



## FULL CASE STUDY: COMMUNITY WEALTH BUILDING

“Without new visions, we don’t know what to build, only what to knock down. We not only end up confused, rudderless, and cynical, but we forget that making a revolution is not a series of clever maneuvers and tactics, but a process that can and must transform us”

- Robin D. G. Kelley, *Freedom Dreams*

**TITLE:** Community Wealth Building (CWB)

**POLICY AREA:** Community Development, Housing, Small Business

**TEAM MEMBERS:** Office of Equity and Racial Justice (OERJ), Department of Planning & Development (DPD), Department of Housing (DOH), Department of Business Affairs & Consumer Protections (BACP), CWB Advisory Council

### Problem Statement

Majority Black and Latinx neighborhoods on the South and West sides of Chicago have been deliberately disinvested in through implicitly and explicitly racist policies from the government and the private sector. As a result, residents do not own or control most of the assets in their neighborhoods (businesses, homes, land, commercial property, etc.). They are excluded from opportunities to build financial wealth, often shut out of development decisions, and at risk of displacement.

### Reflection Questions

- What do the words “community” and “wealth” mean to you?
- In traditional private ownership models, what power dynamics exist? (Between business owners and employees? Landlords and tenants?)
- What would it look like to create an economy based on the values of solidarity, democracy, and shared prosperity?
- What creative models can you imagine that would allow historically resilient communities to have majority ownership and control over the assets in their community?

## REFLECT ON OUR PAST

The COVID-19 pandemic and the civil unrest following the murder of George Floyd brought to the surface unresolved pain and trauma from 400+ years of racist public and private policies and investments that have denied BIPOC communities an equitable stake in the ownership and control of society’s collective resources.

At the core of many people’s outrage was the fact that our culture and systems have created and perpetuated “racial zero-sum thinking,” the idea that progress for some of us must come at the expense of others. As Heather McGhee says in her book “The Sum of Us,” the zero-sum paradigm is not only a fallacy, but it allows us to escape accountability for the need for a massive redistribution of wealth.

The wealth of this country was built on stolen land from Indigenous peoples, stolen labor from enslaved Africans, and the continued exploitation of working-class people of color. In 2019, the national median wealth of the White family was 8x that of the Black family and 5x that of the Latinx family (Urban Institute). These national trends have played out in Chicago and are seen across many asset ownership metrics including homeownership rates, home values, small business value, bank lending data, and more.

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## REFLECT ON OUR PAST

In the Fall of 2019, Mayor Lightfoot tasked Chief Equity Officer (CEqO) Candace Moore with developing a strategy to address inequitable economic development. CEqO Moore convened a small team including members from the Mayor's Office, City Departments, and a few external partners to develop a strategy. Together, they determined that while the City of Chicago was investing in a variety of critical economic development initiatives, they alone would not solve the underlying causes of the racial wealth gap. We needed new visions, new strategies, and new tools.

### Reflection from CWB Advisory Council Member

"While racial and economic disparities have long existed, the pandemic laid them bare in a way that revealed how poorly the current economic paradigm is working for most Chicagoans, especially people of color (and the planet). Community wealth building is a value and economic system that enables wealth to be shared among the people who produce it, and for them to have a say in how it is produced. It can reduce racial and economic disparities. Chicago has the resources to begin an investment in this paradigm shift." - Deborah Bennett, Program Director at Polk Bros. Foundation

## RECLAIM OUR PRESENT

OERJ has a vision of a democratic and reparative economy that gives everyone the ability to thrive without extracting from people or the environment in the process. The team narrowed their focus from inequitable economic development to "community wealth building," a term first coined by The Democracy Collaborative. With guidance from local community leaders, the City of Chicago articulated a new definition: "an approach to economic development that promotes the local, democratic, and shared ownership and control of community assets."

Throughout the summer of 2020, OERJ conducted more than 80 interviews with local and national CWB stakeholders to better understand the landscape and promising practices.

### OERJ then prioritized four CWB models:

- **Worker Cooperative** (Business Ownership) - Business owned & controlled by its employees, rather than by one owner, several partners, or outside shareholders
- **Limited-Equity Housing Cooperative** (Home Ownership) - Housing owned & managed by a cooperative made up of low-income members who each purchase shares at below-market rates
- **Community Land Trusts** (Land Stewardship) - An organization governed by community owns land in perpetuity while residential and commercial tenants own the structures atop the land via a 99-year ground lease
- **Community Investment Vehicle** (Commercial Real Estate) - A legal investment mechanism that provides collective community investment in neighborhood assets based on shared development goals

In January 2021, OERJ convened a six-month working group of more than 30 community leaders that were tasked with helping the City of Chicago come up with a CWB framework, cataloging and mapping local CWB projects, and outlining key outcomes. The group was multiracial, cross-class, and multi-generational. It included community organizers, researchers, cooperative developers, attorneys, philanthropy, and more - all living in and/or working for organizations that serve low-income communities across the city.

Together, the City and Advisory Council practiced consent-building decision-making processes and co-designed values for how we will work together. We valued democracy, self-determination, relationships, trust-building, transparency, loving accountability, and more.

The working group culminated with a day-long virtual convening that included presentations on the impact of CWB, local case studies, recent successes and challenges, and recommendations on how the City, philanthropy and the private sector can invest in and uplift the work.

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## RECLAIM OUR PRESENT

### Reflections from CWB Advisory Council Member

“I am committed to shifting from an individualistic and top-down approach to a more horizontal and collective way of working together based on values of shared power, solidarity, and trust. For me, this is connected to the larger vision of coming together across racial lines, under a new set of values to heal, restore and empower our communities.” – Xochitl Espinosa, Executive Director of Co-Op Ed Center

## REIMAGINE OUR FUTURE

In November 2021, Mayor Lightfoot announced a historic \$15 million investment in a CWB pilot project as part of the Chicago Recovery Plan funded by the American Rescue Plan Act. The \$15M CWB pilot project has three goals:

- 1. Strengthen the Ecosystem** invest in the organizations that are critical in starting, scaling, and sustaining community wealth building models; focus on building capacity for technical assistance providers in six core areas: research and advocacy; education and outreach; legal and governance; business development; financing and fundraising; assets and operations.
- 2. Build the Pipeline** invest in projects stuck in the planning and pre-development stages that need funds to invest in project managers, community engagement, site preparation, and more.
- 3. Invest in Large Scale Pilot Projects** invest development capital into development-stage projects to serve as a proof of concept and a training ground for other projects.

CWB seeks to reimagine policies and culture. Beyond the programmatic and capital investments, the initiative seeks to change narratives around wealth-building. It is an invitation to heal our relationship with money and resources. It calls us to resist individualism and competition and to embrace the collective and the cooperative. Through this process, we’ve also healed our relationship with our imagination. As we move away from a scarcity mindset and towards abundance mindset, we see that so many new worlds are possible. But first, we must imagine it.

### Reflection from CWB Advisory Council Member

Here to Stay CLT is committed to the cultural transformation that occurs when people have a broader understanding of community land trusts and believe in their power to operate in our current space— where property is the main way people build wealth in this country— to moving to the world as it should be where land is not considered a commodity to be exploited and profited from but rather a communal, regenerative resource where all people are afforded the opportunity to have the stability that comes from owning a home in their community of choice. – Kristin Horne, Program Director at Here to Stay Community Land Trust

## OERJ HEALING INSIGHTS

**Center community voice in design and implementation.** Those closest to the problem know the solutions. Set the table and facilitate a space that allows diverse community voices to contribute, listen, and imagine new solutions.

**Move at the speed of trust.** There is a history of government offering false promises; extracting insights and strategies from community without crediting them or investing in their work; experiencing high turnover of city staff; and more. Part of the healing work is showing up as an individual, not just as a City official, and continuing to show up. Start by making small commitments and delivering on them. Be transparent about your barriers, be open to criticism, and be ready to be held accountable.

**Develop shared language** – Spend time defining terms and developing a shared language. Build consensus on what the group means when big terms like “community” and “wealth” are used. Don’t take for granted that everyone is on the same page.

## LEARN MORE AT

<http://chicago.gov/communitywealthbuilding>