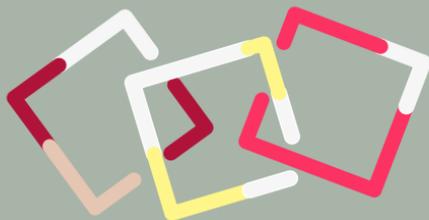


A POCKET GUIDE TO:

# COMMUNITY ECONOMIES



**NEIGHBORHOOD RESILIENCE SERIES**

02

Bec Nissen, Fatema Maswood.  
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If you have questions or comments, please email  
[fatemas@uw.edu](mailto:fatemas@uw.edu).



# Hey!

This zine is an introduction to the concept of community economic development. It is intended to support and inspire community mobilization around democratic and just ways to do business, preventing commercial displacement, and creating and maintaining affordable commercial spaces and community-owned businesses.

There are many models to democratize capitalism, create more dignity and satisfaction from our jobs and local economy, and in doing so, bring benefits to our families, neighborhoods and cities.





Grand

Opening

# THE IMPORTANCE OF LOCAL BUSINESS

**“Places that are home to numerous locally owned businesses are more prosperous, sustainable, and resilient than those in which much of the economy is controlled by a few big corporations.<sup>1</sup>”**

**“Locally owned businesses also sustain much of the social fabric of neighborhoods, and recent research has found a strong relationship between their prevalence and community well-being, including higher income growth and lower poverty rates, as well as increased levels of civic engagement.<sup>2</sup>”**

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2 <https://ilsr.org/affordable-space/>



CREATE  
LOCAL

SMALL BUSINESSES ARE  
MORE LIKELY TO USE  
OTHER LOCAL BUSINESSES  
FOR SERVICES AND  
SUPPLIES

KEEP \$\$ IN THE  
LOCAL ECONOMY

SHOPPING LOCAL  
KEEPS \$68 OF EVERY  
\$100 IN YOUR LOCAL  
ECONOMY

LOCAL  
INDEPENDENT  
BUSINESSES

REDUCE  
ENVIRONMENTAL  
IMPACTS

LESS DRIVING, MORE  
PUBLIC TRANSIT

SUPPORT  
COMMUNITY

NEW JOBS  
CALLY

CULTURALLY APPROPRIATE  
GOODS AND SERVICES  
AVAILABLE LOCALLY

CONTRIBUTE TO  
LOCAL CHARACTER  
AND ECONOMIC  
DIVERSITY

COMPARED TO AMAZON,  
INDEPEDENT RETAILERS  
CREATE DOUBLE THE  
AMOUNT OF JOBS FOR THE  
SAME REVENUE

ON AVERAGE SMALL  
BUSINESSES PROVIDE 250%  
MORE SUPPORT TO LOCAL  
NON-PROFITS THAN BIG STORES

ORT YOUR  
MUNITY

# COMMERCIAL DISPLACEMENT

**Displacement pressures affect small businesses as well as households.**

“...Commercial displacement destroys local businesses and changes the nature of the consumption facilities in an area...it leads to a complete mutation in how the neighbourhood is used and by whom, including loss of services which low income residents rely on for their everyday life, privatisation of public space, or affordability problems.”<sup>1</sup>

**Conventional local economic development approaches focus on economic growth and recruiting outside businesses into the area. In the face of displacement pressures, community organizing and mobilization can create strategies and spaces to resist commercial displacement and build the local economy, by preserving existing small businesses, supporting new local businesses and developing community ownership of commercial properties and workplaces.**

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<sup>1</sup> <http://www.rc21.org/en/wp-content/uploads/2014/12/E4-C%C3%B3cola-Gant.pdf>

# MOBILIZATION + ECONOMIC STRATEGIES



Organizing can be a lot of work. You know what works best for your neighborhood, but these questions might help you think about how to focus your efforts.

## I. Negotiating with Developers

*What kind of commercial enterprises and spaces do you want to see in new mixed-use developments?*

*Who will track new developments and initiate discussions with developers?*

## II. Community Ownership

*Is there interest in community ownership?*

*What cooperative structures have been successful in the past?*

*Are there existing spaces that could transition to community ownership?*

## III. Working with Local Government

*What policies or programs would work best, and who is doing the advocacy work?*

*Is local governance supporting needs of community members?*

# COMMUNITY OWNERSHIP MODELS

The next few pages have information on some approaches for communities to own commercial interests in their neighborhood. There's no reason that models for property ownership and business ownership can't overlap (for example, a worker co-op on land trust land).



# INVESTMENT COOPERATIVES



Investment cooperatives are collectives of local community members that pool money to purchase neighborhood commercial properties and lease them to local small businesses.



Membership fees form the basis of the capital raised to buy property.

Investment cooperatives are gaining in popularity in states whose tax regulations allow for a securities exemption for cooperatives, enabling the cooperative to raise additional capital from members above the basic membership fee, as a non-voting share.<sup>1</sup>



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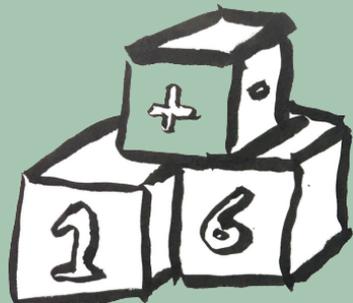
<sup>1</sup> <https://lsr.org/rule/community-ownership-commercial-spaces/investment-cooperatives/>

# COMMERCIAL COMMUNITY LAND TRUSTS

Like Community Land Trusts for affordable housing, commercial CLTs purchase commercial property to remove it from the market, allowing local businesses to access affordable commercial space.

CLTs look to commercial property ownership as “...a new tool to recycle scarce economic development funding, stabilize neighborhood commercial districts and downtowns, and support locally owned businesses”.<sup>1</sup>

Because this is a new area (commercial leases are more complex than residential leases) CLTs across the US are currently developing models of commercial development.



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<sup>1</sup> <https://community-wealth.org/sites/clone.community-wealth.org/files/downloads/article-axel-lute11.pdf>

**A recent study found that CLTs carry out a range of economic development functions in communities, including:**

Land acquisition, project development, and property management

Spearheading community engagement and advocacy efforts

Creating new commercial enterprises

## CASE STUDY: NORTHEAST INVESTMENT COOPERATIVE

“NEIC was founded by a small group of community members who were tired of looking at poorly used property in their neighborhood and waiting for traditional developers to fix it. So they decided to do something about it.”

“We believe that by investing patient capital, actively recruiting local businesses to occupy our property, and supporting those businesses as they grow and thrive, we can bring transformative change to Northeast Minneapolis, one building at a time.”

The coop currently has over 200 members.

Memberships cost \$1000 and members earn dividends when the coop is profitable. “Our members share a desire to address pockets of disinvestment and vacancy in our community, and recognize that by pulling together and sharing risk we can do together what none of us could do alone.”<sup>1</sup>

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1 <http://www.neic.coop>

“NEIC has purchased two buildings that house three thriving businesses, and when it was looking for tenants for its new spaces, it specifically sought locally owned enterprises. NEIC was then able to work with those businesses to create the right space for them. Two of them, a brewery and a bakery, had struggled to find a workable commercial space elsewhere.”<sup>1</sup>

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1 <https://ilsr.org/wp-content/uploads/downloads/2016/04/ILSR-AffordableSpace-FullReport.pdf>, p.15



## **COOPERATIVE:**

**A communally owned and managed business, operated for the benefit of its members**



## **COMMUNITY-OWNED CORPORATION:**

**A traditional, for-profit corporation that integrates social enterprise principles<sup>1</sup>**

# COMMUNITY-OWNED BUSINESSES

## I. CONSUMER COOPERATIVE:

A consumer cooperative is a cooperative business owned by its customers, usually oriented toward providing the community with goods or services rather than profit.

“Consumer cooperatives often take the form of retail outlets owned and operated by their consumers. The customers or consumers of the goods and/or services the cooperative provides are often also the individuals who have provided the capital required to launch or purchase that enterprise.”

Common forms of consumer cooperatives are grocery stores, community banks and credit unions, housing cooperatives, and energy buying cooperatives. Outdoor equipment store REI is the largest consumer cooperative in the US,<sup>1</sup> while the most widely used form of coop in the US is the credit union.<sup>2</sup> Consumer coop grocery stores often begin as small buying groups, and expand into commercial space as the number of members and other customers grow.

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1 [http://cultivate.coop/wiki/Consumer\\_cooperative](http://cultivate.coop/wiki/Consumer_cooperative)

2 <http://www.co-oplaw.org/co-op-basics/types/consumer-cooperatives/>

# WORKER-OWNED COOPERATIVES

Worker-owned cooperatives are owned and operated by the people who work at the business. In general, consumer coops and worker coops provide stable long-term jobs, have sustainable business practices, and maintain strong ties with the community in which they operate. There are examples of worker-owned cooperatives in many industries and sectors, including food production, services, retail, healthcare, education, trades and manufacturing.

“Worker-owners invest with a buy-in amount of money when they begin working at the co-op. At the end of each year, worker-owners are paid a portion of the money the business makes after expenses. In conventional businesses this money is called profit, in co-ops it is called surplus, and it can be distributed based on hours worked, seniority, or other criteria”.

*The worker-owned bakery Arizmendi in Oakland, CA has been so successful that it developed a model to help other worker-owners start their own bakeries around the Bay Area. Workers at Arizmendi make \$24 an hour — more than double the national median wage for bakers, and receive health insurance, paid vacation and a share of the profits.*

## CASE STUDY: CENTRAL CO-OP SEATTLE, WA

Seattle's Central Coop is a natural foods grocery store founded in 1978. It is a consumer- and worker-owned cooperative. In 2017 an independent report found that Central Co-op returns more than 52% of its revenue back to the local economy, compared to 36% for the average for coop grocery, and 23% in a conventional grocery chain. When analyzed in terms of the physical size of the store, "per square foot, the Co-op circulates more than seven times as much money in the local economy as a conventional grocery chain"<sup>1</sup>.

Central Co-op keeps money in the local economy is by paying their employees much higher wages than conventional stores, and having a higher percentage of full-time employees and employees eligible for health benefits. The co-op also keeps money in the local economy by working with local suppliers: over 20% of the goods sold in the coop come from Washington state, while the average grocery store sells 4% local goods.

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<sup>1</sup> [https://www.centralcoop.coop/docs/Feeding\\_the\\_Washington\\_Economy\\_2017.pdf](https://www.centralcoop.coop/docs/Feeding_the_Washington_Economy_2017.pdf), 5

# CITY POLICIES AND PROGRAMS

In their report “Affordable Space: How Rising Commercial Rents Are Threatening Independent Businesses, and What Cities Are Doing About It,”<sup>1</sup> the Institute for Local Self-Reliance outlines six strategies for city governments to support small businesses:



<sup>1</sup> <https://ilsr.org/wp-content/uploads/downloads/2016/04/ILSR-AffordableSpace-FullReport.pdf>

Protections for  
historical or cultural  
landmarks

Support tenants'  
rights and incentivize  
support of small biz  
by property owners

Support small biz  
purchasing property



## FURTHER RESOURCES

Institute for Local Self-Reliance: <https://ilsr.org/>

US Solidarity Economy Network: <https://ussen.org/solidarity-economy/>

Sustainable Economies Law Centre: <http://www.theselc.org/cooperatives>

US Cooperatives overview: <https://community-wealth.org/strategies/panel/coops/index.html>

Commercial CLTs <http://cltnetwork.org/topics/commercial/>

Community-owned stores <https://www.amiba.net/resources/community-ownership/>

City policy and program advocacy: <https://ilsr.org/wp-content/uploads/downloads/2016/04/ILSR-AffordableSpace-FullReport.pdf>

Central Coop Impact Study: <https://www.centralcoop.coop/page.php?PID=1085>

Arizmendi Association of Cooperatives: <http://arizmendi.coop/>



