Economy Support Plan, Seoul was home to 3,512 social economy organizations, including 2,701 cooperatives.

These new social economy organizations have played a significant role in boosting employment, especially among those who typically experience high barriers to entering the labor market, such as the elderly, people with disabilities, and those with low incomes. As of 2016, social economy organizations accounted for 19,800 jobs in total. That same year, social economy organizations were responsible for 6.9 percent of all new jobs created in Seoul.

The Seoul Social Economy Center and Seoul Metropolitan Government estimate that 40 percent of all employment in the social economy is of people who belong to the aforementioned “vulnerable populations” who might otherwise not participate in the labor market. Annual revenue for the whole of the social economy sector in Seoul amounts to $1.9 billion in U.S. dollars. While wages at social enterprises (not including cooperatives) on average fall below wages in the private sector, the opposite is true for the lowest quintile of the income distribution: wages at social enterprises exceed those of the private sector at this low end.
Chapter 3:

Inclusive Ownership as Public Service and Public Investment
Effects of Local Procurement at Alston Dairy

Alston Dairy is a local, woman-owned business in the U.K. It supplies yogurt to all the schools in Lancashire, which includes the city of Preston, as a result of reformed procurement processes that allow for greater sourcing from local firms. By splitting large solicitations into smaller contracts, Lancashire effectively expanded the pool of possible vendors, such that local suppliers and farmers were able to respond to and eventually win contracts for the provision of meals to local schools. Alston Dairy now claims more than 3 million pounds in annual revenue and produces 35 tons of yogurt every week.81

Inclusive ownership can also be a means to improve the delivery of public services and deepen the impact of public investments—both public expenditures and public real estate assets.

The policies in this chapter describe how local governments can apply the principles of inclusive ownership and their incumbent benefits to the provision of public goods.
Support for Public Service Mutuals in the U.K.

Principles
- Social and Governmental Recognition of Inclusive Ownership

Place
- United Kingdom

Time frame
- 2010 – Present

Stakeholders
- British government
- Department for Digital, Culture, Media & Sport

Policy Summary
In growing numbers across the U.K., localities are providing a portion of their public services to residents through Public Service Mutuals (PSMs)—cooperatives and other business forms that involve a “significant degree of employee ownership, influence or control in the way the organisation is run.”82 These PSMs, formed from public offices that have been “spun out” from the government, provide a range of constituent services, including health care, adult and children’s care, workforce development, and housing services.

They perform many of the public functions analogous to those that are often contracted out to the nonprofit sector in the U.S. Results from research surveys of PSMs show that the PSM model allows these organizations to provide better service to their clients while also improving employee satisfaction.83

Impacts
PSMs in the U.K. perform better than privately held businesses on measures of:
- service quality;
- customer satisfaction;
- productivity;
- innovation; and
- staff engagement.84

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82 See Social Enterprise UK 2018.
83 Ibid.
84 Ibid.
PSMs in the U.K. perform better than privately held businesses on measures of service quality, customer satisfaction, productivity, innovation, and staff engagement.”

Since 2010, when the government started to actively support PSMs, about 100 more have been created, providing health, education, employment, youth services, and more. In total, there are now approximately 115 PSMs across England, delivering an estimated 1.6 billion pounds worth of public services across a wide range of sectors.

In general, PSMs tend to allow for a greater degree of employee ownership and employee control than the typical private company. A 2017 study of 67 PSMs commissioned by the U.K. Department for Digital, Culture, Media & Sport found that PSMs are 78 percent employee-owned, on average, and that half of the responding firms were 100 percent employee-owned. Fifty-three percent of the surveyed firms assign employees voting rights on certain issues and 79 percent have employee representation on their boards.

Key Features
The U.K. government designed PSMs as more innovative alternatives to traditional outsourcing of public services, built on the idea that services are delivered more effectively when employees are involved in management and ownership and client satisfaction, not profit, is the organization’s mission. Government support for PSMs has varied over the years, but includes:

- access to financing to purchase professional advice and support;
- access to combined purchasing power and shared resources through consortiums of suppliers, including: legal counsel, financial advice and services, business planning, marketing, human resources and organizational change guidance, bid writing assistance, and metrics for measuring social value;
- mentoring programs through partnerships with leaders in the field;
- pilot programs to develop support infrastructure for PSMs and test models to drive growth and sustainability of the sector;
- public awareness efforts and online resources;
- publicly funded research on PSMs.

Support for the PSM model in the U.K. incorporates elements of the system of public supports for social cooperatives in Italy and in Seoul, South Korea, specifically public funding for social service organizations with a focus on employee ownership as a pathway to improved public service provision and social inclusion.

Community Dental Services
Recognized as the 2017 Employee Owned Business of the Year by the Employee Ownership Association, Community Dental Services (CDS) is a PSM offering specialty dentistry in seven counties across the U.K. CDS tailors its services to clients who may have a physical or developmental disability, and to those who experience acute anxiety related to receiving dental care. As both a social enterprise and an employee-owned business, CDS focuses its energies on best serving the communities in which it operates and on ensuring the well-being of its 286 employee-owners. In 2017 and 2018, CDS reported treating 1,200 patients through its mobile clinic, lowering the barrier to dental care for those who might otherwise go without treatment.

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85 Interview Nuttall 2018.
86 Ibid.
87 Chartered Institute of Public Finance & Accountancy 2017.
88 See Policy Profile #3.
89 See Policy Profile #8.
90 Community Dental Services n.d.; Employee Ownership Association n.d.
Barcelona Cooperative Housing

Principles
- Business Development Support
- Provisions for Enterprise Resilience
- Social Impact

Place
- Barcelona, Spain

Time frame
- 2016 – 2025

Stakeholders
- Municipality of Barcelona
- Barcelona City Council

As Barcelona, Spain confronts an affordable housing shortage that is growing more common in cities around the world, it is turning to a cooperative housing model as one way to create housing with lasting affordability and community ownership.

Policy Summary
Like many other urban centers across the world, Barcelona, Spain is facing a crisis of affordable housing. As affordable housing becomes increasingly rare, communities with low incomes are at risk of losing their homes.

In 2016, the municipal government responded with the adoption of a comprehensive Right to Housing Plan, which supports the creation of affordable housing cooperatives on city-owned land. In Barcelona’s plan, affordable housing cooperatives will develop and own buildings on city-owned land through 75-year leases on the ground on which the cooperatively owned buildings sit with the help of technical assistance, subsidies, and tax credits from the government. This arrangement creates affordability for resident-shareholders of the cooperatives while preserving public ownership of the land, thereby recycling the public subsidy for generations to come.

Impacts
Given the recent adoption of Barcelona’s Right to Housing Plan, data on the impacts of the plan is not yet widely available. However, some projects outlined in the plan are already underway. For example, seven housing cooperatives are currently in construction, including LaBorda housing cooperative, which will provide homes for 28 families at prices 50 percent below the market rate.

91 Barcelona Councillship of Housing 2016.
92 Ibid.
93 Monthly maintenance fees will range between 300 and 600 euros in addition to the initial share of 15,000 euros per family, which will be financed through loans by a cooperative bank and capital raised through micro-lending campaigns; see Peborde 2016.
Other cities, including New York City, have implemented similar policies to support affordable housing cooperatives on city-owned land with marked success.

During the epidemic of building abandonment in the 1970s, the City of New York began turning over apartment properties left behind by their landlords to the existing tenants in the form of newly minted housing cooperatives. In doing so, the City returned these buildings to productive use that:

- contributed to the tax base;
- stabilized neighborhoods;
- created ownership opportunities for tenants who would not otherwise have been able to afford to own; and
- preserved the affordability of the units into the future through limits on the incomes of new buyers.\(^4\)

### Key Features

Barcelona’s Right to Housing Plan aims to actualize the right to decent housing established in Article 26 of the 2006 Statute of Autonomy of Catalonia. To do so, the plan outlines a set of strategies and concrete measures to expand affordable housing. Among them are measures to boost the social housing market—defined as housing owned by nonprofit, cooperative, and public entities—and support the development of housing cooperatives. The municipality of Barcelona plans to support this model through:

- creation of a cooperative housing committee, composed of government officials and subject matter experts, responsible for the promotion of the model within municipal government;
- technical support for the new housing cooperatives;
- direct subsidies to cooperatives for construction costs;
- property tax credits for housing cooperatives; and
- guarantees and underwriting on capital investments for housing cooperatives through negotiations with banks to facilitate funding.

\(^4\) Saegert and Winkel 1998.
For over 30 years, the City of Burlington, Vermont has addressed the need for affordable housing by focusing on permanent affordability through the Champlain Housing Trust. The Trust is democratically governed and able to offer a range of below-market housing options to residents while preserving the subsidies that make that affordability possible.

Policy Summary
The Champlain Housing Trust, formerly Burlington Community Land Trust, is the largest community land trust (CLT) in the country today with 565 privately owned houses and 2,200 rental and cooperative units in its portfolio. Like other CLTs, the Champlain Housing Trust is governed by an elected board of community members, government officials, and residents, and owns the land underneath all of its associated owner-occupied and rental properties. The Trust was first seeded with funding from the City of Burlington and further subsidized with loans from the municipal pension fund and revenue from a portion of property taxes. By holding its land in trust for the purpose of providing affordable housing, not generating profit, the Champlain Housing Trust is able to keep the cost of housing for homeowners (who own their house but not the land on which it sits) and renters lower than market rate in perpetuity.

Impacts
Since its inception in 1984, the Champlain Housing Trust has grown into a housing organization of significant size in Burlington. Together, its rental and cooperative units constitute 7.6 percent of Burlington’s total housing stock. The city’s early support and investment in the CLT helped make this community-controlled land and permanently affordable housing possible.

Between the Trust’s creation in 1988 and 1999, the city invested $1.6 million in affordable housing through the Burlington Housing Trust Fund, leveraging $47 million in additional funding from...
public and private sources. For this investment, Burlington has seen tangible wealth building effects that also manage to preserve affordability. A 2010 report by the Urban Institute found that Champlain Housing Trust homeowners who sold their homes realized returns better than if they had invested the money for their home purchase into Treasury notes or an S&P 500 index fund. Still, even with the wealth creation realized by sellers through appreciation, homes on the Champlain Housing Trust remain affordable to homeowners with incomes around 50 percent of area median income.

Key Features
All Champlain Housing Trust properties are owned by the Trust and governed by a 12- to 15-member board, divided equally in thirds, that includes:

- members of the general public (not residents of Champlain Housing Trust properties);
- residents of the Trust; and
- local government officials.

All board members are elected by Champlain Housing Trust members, which include residents of the Trust and any non-resident who elects to join with a small membership fee. The board is charged with the stewardship of Trust properties to serve the public interest and the housing needs of people with low and moderate incomes. Board arrangements vary for other CLTs, but representation from residents, the community, and elected officials or technical assistance providers are nearly universal.

There are three housing options offered through the Champlain Housing Trust:

1. **Shared equity homeownership:** Through the shared equity homeownership program, state and federal funds routed through the CLT pay for the down payment on a home and allow prospective homeowners to take out a smaller mortgage on the property than would otherwise be possible. Homeowners sign a ground lease on their property that maintains CLT ownership of the land while giving homeowners full use of the property. If homeowners wish to sell, they may sell the property through the CLT to another buyer who meets the income and asset limits put in place by the CLT while recouping the principal paid on their mortgage plus 25 percent of any appreciation in market value and appreciation based on capital improvements.
2. **Renting:** The rental program operates both market rate and below-market rate rental properties (subject to income limits).
3. **Housing cooperatives:** Unlike housing cooperatives in New York City and elsewhere, residents of the 121 units of cooperative housing available through the Champlain Housing Trust do not own their units but rent them. The cooperative nature of the housing extends only to community management and upkeep, not to shared ownership.

The origins of the Champlain Housing Trust date to the early 1980s under then-mayor of Burlington, Bernie Sanders. In 1984, Mayor Sanders provided $200,000 seed money from the municipal budget and put political support behind what was at that time the Burlington Community Land Trust. The city also passed a law requiring all housing funds controlled by the city (from local, state, and federal resources) be spent on permanently affordable housing. To fund affordable housing more sustainably into the future, in 1988, the city created the Burlington Housing Trust Fund paid for with a 1 percent increase in property taxes. The city also backed a state-level affordable housing trust fund with similar provisions for permanent affordable housing.
Public Procurement in Preston, U.K.

The City of Preston realized six years ago that it was exporting vast amounts of local wealth to distant firms through its public contracts. It has since realigned its public procurement priorities, resulting in an increase in local spending on the order of tens of millions of pounds.

Policy Summary
In 2013, the City of Preston in the U.K. was sending 19 pounds out of every 20 pounds (95 percent) on contracted services to companies owned and operated outside of the city. In an effort to redirect public dollars toward local businesses, six public and government bodies, including the City Council, a public museum, a sixth form college, the University of Lancashire, the police force, and a housing association, adopted new public procurement provisions. These reforms include consideration of social and environmental factors when evaluating proposals for public contracts and releasing smaller contracts that make local firms more competitive bidders against larger, out-of-town corporations. Since making these changes, the city has tripled the portion of its budget that is spent locally.

Impacts
Preston demonstrates how public procurement can change the fate of local economies. When the public bodies with budget authority in Preston decided to change their procurement processes in 2013, only 38 million pounds (or 5 percent) of their combined annual budget of 750 million pounds was spent locally. By 2017, the amount spent locally had increased to 111 million pounds (or 18 percent) even though the overall budget had been reduced to 616 million pounds. These dramatic results are the direct effect of public procurement reforms.
In 2018, Preston topped the list of most-improved cities in the U.K. on the Good Growth for Cities Index published by Demos and PricewaterhouseCoopers.”

For example, during a recent procurement cycle, the local school system divided a large contract to provide school meals into smaller contracts to allow local suppliers to compete with large corporations from outside the area. The strategy succeeded. Local suppliers buying from farmers in the surrounding Lancashire area won every contract and provided an estimated 2 million pound boost to the county.108

In 2018, Preston topped the list of most-improved cities in the U.K. on the Good Growth for Cities Index published by Demos and PricewaterhouseCoopers.109

Key Features
Since the City of Preston committed to drastically increasing its local spending in 2013, it has implemented new means of attracting and evaluating local bidders to effectuate that change. For example:

- Procurement rules require evaluators to consider social and environmental implications of bidders’ applications in addition to the price of goods or services proposed when making selections.
- Solicitations are tailored to the capacities of local firms, with large procurements pared down into smaller, more manageable contracts.

Preston’s initiative is encouraging private companies and other major anchors in the area to commit to local purchasing, as well.

To fill gaps identified between local anchor’s demands and supply within the local economy, the city announced plans in 2019 to invest 1 million pounds in 10 new worker cooperatives.110

Preston is also laying the groundwork to open a regional cooperative bank with a lending capacity of approximately 500 million pounds, one third of which will be directed to small businesses in the area.111

108 Chakrabortty 2018.
110 Chakrabortty 2019.
111 Ibid.
The Bank of North Dakota, one of only two public banks in the U.S. accepting retail deposits, offers affordable loans to student borrowers and supports local banks, businesses, and farmers. Over the past 10 years, it has contributed $369 million to state coffers out of its profits.112 The bank also supports the private banking sector’s mortgage lending activity indirectly by purchasing securities in the secondary mortgage market.113 This strategy purposefully avoids direct competition with commercial lenders. As a result, the local banking sector in North Dakota is among the most robust in the nation, particularly with regard to its small business lending activity.114

From an initial investment of $2 million, the Bank of North Dakota now holds $7 billion in assets, including a lending portfolio of nearly $5 billion.115

**Impacts**

The Bank of North Dakota is a consistently profitable institution that funds billions of dollars of economic activity and allocates millions of dollars each year to the state budget, helping drive a high-employment, high-performance economy at no cost to

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113 Ibid.
114 Ibid.
taxpayers. Its impact on the North Dakota economy stems primarily from its role in strengthening homegrown financial institutions through loans and equity investments, which in turn allow those institutions to provide more loans to small businesses and farmers.

The bank’s business, agricultural, and residential lending activity through local banks and credit unions is worth $3.5 billion.\(^{116}\)

The bank also invests in the state’s workforce development by providing low-interest loans to student borrowers. In total, the Bank of North Dakota maintains a student loan portfolio worth $1.4 billion, which supported 10,277 student borrowers in 2017.\(^{117}\)

Economic indicators suggest these investments have paid off well for North Dakotans. The U.S. Department of Education’s most recent report on federal student loan default rates shows that North Dakota student borrowers defaulted at the lowest rate of any state.\(^{118}\)

The financial sector as a whole has seen similar positive results:

- With the Bank of North Dakota as a source of capital, community banks in the state have thrived while elsewhere they have become increasingly scarce.
- North Dakota leads every other state in the nation in the number of banks and credit unions per capita, with close to six times the number of local financial institutions per capita than the U.S.
- Small and midsize banks make up 83 percent of the market for consumer deposits in North Dakota, far above the national rate of 29 percent.\(^{119}\)
- Funding from the Bank of North Dakota allows local banks to make more loans to small businesses, averaging a small business loan-per-capita rate greater than neighboring states and four times the national average.\(^{120}\)

The Bank of North Dakota’s lending activity appears to contribute to the overall health of the economy:

- Over the past 10 years, North Dakota has maintained one of the lowest unemployment rates in the country, currently 2.6 percent, and the lowest unemployment rate of any state from 2009 to 2015, during the recovery from the Great Recession, never rising above 4.3 percent.\(^{121}\)
- While North Dakota experienced an oil and gas boom during this same time period, its unemployment rate still remained 1.5 to 4 percentage points lower than that of neighboring states like Wyoming and Montana, which enjoyed the same boom to a lesser extent.\(^{122}\)

The Bank of North Dakota has also been a powerful stabilizing force for the state’s financial sector:

- In the wake of the 2008 financial crisis, the Bank of North Dakota functioned like a central bank to steady the state’s economy by buying up loans from community banks struggling to meet capital requirements. The infusion of cash kept North Dakota’s small banks afloat while the small banking sector elsewhere was collapsing.\(^{123}\)
- Throughout the recession and recovery, the Bank of North Dakota remained highly profitable, netting $946 million in profits over the past decade and sending $396 million of that to state funds.\(^{124}\)

### Key Features

The Bank of North Dakota is an independent entity established by the North Dakota legislature and governed by the State Industrial Commission, which is composed of the governor, the attorney general, and the agriculture commissioner. Unlike most banks, the Bank of North Dakota is not insured by the Federal Deposit Insurance Corporation but by the full faith and credit of the State of North Dakota. It does, however, maintain an account with the Federal Reserve Bank of Minneapolis.

Any resident of North Dakota can open a checking or savings account with the Bank of North Dakota, but the bank conducts the vast majority of its retail banking business in loans to commercial lenders to fund their lending to businesses and farmers, as well as in purchases of packaged mortgage securities and in loans it originates to student borrowers.\(^{125}\)

The bank takes pains to avoid direct competition with the commercial banking sector, instead pursuing a strategy that increases the capacity of private financial institutions throughout the state. In line with this approach, the Bank of North Dakota’s consumer checking and savings products are not easily accessible—the bank has only one location and it does not offer services like ATM cards or online banking—and its policy is to “participate” in business and agricultural loans originated from private banks and credit unions rather than make direct loans. The bank believes that this partnership approach, as opposed to a competitive relationship, contributes to the overall health of the financial sector in the state and allows the bank to have the positive economic impact that it does.\(^{126}\)

\(^{116}\) See Bank of North Dakota n.d. The current fixed interest rate on student loans from the Bank of North Dakota for students from North Dakota going to school in-state is 5.55 percent, just above the federal undergraduate loan fixed interest rate of 5.05 percent. The U.S. Department of Education charges an additional 1.06 percent loan fee on top of the 5.05 percent rate, which the Bank of North Dakota does not charge. The bank’s rate is far below the average fixed interest rate on private student loans, which is 6.66 percent, according to a study by LendEDU in 2017 (see Dickler 2017). New America, using 2013 Survey of Consumer Finances data, found that the average interest rate (prior to refinancing) on student loans of all types to be 5.8 percent (see Dancy & Holt 2017).

\(^{117}\) Bank of North Dakota 2017.

\(^{118}\) U.S. Department of Education 2019.

\(^{119}\) Mitchell 2015.

\(^{120}\) Ibid.


\(^{123}\) Mitchell 2015.

\(^{124}\) Bank of North Dakota 2017.

\(^{125}\) Ibid.

\(^{126}\) Ibid.
Chapter 4:
Inclusive Ownership in the Neighborhood
Eastside Food Co-op

Founded in 1996 with just 135 initial members, Eastside Food Co-op has now grown to over 8,000 owner-members in Northeast Minneapolis.

The Food Co-op is dedicated to providing locally sourced and organic food at affordable prices, and it makes community engagement and support a central part of its mission.

Eastside provides a community room that groups may reserve, makes it easy for shoppers to contribute to nonprofit organizations in the community, and partners with a local community organization to provide food to children and families that struggle with food insecurity.

Eastside’s growth was made possible in part through $500,000 in low-interest loans financed by appropriations from the Minneapolis Neighborhood Revitalization Program.127

127 Kerr 2015.
Community wealth building cannot be practiced in the abstract. A sense of place is central to the functioning of community wealth building strategies and inclusive ownership in particular.

OFE’s findings in How Neighborhoods Help New Yorkers Get Ahead—which culminated from a yearlong engagement with two communities in New York City: Bedford-Stuyvesant and East Harlem—confirm this central tenet of community wealth building. Neighborhoods are the centers of economic, social, and public activity in cities. They are salient sources of identity for both residents and policymakers and should, therefore, be an organizing principle in policymaking.

The policy profiles in this chapter demonstrate ways in which some localities have placed the neighborhood at the center of policy and program development.
Principles
- Social Impact

Place
- Minneapolis, Minnesota

Time frame
- 1991 – 2011

Stakeholders
- City of Minneapolis

Minneapolis Neighborhood Revitalization Program

With the Neighborhood Revitalization Program, Minneapolis put decision-making power and the budget to enact those decisions in the hands of neighborhood residents. The popular program has fostered local centers of wealth building and economic resiliency.

Policy Summary
The Neighborhood Revitalization Program (NRP) was an effort on the part of the City of Minneapolis to reverse a history of under- and unequal investment in its neighborhoods by inviting communities to create their own action plans for revitalization and providing funding to bring those plans to fruition.

The NRP allocated $290 million to community-devised and approved projects during Phase I and Phase II (1991 – 2011), including funds to:
- support affordable housing;
- improve local schools and libraries; and
- support small businesses and public safety.

While a steering committee comprised of neighborhood residents drives the NRP process, city officials work in close consultation with communities from inception to implementation, and each neighborhood plan is ultimately subject to approval by the City Council.

Impacts
During the 20 years of the NRP’s first two phases, 67 of Minneapolis’s 81 neighborhoods created a plan for themselves and put those plans into action with funding from the city. Many neighborhoods used the NRP resources to create a revolving loan fund—a pool of money lent out to small businesses specifically for commercial projects that address the specific needs of the community.

The United Nations and the U.S. Department of Housing and Urban Development have both recognized the NRP for its innovative approach to community development.”

For example, the Eastside Food Co-op is a cooperative grocery store that residents of Northeast Minneapolis established in response to food insecurity in their neighborhood with the support of nearly $500,000 in low-interest loans from five neighborhood associations made possible by the NRP. The Eastside Food Co-op is now a successful business that recently completed a $6 million expansion project and has had a powerful and lasting effect on the neighborhood’s commercial corridor, while the repaid loan funds have become available for new projects.

In all, neighborhoods put the $290 million of city funds toward:

- enhancing existing housing and developing new housing (55 percent);
- improving parks, schools, and libraries (9.5 percent);
- local economic development (7.5 percent);
- increasing public safety (3.5 percent); and
- other purposes.

The United Nations and the U.S. Department of Housing and Urban Development have both recognized the NRP for its innovative approach to community development.

**Key Features**

The City of Minneapolis introduced the NRP in 1991 in response to neighborhood decline resulting from white flight to the suburbs in the 1970s and housing and urban development divestment at the federal level in the 1980s.

Phase I of the NRP ran from 1991 to 2001, and Phase II continued from 2001 to 2011, with a round of funding for each phase. Some projects from Phase II are still underway today.

The NRP process required neighborhoods to select steering committees to form nonprofit organizations, which took responsibility for developing Neighborhood Action Plans informed by a diverse set of perspectives. Action plans spelled out neighborhoods’ priorities and the projects and investments they wanted to undertake.

Once formulated and approved at the neighborhood level, action plans went to the City Council for review and approval.

Implementation involved staff and volunteers from the neighborhoods, government staff, and nonprofit and private sector partners.

Funding for the NRP was generated from tax increment financing on the downtown commercial district and delivered directly to neighborhoods without City Hall control—a measure of independence that some credit with the success of the program.

129 Kerr 2015.
130 Kerr 2015; Eastside Food Cooperative n.d.
131 City of Minneapolis 1991.
In Baltimore, Maryland, 23.5 percent of residents live in food deserts designated Healthy Food Priority Areas. The Baltimore Food Policy Initiative is a policy agenda and set of programs aimed at making healthy food easier and less expensive to access, especially for people in these areas.

Policy Summary
In 2010, the City of Baltimore established the Baltimore Food Policy Initiative (BFPI) to expand access to healthy, affordable food across the city in response to a set of 10 recommendations produced by the Food Policy Task Force, which convened a year earlier. The BFPI takes a comprehensive approach to increasing the availability of healthy food and reducing food insecurity that involves:

- reforming zoning;
- pursuing new economic development strategies; and
- expanding opportunities to use Supplemental Nutrition Assistance Program (SNAP) benefits at farmers’ markets.138

The BFPI has placed special focus on its efforts to bring new grocers into food deserts, dubbed Healthy Food Priority Areas, culminating in the opening of DMG (“Do Most Good”) Foods, a nonprofit grocery store operated by the Salvation Army, in northeast Baltimore.139
The BFPI takes a comprehensive approach to increasing the availability of healthy food and reducing food insecurity that involves reforming zoning, pursuing new economic development strategies, and expanding opportunities to use Supplemental Nutrition Assistance Program (SNAP) benefits at farmers’ markets.”

**Impacts**

In developing DMG Foods before its opening in March 2018, the Salvation Army worked closely with the city as well as other nonprofits in the food sector to determine the best way to set up the store and business model with an eye to affordable, healthy food. DMG Foods was designed smaller than most grocery stores so that it holds less back stock, which reduces overhead costs and food waste. Reflecting the goals of the BFPI, DMG Foods has set out to double the amount of food people on SNAP can purchase. In addition to low-cost food, the store provides:

- social services, including nutritional guidance;
- shopping education;
- workforce development; and
- meal planning.\(^{140}\)

In addition to DMG Foods, the BFPI’s efforts have resulted in the opening of 12 Save-A-Lot grocery stores in Baltimore. The city has also had some success in expanding the opportunities for residents to use SNAP benefits for purchasing food at farmers’ markets.\(^{141}\)

**Key Features**

The BFPI is an intergovernmental collaboration among:

- Department of Planning;
- Baltimore Office of Sustainability;
- Baltimore City Health Department; and
- Baltimore Development Corporation (BDC), the city’s quasi-public economic development arm.

Each agency brings their expertise to the BFPI and incorporates food access into their agenda.

In partnership with the Johns Hopkins Center for a Livable Future, the BFPI conducted research and analysis to designate certain areas of the city with high levels of poverty, lack of transportation options, and no nearby grocery store as Healthy Food Priority Areas, which has formed the basis of much of the BFPI’s efforts to bring more food retail into areas in need.\(^{142}\)

To support this goal, BDC works closely with developers to assemble parcels for supermarket development.

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140 Ibid.
141 City of Baltimore Department of Planning n.d.b
142 City of Baltimore Department of Planning n.d.a
143 City of Baltimore Department of Planning n.d.c
Conclusion

The policy profiles in this report show different approaches—both in the U.S. and around the world—to supporting the growth of inclusively owned enterprises and the financial health of neighborhoods.

Though different, all approaches share a common theme: Policies that promote community wealth building through inclusive ownership deliver powerful results.

They help workers share in the wealth they create.

They help homeowners and renters with low and moderate incomes afford their housing and ensure that their housing stays affordable for future tenants.

They help neighborhoods, small businesses, and local financial institutions make investments that create shared prosperity.

By drawing from the experiences of other municipalities both nationally and worldwide, the City of New York can build on its past efforts of fostering inclusive ownership by pursuing new areas of opportunity to build community wealth.

OFE looks forward to working with City agencies, community groups, businesses, and workers toward this goal.
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