

How nonprofits can foster community wealth building: A reading list

Introduction

Community wealth building means doing community economic development in a way that is sustainable and permanently keeps resources within the community through enterprises that are local, democratic, and inclusive.

Building community wealth requires increasing both:

- the demand for locally sourced goods and services from community wealth building enterprises, and
- the supply of goods and services provided by community wealth building enterprises.

Nonprofits have a unique and important role to play in both the demand and supply side of community wealth building. This annotated bibliography introduces nonprofits to the meaning and case for the community wealth building approach, and then provides some introductory and illustrative sources on the different kinds of roles nonprofits may play in building community wealth.

There are six things nonprofits can do to build community wealth through demand and supply side solutions.

Increasing demand for locally sourced goods and services from community wealth building enterprises

1. Anchor institutions can commit to social procurement and hiring policies that prioritize community wealth building enterprises and local residents.
2. Nonprofits can form or join coalitions to advocate collectively to municipal, provincial, and federal governments to purchase more locally from community wealth building enterprises.
3. Nonprofits can form or join coalitions to advocate for community benefit agreements on major infrastructure projects.

Increasing the supply of goods and services from community wealth building enterprises

4. Funders can use restorative economics in their impact investing by increasing their investment in community wealth building enterprises.
5. Nonprofits can advocate for an enabling environment for the creation of community wealth building enterprises.
6. Nonprofits can participate in networks, incubators, and training programs to create community wealth building enterprises.

For community wealth building to succeed nonprofits must *simultaneously* increase both the demand and the supply necessary to meet it. This is one of the more difficult logistical challenges to community wealth building.

What is Community Wealth Building and why should nonprofits care?

Nonprofits have engaged in community economic development and poverty reduction projects for decades. More recently, social enterprise and social innovation methodologies have become increasingly popular. These methods run the risk of either being new names for old methods or innovations at a time when we haven't properly implemented other proposed innovations.

The sources below explain how community wealth building is a much more specific strategy within community economic development that leverages the purchasing power of local anchor institutions (large institutions that are unlikely to leave an area) and the supply power of specific kinds of social enterprises (those most likely to distribute wealth widely, equitably, and locally with safeguards against being purchased by large for-profit companies). Nonprofits should care because this strategy is a social innovation that builds on current and past methodologies to simultaneously address three of the defining crises of our time: climate change, wealth inequality, and systemic racism.

What is Community Wealth Building?

The two articles and video below explain what community wealth building is. In short, it is a community economic development strategy characterized by advocating for purchasing from and creating social enterprises that are:

- local and place-based
- prioritizing social outcomes and particularly the well-being of employees over financial return
- owned (or controlled in the case of nonprofits) locally by a broad-base of residents who benefit from the accumulated wealth
- internally governed by democratic principles, and encourage participation in democratic governmental decision making
- more like to spend their revenues locally

- backed by locally sourced investments
- born from and actively foster community collaborations and stronger relationships in the community
- actively networking within and beyond the community to seed a new economic system.

Throughout this reading list, we refer to these social enterprises as community wealth building enterprises.

- Democracy Collaborative (2018). Community Wealth Building: 8 Basic Principles. Available at: <https://ccednet-rcdec.ca/en/toolbox/community-wealth-building-eight-basic-principles>
In this infographic, 8 guiding principles of community wealth building are explained.
- Derrick Rhayn, (March 1, 2019). The 6 Rules for Equitable Economic Development. Nonprofit Quarterly. Available at: <https://nonprofitquarterly.org/inclusion-beyond-strategy-to-philosophy-6-rules-for-economic-development/>
In this article, Rhayn shares 6 rules articulated by Richard Florida that closely parallel other definitions of community wealth building.
- Democracy Collaborative. (June 30, 2015). What is Community Wealth Building? [Video]. YouTube. Available at: <https://www.youtube.com/watch?v=LipsduV5rI>
This video offers a brief, easily shareable, explanation of community wealth building and its rationale.

Why should nonprofits care?

Nonprofits are on the frontlines of addressing the harms of our current economic systems that community wealth building is designed to replace. Understanding the problem and how community wealth building addresses the problem will allow you to understand how community wealth building methods can help you achieve your purposes.

Community wealth building is an approach to economic development designed to address three interrelated destructive trends in our current economic system:

- Financialization of assets required to meet human needs. Most notably, this includes the financialization of housing, care, and food systems to a point that makes these essential goods inaccessible to many, particularly racialized and Indigenous communities, individuals with disabilities, among others.
- Extreme concentration of wealth. The extreme concentration of wealth (which is also racialized, gendered, and rooted in colonialism) is both the result and perpetuator of unjust systems.
- Extractive business resulting in environmental destruction. The logic of our current system incentivizes endless extraction and decouples those who benefit and those who live with the most immediate and dangerous effects of the resulting environmental destruction.

The sources below explain why our current economic system produces these interlinked phenomena, and why nonprofits have a unique role to play in seeding an economic system that reverses these trends.

- Duncan McCann & Christine Berry, (2017). Shareholder Capitalism: A System in Crisis. New Economics Foundation at pgs. 12-29. Available at:
https://neweconomics.org/uploads/files/NEF_SHAREHOLDER-CAPITALISM_E_latest.pdf
This report from the UK explains how our economic system, driven to maximize the value of shares, has resulted in extreme wealth inequality, environmental destruction, and an underinvestment in real assets needed to benefit communities. The focus on the role of shares and shareholders makes plain why nonprofits are a vital part of the economic solution.
- Joe Guinan, Martin O'Neill, (2020). The Case for Community Wealth Building. Cambridge: Polity. (137 pages) Available at:
<https://ccednet-rcdec.ca/en/toolbox/case-community-wealth-building>
This short book advances an extensive argument for why leading economic development and reform through local democratic institutions will address some of the fundamental issues in our economic system. It also addresses some of the major criticisms and pitfalls of the approach. It discusses the major case studies of Cleveland, USA and Preston, UK, discussing how and why they succeeded.
- Jennifer Hinton and Donnie Maclurcan, (2017). A not-for-profit world beyond capitalism and economic growth?, *Ephemera: Theory & Politics in Organization*, 17(1), 147-166. Available at:
<http://www.ephemerajournal.org/sites/default/files/pdfs/contribution/17-1hintonmaclurcan.pdf>
This paper makes the case that nonprofit business models offer the opportunity to meet humanity's material needs while staying within ecological limits. The author argues that a nonprofit model addresses the inherent requirement profit (even widely distributed profit among workers) has for growth, and therefore unsustainable extraction.
- Brett Theodos, Rebecca Marx, and Tanay Nunna, (December 2021). Community Wealth-Building Models: Opportunities to Bolster Local Ownership. Urban Institute. Available at:
https://www.urban.org/sites/default/files/publication/105230/community-wealth-building-models_1.pdf
This paper explains how traditional economic development models have created systemic barriers to Indigenous and racialized communities' access to wealth. Community wealth-building models are a path to protect local land and real estate assets for community benefit, reduce individuals' cost burdens, and ensure that community members get a share of the economic benefits that neighborhood transitions bring. The paper argues that this requires bringing actors, including government, developers, and philanthropy, together in a new way.

- Rob Howarth (December 21, 2017). How social service agencies can help build a collaborative and caring economy, The Philanthropist
<https://thephilanthropist.ca/2017/12/how-social-service-agencies-can-help-build-a-collaborative-and-caring-economy/>

Rob Howarth makes the case for how economic development work relates to the traditional mandate and scope of social service agencies. Rob explains how the traditional theory of change in the social service sector delivers important benefits but is fundamentally incomplete in the context of increasing economic inequality, debt, and disenfranchisement.

How can nonprofits increase demand for locally sourced goods and services from community wealth building enterprises?

One of the most immediately appealing aspects of community wealth building is that it does not depend on new funding. Instead, it relies on money that is already being spent or will be spent being strategically redeployed to ensure that money remains within the community and sustains enterprises that build the community.

The sources below provide guides and case studies to help nonprofits encourage large purchasers in the nonprofit, public, and private sectors to purchase in ways that build community wealth.

1. Anchor institutions can commit to social procurement and hiring policies that prioritize community wealth building enterprises and local residents

Anchor institutions are large local institutions that are unlikely to leave. Many of these are nonprofit, such as universities and hospitals. Anchor institutions can unilaterally create major improvements to community wealth by committing to allocating a certain percentage of their budget to local providers and developing procurement policies that favour local enterprises that exhibit community wealth building features, as well as hiring policies that favour local residents. The sources below provide case studies of nonprofit anchor institutions making these changes.

- The Democracy Collaborative. (2022). The Cleveland Model—How the Evergreen Cooperatives are Building Community Wealth. Available at:
<https://community-wealth.org/content/cleveland-model-how-evergreen-cooperatives-are-building-community-wealth>

This page and series of videos discusses the ways a local hospital in partnership with a local co-operative that provided laundry services sparked a movement to build wealth locally. The Cleveland Model is one of the largest success stories of community wealth building and has sparked many efforts across the US and the world to reproduce it.

- NEVENA DRAGICEVIC. (2015). Anchor Institutions. Mowat Centre and Atkinson Foundation. Available at: <http://anchorinstitutions.ca/>
This report offers international and Ontario specific case studies of anchor institution strategies through purchasing, hiring, and building. It also outlines the major barriers to transition including cultural change, legal barriers, community and business capacity, the role of evidence, and tensions within the system.

2. Nonprofits can form or join coalitions to advocate collectively to municipal, provincial, and federal governments to purchase more locally from community wealth building enterprises.

The largest anchor institution in a community will often be Government, whether municipal, provincial, or federal. Nonprofits can join with others to advocate for allocating a certain percentage of the budget to be spent locally and reform procurement policies to favour enterprises that exhibit community wealth building features. Below are resources that offer strategies to advocate for community wealth building to government, as well as successful case studies to share with decision-makers.

- CLES/Preston City Council, (2019). How We Built Community Wealth in Preston: Achievements and Lessons. Centre for Local Economic Strategies/Preston City Council. Available at: https://www.preston.gov.uk/media/1792/How-we-built-community-wealth-in-Preston/pdf/CLES_Preston_Docu?ccp=true#cookie-consent-prompt
- David LePage, (September 10, 2017). How Social Procurement is Impacting the Nonprofit Sector. Available at: <https://imaginecanada.ca/en/360/how-social-procurement-impacting-nonprofit-sector>
This article summarizes some of the activities going on around Canada to promote “social procurement”. Social procurement is a term which loosely describes major Government purchasers prioritizing suppliers that deliver social value in addition to the product or service they provide. While not specific to community wealth building, social procurement is the existing framework within which advocating for purchasing from community wealth building enterprises would likely take place.
- Martin Levine, (March 22, 2019). Organizing Brings a Big Win to Boston’s Good Food Movement. Nonprofit Quarterly Available at:

<https://nonprofitquarterly.org/2019/03/22/organizing-brings-a-big-win-to-bostons-good-food-movement/>

This article provides a case study of a large municipality committing to source foods in schools from local sources.

3. Nonprofits can form or join coalitions to advocate for community benefit agreements on major infrastructure projects.

Historically, community wealth building as a methodology originated not in advocacy around the day-to-day procurement of anchor institutions, but in the major multi-year infrastructure projects that often promise economic development at the cost of disruption and gentrification for local residents. The community benefit agreement is the central tool of community wealth building to ensure that these projects actually deliver benefits to the communities they affect. The resources below provide strategies and models to build coalitions that negotiate and conclude these agreements that are effective in advancing the interests of the community.

- Mowat Centre, (December 19, 2018). How to get community benefits agreements right: Engage and empower. Mowat Centre. Available at: <https://munkschool.utoronto.ca/mowatcentre/how-to-get-community-benefits-agreements-right-engage-and-empower/>
This short article links to some prominent examples of community benefit agreements in Canada and summarizes some of the success factors for these agreements. This includes defining community in a way that reflects the community and ensuring commitments are legally binding.
- Buy Social Canada. (N/A). Community Benefit Agreements. Available at: <https://www.buysocialcanada.com/learn/community-benefit-agreement/>
Buy Social Canada offers detailed guides, tools, and training for Government, Development teams, and others on community benefit agreements.
- (March, 2017). Boldly Progressive, Fiscally Balanced: A Community Benefits Policy Framework for Ontario. Community Benefits Ontario. Available at: https://theonnc.ca/wp-content/uploads/2017/04/Community-Benefits-Policy-Framework_03-13-17.pdf
This policy framework provides a policy you can point to in advocating to the Government of Ontario to explain how it could more effectively deliver community benefits.
- Frazier Fathers and Sarah Morris with Brady Holek and Anam Khan, (June, 2021). Building Community Wealth: What is Possible in Rural, Small, and Mid-Sized Communities? Windsor/Essex Community Benefits Coalition, United Way Windsor-Essex. Available at: <https://windsor-essex-cb.ca/wp-content/uploads/2021/06/WECBCCommunityWealthReport2021.pdf>

This report details the specific barriers and enabling conditions for community benefits agreements and procurement policies to be applied outside of large urban centres.

- Julian Gross, (2005). Community Benefits Agreements: Making Development Projects Accountable. Canadian Community Economic Development Network. Available at: <https://ccednet-rcdec.ca/en/toolbox/community-benefits-agreements-making-development-projects>

This guide provides first hand experience from the perspective of organizers of the strengths and weaknesses of community benefit agreements, and how to get them right.

Increasing the Supply of Goods and Services From Community Wealth Building Enterprises

Community wealth building enterprises require capital that keeps the control local. Furthermore, as the largest generation of business owners in Canada's history retire, many of whom have no plan for succession, there is a major opportunity to ensure ownership remains local and also a risk that it will not. In the sections below policy recommendations, models, and case studies are offered to create a more enabling environment for community wealth building enterprises to start and grow.

4. Funders can use restorative economics in their impact investing by increasing their investment in community wealth building enterprises.

Foundations, particularly place-based foundations, have a huge opportunity to leverage their investments to back community wealth building enterprises. A number of foundations have already adopted impact investing. The sources below discuss a specific impact investing methodology called "restorative economics" to ensure investment dollars have maximum effect locally.

- Rodney Foxworth (February 28, 2019). How Liberatory Philanthropy and Restorative Investing Can Remake the Economy. Nonprofit Quarterly. Available at: <https://nonprofitquarterly.org/2019/02/28/how-liberatory-philanthropy-and-restorative-investing-can-remake-the-economy/>
In this article, Foxworth argues for foundations to adopt the [Resonance Framework of the Justice Funders](#). This principled approach to investing focuses on transferring wealth and power to communities and interrogates the injustice of mainstream forms of wealth generation. It provides a number of practical examples and links to useful resources.
- What is Restorative Economics? Mwamaka Agbo. Available at: <https://www.nwamakaagbo.com/restorative-economics/>

This page articulates one vision of restorative economics. “Restorative Economics centers on healing and restoration of vulnerable communities who have been marginalized and oppressed by a polluting and extractive economy, by investing in strategies that create shared prosperity and self-determination for a just transition to the next economy.”

5. Nonprofits can advocate for an enabling environment for the creation of community wealth building enterprises.

Community wealth building enterprises must be locally and widely owned. Particularly in the context of COVID-19 and the retirement of the Baby Boomer generation, it is vital to have policies in place that make as easy as possible succession from business owners to employees and/or enable local investors to back local enterprises.

- Saoirse Gowan, (April 16, 2019). Right To Own: A Policy Framework to Catalyze Worker Ownership Transitions. The Next System Project. Available at:

<https://thenextsystem.org/rto>

In this paper, The Next System Project proposes a law to give workers the first right of refusal on the sale of their workplace, giving them the opportunity to match any offer to buy the business. Conversions to worker ownership have shown to be effective at keeping wealth circulating in the community. While the number of these conversions is steadily growing in the US, it is not at a pace to match the systemic transformation needed. In Canada, [recent research](#) shows such conversions are almost non-existent in Ontario, and have primarily happened in Quebec.

- Edouard Sylvestre, (November 19, 2021), Community Investment Organizations: Status and Prospects. Conseil de la cooperation de l’Ontario/Cooperation Council of Ontario. Available at:

https://ccednet-rcdec.ca/sites/ccednet-rcdec.ca/files/ccednet/documents/community_investment_in_ontario_status_and_prospects_novappendices_lrf2.pdf

Community Investment Organizations are organizations that channel local investment funds such as RRSPs to be invested in local enterprises. This report defines them, explores precedents in other provinces, and discusses what changes would be needed in Ontario to enable creating such entities here. You can also read a practical guide to starting one [here](#).

6. Participate in networks, incubators, and training programs to create community wealth building enterprises

Nonprofits and co-ops have been a major part of community wealth building wherever it has happened. The resources below discuss how nonprofits can specifically get involved in social enterprise in a way that leads to the creation and growth of community wealth building enterprises.

- CSCNL, (2008). Community Profits Social Enterprise in Newfoundland and Labrador. Community Services Council of Newfoundland and Labrador. Available at: <https://community-wealth.org/sites/clone.community-wealth.org/files/downloads/report-csc.pdf>
This Guide offers a framework and many examples of community enterprises created by nonprofits in Newfoundland and Labrador.
- Mike Lewis, (2006). Building Community Wealth: A Resource for Social Enterprise Development. Canadian Centre for Community Renewal, Centre for Community Enterprise. Available at: <https://www.sparc.bc.ca/wp-content/uploads/2020/11/building-community-wealth.pdf>
This Guide, while a bit out of date and BC focused, nonetheless is quite comprehensive and provides a lot of details on starting social enterprises that are geared towards building community wealth.

Conclusion

Once you've reviewed the resources above you should have a sense of both the big picture of community wealth building and what it implies in practice. You may even have some sense of the specific actions your organization can take. If you're wondering what to do next, read our [gaps analysis](#) of Ontario's current community wealth building to understand in a more detailed way the structural barriers in Ontario to community wealth building and what nonprofits can do about it.