OWNERSHIP MATTERS

Building Community Wealth in Canada

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FOREWORD

Lisa Helps
Housing Solutions Advisor to B.C.'s Premier, and Former Mayor, City of Victoria

It's an honour to have been asked to write the foreword for this paper. I've been involved in community wealth building since 2005 when – in an example cited in the prologue – our neighbourhood organization, Fernwood NRG, purchased and refurbished a derelict building in the heart of our neighbourhood village to create affordable housing and establish neighbourhood-owned enterprises. Even though I've been connected to the work of local prosperity creation for close to two decades in various roles, this paper inspired me to think differently and with more urgency about the importance of community wealth building and community-owned enterprises, and the enabling public policy shift required to create impact at scale.

Here's why: We're currently in a very difficult era, facing a multitude of seemingly insurmountable challenges, all of which are interwoven.

COVID-19 and various reactions to pandemic safety protocols, coupled with social media and other factors has led to an increase in polarization in communities. This state of polarization is leaving many people feeling lonely and experiencing social isolation.

Economic inequality is increasing and, in addition, current inflation and cost of living pressures are putting households already struggling into positions of further precarity. This, coupled with the financialization and commercialization of necessities, from housing to food, is making local economies far less resilient as more people struggle to make ends meet.

And then there's the climate crisis. As I write this foreword, I'm breathing smokey air here on Vancouver Island. There are close to 400 forest fires burning in British Columbia, thousands of people evacuated or on evacuation alert, and as of now, an unknown number of homes and businesses destroyed.

Community wealth building is an economic paradigm to pursue in earnest and the scaling up of community-owned enterprises recommended in this paper is key to driving this paradigm forward. As noted in the introduction, "The purpose of this paper is to showcase inspirational models and approaches to ownership of the economy to imagine a more inclusive and prosperous future for communities." The authors demonstrate clearly, by drawing on policy frameworks that have led to success stories in other places, that with a bolder, more robust policy framework in Canada to support community-owned enterprises, a different approach to the economy and wealth generation is possible. This approach, if pursued at scale, will produce different outcomes that lead to healthier communities and economies to address some of the challenges laid out above.

This paper is also important because in Canada, little research has been undertaken about the impact of community ownership - from cooperatives, community land trusts, neighbourhood real estate investment trusts, employee ownership, community development corporations, and non-profit- and municipal-owned enterprises and real estate – on the broader goals of community wealth building. The paper essentially poses two key questions, "Who owns the economy?" and "What is an economy for?" The answers, "Private corporations" and "to generate profits for shareholders and owners," to these questions will result in a different set of policy frameworks than, "Community members," and "to build regenerative forms of wealth and create connection and community resilience."

1 Earlier in 2023, Dr. Vivek H. Murthy, the U.S. Surgeon general released, "Our Epidemic of Loneliness and Isolation: The U.S Surgeon General's Advisory on the Healing Effects of Social Connection and Community."His research reveals that over half of U.S. adults report experiencing loneliness and he cites the significant health consequences of this condition.

To be successful, community-owned enterprises should be rooted in relationship and build multiple forms of capital. As one of the interviewees says, "We know we're successful, because the people we're in relationship with are happy and thriving ... And we know that because we are in relationship." Citing David LePage of Buy Social Canada, the paper points to five forms of capital "that are necessary for healthy communities and more democratic local economies: cultural, human, economic, physical, and social." In a community ownership model, each of these forms of capital will be regenerated through the activities the enterprise undertakes thus strengthening the whole community, not only the economy.

Importantly, the paper's authors don't frame the proposition for a stronger, more enabling national policy framework for community ownership as an either-or between corporate and community ownership. Rather, they argue compellingly for an even playing field. They clearly demonstrate "the institutional set of arrangements in the Canadian context that are antagonistic to community forms of ownership of the economy" and make strong policy recommendations which – if enacted – will create more opportunity for community-owned enterprises to participate in and shape the economy at scale.

The question of scale comes up repeatedly and is an important one to grapple with. As one interviewee noted, "It's not enough to build our cool little models for impact investing or worker ownership and community land trusts. We have to think systemically." Legislation, public policy, integration among levels of government, adjusting existing government programs to have a community-ownership lens, along with awareness, capacity building, and financing community ownership are all elements of the systemic change that are necessary to create an enabling environment for community ownership at scale.

The practical benefits of doing so are immense and the time for policy makers to act is now. As the paper reveals, "It is estimated that 76% of small- and medium sized enterprise (SME) owners in Canada will exit their businesses in the next decade with only 1 in 10 reporting they have a succession plan in place." This represents a massive opportunity to create stability for employees and communities through the development of a policy environment that incentivizes and enables community ownership as a viable and legitimate succession option for small business owners. Doing so also has purely positive economic benefits, as the paper notes, from "better financial performance than non-employee-owned firms," to "less employee turnover and higher employee commitment," the latter a significant consideration for businesses in the current labour-constrained environment.

My hope is that public policy makers across all levels of government will seize these opportunities and the recommendations presented here and will make the changes required to help create the economies and communities we all need for the future.

PROLOGUE

> *"We've all been connected to this space in some capacity, and we didn't want this space to go away. It's been such a great entity in the community. It's been growing for ten years [and the previous owner] had grown along with us as workers, and we just couldn't let it go for our community."*

On their own, none of the employees of the Makehouse Co-op were in a position to buy the business when, after 10 years of operating as a sole proprietorship, the owner wanted to sell. As one employee and now co-owner of the business shared, "all of us have value around what the co-op represents. It's a democratic way of running a business. I never thought I would ever be able to own anything in my life."

It was not just the employees of the Makehouse who were facing a significant loss. "We've all been connected to this space in some capacity. It's been such a great asset in the community." The Vancouver Island-based fabric store and sewing instruction business provided a safe and inclusive space for community members to be creative and connect with others.

This community was critical to supporting the business transition to a member-owned co-operative. "What's rewarding is the response from our community, of keeping it going and then just how we're making small positive changes to the business that continues to reward the community. When our community feels rewarded, we do too."

Several years earlier, a local nonprofit based on Vancouver Island faced a similar opportunity to purchase an asset in the neighbourhood that had the potential to be leveraged to build wealth for the community that the nonprofit served.

In 2005, the Fernwood Neighbourhood Resource Group (FNRG), an enterprising non-profit organization run by and for the residents of the community, purchased a building in the core of the Victoria neigbourhood and renovated it to create affordable housing units and commercial space to lease to local businesses, some of which are also owned by the nonprofit. As of 2023, the community organization continues to use the asset to generate revenue that is in turn used to meet needs of community through other community development projects.

> *"Looking back, acquiring the Cornerstone Building in 2005 was the most important decision we made in terms of the strategic direction and long term sustainability of the organization."*
>
> - **Lee Herrin**, former Executive Director of FNRG

1. INTRODUCTION

These stories invite us to imagine alternative ownership pathways for business, real estate, and infrastructure assets that create significant social, economic, cultural, and environmental value for community. Unfortunately, many of these assets across Canada are not ending up in the hands of communities but, instead, in the hands of large and distant investors and corporations.[2] With the oncoming succession wave that will see thousands of small businesses across the country transition ownership in the next decade and the increasing financialization of residential properties, more assets than ever before are at risk of being sold to these absentee owners. This concentration of ownership and wealth matters because these absentee owners have a limited stake in the communities in which these assets are embedded.[3]

Behind each story of a wealth-generating asset sold to a distant, private owner is a system that privileges large investors and corporations over the employees, citizens, historically disenfranchised groups, local businesses, and nonprofit and charitable organizations that make up communities. This system is maintained by powerful interests and ideas around market efficiency and trickle-down economics that prevent communities from meaningfully participating in opportunities to own and control wealth-generating assets and, ultimately, their own economic futures.

At the same time, communities across Canada are leveraging alternative forms of ownership - such as co-operatives, land trusts, and nonprofit, municipal and First Nations-owned corporations - to acquire and maintain ownership and control of assets in their community. Indigenous communities in Canada have long understood the importance of building wealth for community, often prioritizing a concern for future generations that is compatible with regenerative and inclusive forms of economic development.[4]

But community ownership is advancing in Canada despite the lack of enabling public policy and legal frameworks. As a result, communities must expend significant resources and time to navigate systems that are not designed for them and to build new complementary systems that support community forms of ownership.[5]

Outside of Canada, community ownership is attracting significant attention among policymakers as part of a broader strategy around **community wealth building**. In the United Kingdom, legislation prioritizes community organizations to purchase assets that are core to the well-being of communities, such as real estate and local businesses. The Scottish Government and the new Minister of Community Wealth Building (CWB) are supporting all 32 local councils across the country to develop CWB plans.[6] In the United States, innovative legal structures allow communities to own businesses and real estate in perpetuity and to lock in commitment to community in a way that extends beyond commitments that are possible under

2 Stewart, E. (Jan. 6, 2020) Why is private equity killing everything you love? Vox Media. What Is Private Equity, And Why Is It Killing Everything You Love? | BFI

3 See for example, SHARE Report 'Investors for Affordable Cities' Responsible investment and affordable rental housing in Canada and Social Capital Partners' (2022) Building an Ownership Economy Discussion Paper.

4 Pio, E., & Waddock, S. (2021). Invoking Indigenous wisdom for management learning. Management Learning, 52(3), 328-346.

5 For example, social movement investing has been proposed as a new form of impact finance that extends beyond 'impact investing' by investing in "deep, sustainable change that seeks to transfer power to oppressed communities to design, own and govern the systemic solutions to their problems." Social Movement Investing - CED.

6 McKinley, S. & McInroy, N. (2022) Chicago and Scotland Take a Community Wealth Building Approach to Economic Development: How local governments can spur growth that results in equitable outcomes. The Hill.

benefit corporations and co-operative structures.[7] In Australia, several state and local governments are advancing policy initiatives to support and scale community ownership.

In each of these examples, governments are doing more than de-risking investment opportunities and 'getting out of the way'. These policy initiatives represent a bold, new role for all levels of government to design markets in ways that put commitment to addressing wealth inequality and community well-being at their center.[8] The architects of these new approaches are flipping the logic underpinning corporate capitalism on its head by conceptualizing the economy in service of community.[9]

The purpose of this paper is to showcase inspirational models and approaches to ownership of the economy to imagine a more inclusive and prosperous future for communities. The paper seeks to initiate dialogue on pathways forward in the Canadian context for community ownership at scale as a key part of a broader public policy strategy around community wealth building. The paper is informed by interviews with global community wealth building leaders (see Appendix); a literature review; and an in-depth review of public policy initiatives that support community ownership.

The paper is organized as follows: Section 2 explains why community ownership matters within the broader context of community wealth building, drawing on literature and interviews. Section 3 identifies key challenges and barriers to scaling community ownership of the economy in the Canadian context. Section 4 profiles initiatives and lessons from other jurisdictions that are leading efforts to advance community forms of ownership. Section 5 concludes with the pathways forward to scale community ownership in the Canadian context and calls on all levels of government, civil society organizations, academic institutions and the private sector to co-create the economies and communities that we all need for the future.

7 For more information, see the profile on Steward Ownership in the appendix. Also, community wealth building is a core element in the Biden Administration's new policy memorandum under Executive Order on Further Advancing Racial Equity and Support for Underserved Communities, which directs federal agencies "to undertake efforts, consistent with applicable law, to strengthen urban equitable development policies and practices such as advancing community wealth building projects".

8 Mazzucato, M. (2021). Mission economy: A moonshot guide to changing capitalism. Penguin UK.

9 Gibson-Graham, J. K., & Dombroski, K. (2020). Introduction to The Handbook of Diverse Economies: inventory as ethical intervention. In The handbook of diverse economies (pp. 1-24). Edward Elgar Publishing. Also see Jamal, A. (2022) Community Economies: A Literature Review.

2. COMMUNITY WEALTH BUILDING

2.1 Transforming local economies to benefit communities

Community wealth building is an economic development strategy that enables citizens and community organizations to collectively own, manage, and benefit from local wealth-generating assets such as businesses, real estate and infrastructure.[10] Although effort to organize local economies in more sustainable and inclusive ways is not a new phenomenon, tracing back until at least the nineteenth century,[11] and much further in the context of Indigenous economies,[12] global interest in community wealth building has increased in response to neoliberal-driven forces of division, disinvestment, displacement, and disempowerment. These forces hollow out local economies and leave communities with limited influence to respond to external economic forces.

> *"[there is a] ...growing systemic crisis – encompassing deepening social and environmental calamities and a decaying neoliberal economic model that continues to generate dangerous inequalities of wealth and power" (Guinan & O'Neil, 2019).*

> *"Community wealth building is not only important to stabilizing the local economy. It [also] has the potential to build a political force that can fight back against the power of capital. And that's a bigger ambition... that's what this work is ultimately about."*
>
> - **Interview with Ted Howard,** President Emeritus, Democracy Collaborative

As another interviewee points out, *"we're in this moment of intense crises, having gone through the COVID 19 pandemic, the current cost of living crisis, and climate and nature emergencies. All of these crises are bringing to the forefront the need for systemic change, and for a different way of looking at the role of local economies rather than just trying to improve things at the margins."*

While its antecedents and practice vary across different geographic regions and economies, community wealth building is enacted by five key pillars: **fair employment and just labour markets; progressive procurement of goods and services; plural ownership of the economy; socially productive use of land and property and; making financial power work for local places**.[13] When used together, these five pillars reinforce each other in ways that can transform local economies by resisting extractive forms of wealth creation and ushering in new systems that benefit communities.[14]

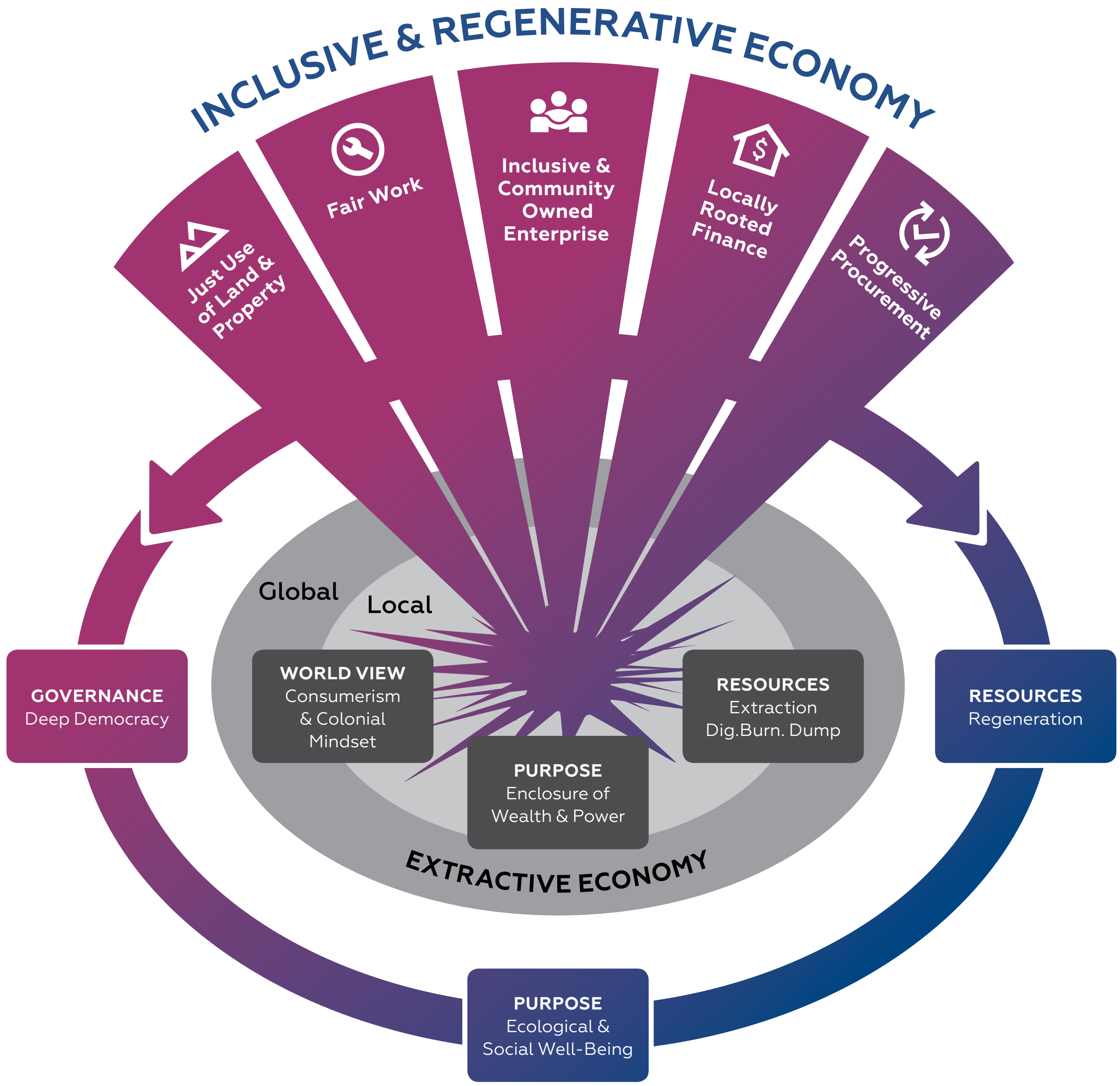
10 Howard, T. & McKinley, S. (2022).Family Wealth Building Isn't Enough: We Must Pursue Community Wealth Building As Well.

11 Dubb, S. (2016). Community wealth building forms: What they are and how to use them at the local level. Academy of Management Perspectives, 30(2), 141-152; Spicer, J. S. (2020). Worker and community ownership as an economic development strategy: Innovative rebirth or tired retread of a failed idea?. Economic Development Quarterly, 34(4), 325-342.

12 See Pasternak, S. (2015), "How capitalism will save colonialism: The privatization of reserve lands in Canada", Antipode, Vol. 47/1179-196, http://dx.doi.org/10.1111/anti.12094.

13 Guinan and O'Neill (2019)

14 Peterson, G. (2022). Changing the World's Mind: Community Wealth Building as an Alternative to Neoliberal Economics. Pfc social impact partners.



Adapted from Democracy Collaborative, 2022 and Movement Generation's Just Transition Framework

"When you get all of that [community ownership, decent work, locally-rooted finance, progressive procurement and land use] firing together, that is when you have the possibility to make systemic intervention and change."

- **Interview with Ted Howard,**
  President Emeritus,
  Democracy Collaborative

"The beauty of the model is it forces you to think about the links across the economy. For example, it's not just procurement, it's about how that relates to ownership and how that relates to decent work, and how that relates to different forms of land ownership and new forms of finance. They all interconnect."

- **Interview with Neil McInroy,**
  Global Lead, CWB, Democracy Collaborative

In the Canadian context, community wealth building is only beginning to appear more prominently among policy and practitioner circles. For example, advocating for an ecosystem approach to building community wealth in the Canadian context, one community sector leader identifies five forms of capital that are necessary for healthy communities and more democratic local economies: cultural, human, economic, physical and social capital.[15] Scholars have also emphasized the critical role for community wealth building in Canada's economic recovery from the COVID-19 pandemic.[16]

The pillars of progressive procurement, socially productive use of land and place-based investment are receiving increasing attention from Canadian policymakers who recognize the opportunities associated with these pillars for driving greater value for communities. For example, the Ontario Provincial Government has an **Aboriginal Procurement Program** and several local governments across Ontario have experimented with Community Benefits Agreements and diverse supplier policies linked to poverty reduction and climate change goals, with leadership from groups such as the **Atkinson Foundation** and **Buy Social Canada**.[17] In British Columbia, local governments are advancing social procurement through the **BC Social Procurement Initiative**.[18] In Atlantic Canada, the **Nova Scotia Community Economic Development Investment Funds** (CEDIFs) policy framework incentivizes investment in local businesses and has been a source of inspiration for several other provinces.[19] Enabled by a securities exemption, **community bonds** allow community-owned enterprises to raise debt financing from their community members.[20]

Significantly less attention among Canadian policymakers and civil society organizations has been paid to questions of ownership of the economy. To be sure, privatization of major corporations such as Petro-Canada has attracted significant public interest due to geo-political concerns, and the COVID-19 pandemic brought the problems with private ownership of long-term care homes into stark relief. Co-operative movements in provinces such as Quebec, Alberta, and British Columbia are vibrant and well-established. On a national scale, the Canadian Employee Ownership Coalition is advocating for an **employee ownership trust framework**[21], and several field-building organizations, such as the **Legacy Leadership Lab,**[22] **Scale Collaborative, Buy Social Canada and Shorefast**, are creating supportive ecosystems for social enterprise and local economies.[23] **But the link between community ownership and the broader goals of community wealth building is largely under-developed in Canada.**

> *"Successful CWB initiatives should be in a position to transition communities from the margins. Opportunity in terms of employment, education, health and well-being has to be the ultimate goal of any [CWB] initiative. How you will use land and property and how you will use the businesses … Because wealth building is about establishing more plural ownership of the economy, making the resources of the public sector more effective in terms of delivering wealth building priorities, and making money and opportunity stick to places."*
>
> - **Charlie FIsher**, Development Trusts Northern Ireland

15 LePage, D. (2020) Marketplace revolution: From concentrated wealth to community capital. Buy Social Canada.
16 Jamal, A. (2022, November). Community-based economic development is the key to a strong pandemic recovery. The Conversation.
17 Jamal (2022)
18 See British Columbia Social Procurement Initiative: www.bcspi.ca
19 See for example, Aymot, S. (2014). Community investment funds. In Nova Scotia, a community development corporation (New Dawn) used CEDIFs to raise $6.8M for reinvestment in community assets.
20 Charities and nonprofits are exempt from several complex requirements in issuing securities under National Instrument 45-106 s. 2.38 and co-operatives enjoy similar exemptions under the Co-operative Corporation Act.
21 Canadian Employee Ownership Coalition employee-ownership.ca
22 https://uwaterloo.ca/legacy-leadership-lab/legacy-leadership-lab-cultivating-social-acquisition
23 See for example, Scale Collaborative's work on Community Wealth Building (www.scaleinstitute.ca) and Shorefast Foundation's Community Economies Pilots https://shorefast.org/wp-content/uploads/2023/03/Shorefast_Community-Economies-Pilot.pdf

National Framework For Employee Ownership Trusts

In response to the advocacy work of Social Capital Partners and the Employee Ownership Coalition, Canada's 2022 Federal Budget introduced employee ownership trusts (EOTs) to facilitate business purchases by employees. The 2023 Budget proposed amendments to the Income Tax Act, effective from January 1, 2024. EOTs offer tax-effective ways to sell businesses to employees, benefiting small and medium-sized business owners and their employees. Key features include extended capital gains reserves, exemption from the 21-year deemed disposition rule for trusts,[24] and the ability to fund purchases using loans from the business itself. Beneficiaries must be qualifying employees and EOTs must hold a controlling interest in qualifying businesses.

2.2 Ownership as a key pillar of community wealth building

As one of the five pillars of community wealth building, community ownership emphasizes the importance of local control and democratic decision-making over the use of assets to create economic opportunities for communities. Community ownership can take several forms, including cooperatives, community land trusts, employee ownership,[25] stewardship trusts, neighbourhood real estate investment trusts, community development corporations, and nonprofit- and First Nations or municipal-owned enterprises and real estate, among others. These ownership models are often designed with explicit goals to address economic inequality, promote sustainable development, and build community wealth.

Community ownership strengthens the impacts of other community wealth building pillars by making the benefits to community durable. For example, community benefits agreements (CBAs) - which promote local employment and socially-desirable use of land - are sometimes poorly enforced and do not offer community members an opportunity to participate in the ownership of new developments. As a result, the benefits are often limited to short-term outcomes for a specific group of employees and local businesses. To address these limitations, several cities in the United States have applied an ownership lens to CBAs and are creating innovative models for transferring a portion of real estate development profits as equity or other forms of ownership interest to a community endowment that provides grants or contributions to community.

As one interviewee shared, *"If you're going to engage investors from outside of your region, then ask them to engage in a way where they're willing to apply some level of community ownership. If you think about housing as a solution, there's likely to be massive housing developments and projects that will roll out in many regional and urban places. And those housing developments are usually done by massive developers who are owned by a few shareholders and all of that wealth goes back to them. If you're the local council, and you're giving permission for these developments, negotiate with those developers to say, would you be willing to build into this contract, a community ownership structure, even if just 1% or 5% or 30% of the capital raise for that is a community component."*

24 "In Canada, jurisdictions that have enacted statutory reforms to the common law rule against perpetuities generally restrict non-charitable purpose trusts to 21 years." https://thephilanthropist.ca/2008/01/charities-and-the-rule-against-perpetuities/

25 This include worker co-operatives, employee stock ownership plans and employee ownership trusts.

26 Theodos, B., Edmonds, L. and Tangherlini, D. (2021). "Community Equity Endowments: A New Form of Community Benefit." Washington, DC: Urban Institute.

27 Theodos et al., (2021)

New legal forms that seek to give communities the option of **committing to purpose in perpetuity** are emerging. In the UK, **Community Interest Companies** enable communities to create benefits for their community through an asset lock that legally commits a company to use profits for its social objectives and limits the amount that can be distributed to shareholders.[28] In the United States, the State of Oregon introduced legislation in 2019 to allow for **Perpetual Purpose (Steward) Ownership Trusts**[29] that separate economic from governance rights to protect commitment to mission in perpetuity.[30] These innovative legal forms represent an increasingly diverse range of options to organize ownership and governance of economic activity in ways that **prioritize community and regenerative forms** over extractive forms of wealth creation.[31]

In contrast to strategic policy approaches that advance community forms of ownership in other jurisdictions as part of the broader Community Wealth Building (CWB) strategy, community ownership in Canada is fragmented and largely dependent on the resources and initiative of civil society actors.[32] As a result, communities wanting to acquire wealth-generating assets must seek out expensive legal and accounting advice and navigate uncertainties given limited case law and a lack of regulatory clarity around rules for community ownership and control. In our own experience of seeking legal and accounting advice for a community ownership model on Vancouver Island, we received several inconsistent professional opinions about the permissibility of a charitable foundation owning majority voting shares of a holding company and the ability of the foundation to receive donated assets and then transfer them to the holding company to operate.[33]

2.3 Ownership as a key pillar of community wealth building

> *"Ownership of productive capital is at the heart of where power lies in any political-economic system."*[34]

Ownership contributes to determining who benefits most from the wealth generated from an asset. Significant attention among practitioners and policymakers is often given to promoting local ownership through initiatives such as 'buy local' campaigns and social procurement policies that encourage spending with local business, where permitted under trade agreements.

Locally- and family-owned businesses often operate with a strong stakeholder orientation and make significant contributions to community capacity-building and community infrastructure.[35] For example, local ownership of businesses can generate community benefits by supporting community organizations through donations, strengthening local supply chains, increasing local investments, and building resilient economies.[36]

28 Setting up a social enterprise - GOV.UK
29 Gary, S. N. (2019). The Oregon stewardship trust: A new type of purpose trust that enables steward-ownership of a business. U. Cin. L. Rev., 88, 707.
30 Gary, S. (2019). Also see Appendix to this document for a profile on steward ownership.
31 See Purpose Economy https://purpose-economy.org/en/
32 Employee Ownership Trusts for example, are an important initiative driven by a coalition of actors in Canada.
33 We are documenting our experiences with legal structure and governance for community ownership of real estate and businesses at www.scaleinstitute.ca.
34 Peterson (2022, p. 15).
35 Lumpkin, G. T., & Bacq, S. (2019). Civic wealth creation: A new view of stakeholder engagement and societal impact. Academy of Management Perspectives, 33(4), 383-404.
36 For example, many communities calculate the local economic multiplier effect (an estimate of recirculation of local spending) to demonstrate the economic benefit of purchasing from locally owned businesses
See for example: https://www.locobc.ca/blogs/loco-bc-launches-multiplier-effect-research-study

But addressing the deep and growing wealth inequalities in our communities requires extending support beyond individual and family-owned local businesses.[37] Inherent conflicts between the interests of communities and the interests of privately-owned businesses exist. While local ownership often helps to significantly mute these conflicts, tensions are often amplified in times of economic crises. In this way, *"community ownership addresses the owner-customer and owner-manager conflicts of interest by reducing incentives for directors to take decisions that would impact negatively on the community."* [38]

Furthermore, the oncoming business succession wave represents a significant threat to local ownership of the economy. It is estimated that 76% of small- and medium-sized enterprise (SME) owners in Canada will exit their businesses in the next decade with only 1 in 10 reporting they have a succession plan in place.[39] The threat is amplified in a context where we are already seeing significant industry consolidation across the Canadian economy and increasing interest among distant, private equity investors in smaller deal sizes.[40] In response to the succession threat, employee-ownership is advancing as a policy solution to democratizing ownership of the economy and addressing wealth inequality.

At the same time, community wealth building requires ownership opportunities be extended to diverse and under-represented groups of people and organizations. Community ownership allows a broad group of people (e.g., employees, customers, producers, citizens) and organizations (e.g., non-profits and charities) to "exert control over some of the most fundamental aspects of shared life within communities – such as employment conditions, investment, and the direction for future economic development."[41] Community ownership creates opportunities for individuals and organizations who are traditionally excluded from ownership of wealth-generating assets.

> *"By creating the political, social, and economic culture, you move beyond corporate capitalism in those areas and have an economy which is primarily democratic in ownership. The outcomes in terms of inequalities, wage levels, mental and physical health are pretty phenomenal."*
>
> - **Interview with Councilor Matthew Brown**
> Preston, UK

In the context of real estate assets, similar patterns of concentrated ownership are underway in Canada and globally. For example, several US-based real estate investment trusts are engaging in large-scale purchasing of real estate assets, resulting in significantly negative impacts for Canadian homeownership and economic mobility of marginalized communities.[42] To counter this concentration of ownership and exert greater control over their own neighbourhood, some community sector organizations in Canada are experimenting with community land trusts, co-operatives and neighbourhood investment trusts. Community ownership of real estate matters because, as one interviewee explained, *"who owns the assets and the community … dictates how … neighborhood development happens, and who gets to control it and who's included, and who's not included. It's not just about a piece of ownership, it's also about control and agency. That influences the makeup of the community that influences the direction of the neighborhood, that influences the culture of your block."*

37 Howard and McKinley (2022)
38 Haugh, H. (2021). The governance of entrepreneurial community ventures: How do conflicting community interests influence opportunity exploitation?. Journal of Business Venturing Insights, 16.
39 Canadian Federation for Independent Business (2022) Succession Tsunami: Preparing for a decade of small business transitions in Canada.
40 Bawania, R. and Larkin, Y. (2019). Are Industries Becoming More Concentrated? The Canadian Perspective. Available at SSRN: https://ssrn.com/abstract=3357041.
41 Guinan and O'Neill (2019)
42 Dent, G. (2023, February). The global money pool that soaked Canada's hope of affordable housing. https://breachmedia.ca/the-global-money-pool-that-soaked-canadas-hope-of-affordable-housing/

2.4 Performance of plural forms of ownership

Critics of government support for alternative forms of ownership will argue that this approach represents an inefficient use of public funds and actually weakens the economic performance of local economies. Countering this criticism, a growing body of evidence demonstrates that **community ownership strengthens local economies and provides a wide range of benefits to communities that align with existing public policy initiatives related to addressing socio-economic inequalities and climate change and improving health outcomes, among several others.**

In recent years there has been a resurgence of interest among scholars in the performance of plural forms of ownership of wealth-generating assets.[43] Many recent studies focus on the financial performance of employee-owned firms, with some research finding a positive relationship with financial performance.[44] For example, a US-based study finds that **employee-ownership is associated with better financial performance than non-employee owned firms**.[45] This result is explained by the greater sense of responsibility that workers feel over shareholders in protecting their own jobs, which translates into better business decisions.

Scholars also explore the financial performance of other forms of community ownership such as foundation and non-profit ownership. A German study that investigates common underlying factors of successful financial performance among businesses finds that **firms owned by foundations are just as profitable as investor-owned firms**. Additionally, **foundation-owned firms are more focused on 'stabilizing their long-term existence'** than investor-owned firms.[46] Another study exploring the financial performance of Danish foundation-owned firms compared to similar investor-owned firms finds community ownership is associated with characteristics that promote greater long-termism in corporate governance.[47]

Taking a broader perspective on organizational performance, scholars find community-owned businesses can be more resilient due to **less turnover and higher employee commitment**.[48] A business that recently transitioned to a member-owned co-operative in Victoria, British Columbia shared that they can now set positive boundaries around their operations, such as regular lunch breaks and hiring a larger team. These new boundaries prevent worker burnout so that the member-owners can invest more in community outreach, productivity, and community wellbeing.[49]

Other benefits to society that are associated with community forms of ownership documented in the literature include addressing wage inequalities and environmental degradation, and improving distributive justice and community health outcomes. See Table 1 in Appendix B: Evidence of community ownership benefits.

43 Spicer, J. S. (2020). Worker and community ownership as an economic development strategy: Innovative rebirth or tired retread of a failed idea?. Economic Development Quarterly, 34(4), 325-342.

44 Project Equity (2020, May) The Case for Employee Ownership | Project Equity and Fifty by Fifty (2021) Opportunity Knocking. Impact capital as the transformative agent to take employee ownership to scale.

45 Battilana, J., Yen, J., Ferreras, I., & Ramarajan, L. (2022). Democratizing Work: Redistributing power in organizations for a democratic and sustainable future. Organization Theory, 3(1), 26317877221084714.

46 Franke, Günter; Draheim, Matthias (2015) : Foundation Owned Firms in Germany - a Field Experiment for Agency Theory, https://www.econstor.eu/bitstream/10419/113217/1/VfS_2015_pid_447.pdf

47 Thomsen et al. (2018). Industrial Foundations as long-term owners. Corporate Governance: An International Review.

48 Blasi, J. R., Kruse, D. L., & Freeman, R. B. (2017, February 1). Having a Stake: Evidence and Implications for Broad-based Employee Stock Ownership and Profit Sharing. Third Way. Retrieved from https://thirdway.imgix.net/downloads/having-a-stake-evidence-and-implications-for-broad-based-employee-stock-ownership-and-profit-sharing/Having_a_Stake.pdf ; Also see MacArthur, J. (2022). 'Cooperatives' in Whiteside, Canadian Political Economy, University of Toronto Press, pp 193-214.

49 See case studies on community ownership in the Vancouver Island region. Available at: www.scaleinstitute.ca . Similarly Just Like Family has gone through an ownership change to primarily charity and impact investor ownership with similar results for employees. Thank you to Sean Geobey for sharing this example.

Potential for unintended negative impacts

While research identifies many benefits associated with community forms of ownership, it is important to also acknowledge and manage the **risk of unintended negative impacts**. For example, scholars point out that **community forms of ownership do not guarantee outcomes that are more democratic or equitable**. Power relations and colonialism can be carried over into these new ownership forms and continue to marginalize historically excluded groups including women, gender-diverse people, Indigenous communities and racial minorities.[50]

Scholars also highlight governance challenges with community and democratic forms of ownership, such as "the tendency of a small oligarchy of unrepresentative workers to control democratic structures at the expense of everyday workers." [51] Interviewees also shared these concerns around the potential for unintended negative impacts of community ownership.

> *"What we don't see in that conversation is community wealth principles and ownership. We don't see true community leadership. We hear, oh, we'll bring them in, we'll give them a seat at the table, we'll consult with them. But when we talk about [community] ownership, we mean you actually have a financial and controlling stake."*
>
> - **Interview with Meaghan Burkett**
> Ethical Fields

> *" Ironically, and I think it's been a limitation of community wealth building to this point, the community has been missing. So you've got a lot of strong, more top-down, action and the community not really understanding what's going on. They're not resistant but they're not being brought into it."*
>
> - **Interview with Ted Howard,**
> President Emeritus, Democracy Collaborative

Scholars also warn that community forms of ownership should not be viewed as a replacement for the democratic process of nation-states. For example, the new **perpetual purpose trust** structure recently adopted by businesses with long-standing commitments to sustainability and social purpose could equally be used to channel the business' profits to a nonprofit that has legal status to engage directly in lobbying efforts, thereby potentially undermining the democratic process.[52]

> *"If [steward or foundation ownership] becomes widely adopted, it could be used as much to oppose progressive … policy as to advance it. Dedicating profits to an organization that can advocate for political causes and candidates may be viewed as a new version of **philanthro-capitalism** where ultra-rich individuals donate money to advance the causes they care about."* [53]

50 Battilana et al., (2022). Also, Scotland has explicitly emphasized community ownership of energy enterprises in response to lack of gender diversity. Thank you to Julie MacArthur for this example and to Charlie Fisher (Development Trusts Northern Ireland) for sharing this reflection on challenges in the Scottish context despite devolution of powers and policy around community ownership https://www.scotsman.com/arts-and-culture/book-review-blossom-by-lesley-riddoch-1560524

51 Pek, S. (2021). Drawing out democracy: The role of sortition in preventing and overcoming organizational degeneration in worker-owned firms. Journal of Management Inquiry, 30(2), 193-206.

52 Auld & Grabs, (2022). Has Patagonia defined a new gold standard for business responsibility? The Conversation.

53 Auld & Grabs, (2022). para. 15.

It was also suggested in interviews that community ownership initiatives should be careful not to place undue financial risks on marginalized people and communities.

> *"I think it's important to consider what model of community ownership is used, under what circumstances, and how the risks are explained in community investor models. Looking at examples of community equity endowments in the US, there are cases with lower income and historically excluded residents investing and getting a stake in commercial real estate or grocery stores. And those can be types of businesses that have very small profit margins and can be hard to keep open under ideal circumstances. I'm not arguing that [community equity endowments] is a bad option, often there might not be any other way to spark commercial development in a neighborhood. But how community investor models are designed to ensure resident shareholders are shielded from risk, and understand the risks of investing, timeline, and limitations of returns on their shares is key to ensuring an initiative does not place undue risks on marginalized people and communities."*
>
> \- **Interview with Leiha Edmonds**
> Urban Institute

2.5 Defining community ownership outcomes for measuring its impact

The potential for unintended negative impacts underscores the importance of measuring and managing the impacts of community ownership. In the impact investing field, dimensions to consider in designing an impact measurement and management framework include questions of 'what' outcomes are we seeking through community ownership and 'for whom', 'how' we know we are making progress, 'how much' progress, and 'what are the risks' of the outcome differing from expectations.[54] In the context of place-based initiatives, practitioners additionally advise that "who' benefits, and 'where' become key impact assessment questions."[55]

In literature and interviews it was suggested that community ownership initiatives could look to existing impact measurement frameworks to inform impact metrics and measurement systems. For example, a report by Fifty by Fifty highlights Sustainable Development Goals (SDGs) 1, 8, 10 and 11 as relevant for measuring the impacts of employee ownership.[56] Similar goals are relevant for other forms of community ownership (e.g., steward ownership trusts, multi-stakeholder co-operatives).

For example, community ownership addresses wealth inequality (SDG1) and contributes to resilient local economies (SDG 10), and sustainable cities and communities (SDG 11).

Interviewees also suggested that there are important additional outcomes that community ownership models are seeking in comparison to social enterprises. Community ownership models need to balance not only social and commercial logics but also potentially divergent community interests.[57]

54 Impact Frontiers: https://impactfrontiers.org/norms/five-dimensions-of-impact/

55 Good Economy Place Based Investing https://thegoodeconomy.co.uk/resources/reports/Place-based-Impact-Investing-White-Paper-May-2021_2021-05-29-090621.pdf

56 Fifty by Fifty and Democracy Collaborative (2021) Opportunity Knocking: Impact capital as the transformative agent to take employee ownership to scale.

As such, measurement frameworks designed to measure contribution to the SDGs are a good starting point but indicators need to be contextualized for community ownership.

> *"When it comes to the [UN Sustainable Development] goals and indicators, they're very useful, but they sit at this really high level, where it's this vague narrative of what is the wellbeing economy and sustainable indicators (...) You could reach that goal through a full community ownership leadership path, or you could reach that goal through authoritarian centralized ownership. It doesn't necessarily mean you've achieved it in a way that's empowered communities or built resilience... What we don't see is the local multiplier effects really embedded into those evaluations."*
>
> - **Interview with Meaghan Burkett**
>   Ethical Fields

To be sure, measuring impacts of community ownership without consideration for the associated social or environmental impacts is undesirable. At the same time, **measuring social and environmental impacts without consideration for ownership of the underlying wealth-generating assets limits our understanding of the well-being of communities and represents a missed opportunity to address inequalities**.

> *"[A national wellbeing approach to measurement] gives more leg room for community wealth building to fit in, because it's not just about impact. We need to measure in additional ways that capture the wider well-being, a return of land to the commons, a sense that [community] has, the volition and agency in the world as an economic actor, which would not necessarily come about through additional impact investment."*
>
> - **Interview with Neil McInroy**
>   Global Lead CWB

> *"We also don't see community wealth building options being included in these processes. Let's say you're evaluating a bunch of options and they're all traditional economic development models, then you're just going to pick the best one of those. What we advocate for but we don't really see ever happening is adding in a solution to that mix, which has a true community wealth building option that looks at the long-term impact and value that community ownership would achieve and have on an area when it comes to those other indicators, such as resilience."*
>
> - **Interview with Meaghan Burkett**
>   Ethical Fields

Interviewees emphasized that relationships are critical in measuring outcomes of community ownership. In examples from BIPOC perspectives, interviewees suggested that measuring community ownership outcomes requires relationship-building initiatives and should be reflected by the level of mutual understanding and accountability to the community. One interviewee suggested that building trust through relationships is particularly important for *"mitigating funders' anxiety about the slow, complex nature of this work."*

Interviewees also emphasized that methods of measuring the impact of community ownership should reflect the common principles of community wealth building, which would contribute to a self-perpetuation of shifting systems of wealth and aid in mitigating the unintended negative impacts. Leaders in community wealth building in the UK, for example, stress the importance of distributing financial and human resources towards engaging community members in the measurement of community ownership outcomes. Others similarly emphasized the importance of relationships in measuring outcomes, explaining *"we know when we're successful, because the people we're in*

57 Bruneel, B. Clarysse, M. Staessens, S. Weemaes (2020). Breaking with the past: the need for innovation in the governance of non-profit social enterprises Academy of. Management Perspectives, 34 (2020), pp. 209-225. Cited in Helen Haugh (2022).

relationship with are happy and thriving. And we know that because we're in relationship." [58]

While impact measurement frameworks and principles for social enterprise emphasize the importance of qualitative alongside quantitative approaches to measurement, interviewees stressed that qualitative approaches are essential to capturing the effects of community ownership. As one interviewee explained,*"it's not just about tangibly (...) creating affordable real estate for residents. It's also about bringing a certain type of culture back and galvanizing community around space, around place. That is historic. That is (...) felt in the bodies, (...) in the memories of them and then in the stories that they've told to their children and grandchildren. And that's a piece of the work that I think is really impactful. That's difficult to measure."*

Finally, interviewees highlighted the importance of paying attention to **how the different pillars of community wealth building interact and reinforce each other to scale deeply the impacts of community ownership.**

> *"I think that's part of the evaluation process ...something you've done really well is your social procurement, but you've not really turned the dial on different forms of ownership. You've just given it to certain types of businesses in your locality... So it's about making the link."*
>
> - **Interview with Neil McInroy**
>   Global Lead CWB

58 See the Raven Indigenous Capital Partners Impact Measurement Framework for an example of how the organization commits to building and maintaining respectful and trusting relationships in how they approach their impact measurement.

3. CHALLENGES FOR SCALING COMMUNITY OWNERSHIP

Despite increased interest among scholars and practitioners, community ownership has not yet achieved impact at scale to transform local economies.[59] As one scholar concludes in a comprehensive review of community ownership models, ***"they certainly build wealth for their members, but they fall short of becoming instruments of social transformation."***[60] Success of community ownership models that have scaled is often contingent on historical and institutional contexts that are difficult to replicate in other contexts (e.g., Spanish and French solidarity economy).[61] To scale the impacts of community ownership, often community ownership models must themselves scale (such as through partnerships or growing the size of their organization) to benefit from economies of scale, influence the market through purchasing power and access finance required to meaningfully compete with conventional investor-ownership forms of community wealth building assets.

> *"We're at this phase where policymakers, the media, and institutional investors see these democratic economy experiments, this community wealth building, as little stuff, on the fringe. It's kind of sweet, but it's not going to add up to anything. And I think that's mistaken. But it's typical of any movement getting started. We need to move beyond the piloting of little experiments."*
>
> - **Interview with Marjorie Kelly,** Fifty by Fifty

To explain their limited scale, scholarship has largely focused on the internal governance challenges of organizations that seek to combine market logics with social welfare logics. The problem raised by this research is that the dual social and financial mission of these organizations can limit the potential for scaling due to the complexity of governing conflicting and inconsistent goals. This can create uncertainty for investors and limit the organization's ability to participate meaningfully in market-based transactions without losing sight of the organization's social mission (i.e., mission drift).[62] However, more recent scholarship has suggested that this hybridity can also be a source of value creation and business model innovation.[63]

Another explanation frequently offered by scholars for the limited scale of community ownership is the inherent tension between scale and geographic proximity. **In other words, "a paradox arises for community wealth building as a practice, being that its localized focus and emphasis on community control clashes with the realities of a globalized political economy."**[64]

59 Spicer, J. (2022). Cooperative enterprise at scale: Comparative capitalisms and the political economy of ownership. Socio-Economic Review, 20(3), 1173-1209.

60 Dubb, S. (2016). Community wealth building forms: What they are and how to use them at the local level. *Academy of Management Perspectives*, 30(2), 141-152.

61 Ibid (2022)

62 Call for Papers Beyond Hybridity: Addressing Complex Social and Environmental Problems Through Multi-Level Processes Submission

63 Battilana, J., Besharov, M. and Mitzinneck, B. (2017). 'On hybrids and hybrid organizing: A review and roadmap for future research'. In R. Greenwood, C. Oliver, T. E. Lawrence and R. E. Meyer (Eds.), The SAGE Handbook of Organizational Institutionalism. Thousand Oaks, CA: Sage, 128-62.

64 DeFilippis, J. (2008). Paradoxes of community building: community control in the global economy. International Social Science Journal, 59(192), 223-234.

Some community initiatives have responded to this paradox by embracing strategies that are consistent with principles underpinning liberal market economies. The result of these approaches is to further facilitate capital mobility outside of the community. For example, early evidence of incentives used to encourage investment in underserved communities in the US suggests that these policies may actually be contributing to worsening wealth inequality by creating greater returns for investors while there is limited evidence that the recipients of this investment are benefiting.[65] Similarly, strategies that assign responsibility for local economic development to the community sector as a substitute for government action undermine the goals of Community Wealth Building (CWB).[66] Several interviewees expressed concern with a risk that CWB could be co-opted or weakened by interests that are not aligned with transforming local economies.

> *"I think [CWB] can be over-represented by the community development sector because they can be allies. But this [community wealth building] is not community development. It [CWB] is economic system change, economic rewiring, and I think people see community and think well, this is just a new name or a variant name of community development. It's not; it's much more about economic system change, the direction of wealth and direction of the economy, rather than traditional community economic development."*
>
> - **Interview with Neil McInroy**
>   Global Lead at Democracy Collaborative

On the opposite end of the spectrum, some community organizations have turned inward on themselves to embrace a hyper-form of localism, "failing to recognize that communities are not solely produced by actions of people and organizations within them but instead are 'to a significant degree, the products of larger social relationships and linkages."[67]

Interviewees and literature similarly highlighted the problem of **conflating hyper-localism with community wealth building** and the importance of communities to reflexively understand global forces that impact local economies and to engage with these forces. *"What communities need to do, if they are truly to control their own development and build themselves, is work to recognize these linkages and then transform them in ways that allow those in the community to have more control."*[68] Interviewees also emphasized the importance of remaining open to collaborating with others outside of the local community to strengthen and scale community ownership. To manage this tension, communities must "create enough benefits for its members through proximity that it can afford to be inclusive."[69] A more **'inclusive form of localism'** allows for collaboration with outside communities that is necessary to achieve scale without losing sight of community ownership and control.[70]

> *"The reason we're bringing the regions together, instead of doing it alone,... is we want to explore solutions where, if they were to cooperate [on an investment product], ...to create economies of scale that could enable them to access large forms of capital that otherwise wouldn't invest in a very local, risky level but that was still owned by those local entities".*
>
> - **Interview with Meaghan Burkett**
>   Ethical Fields

65 Kennedy, P. & Wheeler. (2022). Neighborhood-Level Investment from the U.S. Opportunity Zone Program: Early Evidence.
66 See discussion in Jamal, A. (September 2022). Community Economies Literature Review. Shorefast.
67 Democracy Collaborative (2019). pp. 231.
68 Democracy Collaborative (2019). pp.231
69 Rajan, R. (2019). The third pillar: How markets and the state leave the community behind. Penguin. pp. 22.
70 For example, the BC Social Procurement Initiative highlights the power of collaboration with others outside of the community to achieve objectives that benefit communities.

In some instances, community ownership models that scaled have ended in 'selling out' or demutualizing due to legal and regulatory contexts that promote institutional arrangements that favour investor forms of ownership and creditor protection. For example, the recent transition of Canada's Mountain Equipment **Co-op** to Mountain Equipment **Company** reflects these challenges in the Canadian context.[71] The consumer co-operative was started by members of a university outdoors club in Vancouver in the 1970s and scaled to five million members across Canada. In 2021, the Co-op was sold to a US-based private equity investor under the Companies' Creditors Arrangement Act, despite legal action by member-owners to block the sale.[72]

The following section explores the institutional arrangements in the Canadian context that are antagonistic to community forms of ownership of the economy, with a focus on the role of governments in creating and maintaining these arrangements.[73] These arrangements include (i) lack of access to finance and supporting expertise (ii) legal and regulatory frameworks that favour investor-ownership of wealth-generating assets and (iii) lack of national, strategic policies that address wealth inequalities at the systems level.

3.1 Limited access to financial supports and expertise

Government supports and incentives for small and medium enterprises (SMEs) often exclude – both implicitly and explicitly - communities as enterprise owners. For example, government-backed funds for SMEs such as Business Development Canada, InBC, and Community Futures were designed to support traditional for-profit and investor-ownership of enterprises. In some cases, nonprofits and charities are explicitly excluded from accessing financial supports for their subsidiary enterprises. While some programs like Community Futures have innovated to support alternative forms of ownership,[74] our scan identified several examples of active exclusion of community-owned enterprises from government-funded support programs. This inability of communities to access government funding or guarantees means that many enterprises that provide a core service in community and with owners seeking to transition ownership are closing because no one can take them over.

> *"This dying of rural enterprises because of a failure to transition the businesses from ownership is really sad. People put their life into building these businesses. They're profitable, they make money, why wouldn't someone want to take it? I think that entrepreneurs who are interested in buying a business can't raise a million or $2 million cash to buy the businesses. That's what it takes to get in unless you've got somebody backing you or some guarantee."*
>
> - **Interview with Dawn McGee,** CEO of Goodworks Ventures

71 Baxter, J. (2022). The demise of Mountain Equipment Co-op could spell expensive trouble for Nova Scotia - Halifax Examiner

72 See Lund, A. (2023). Cooperative Difference in Insolvency Proceedings: Pre-Pack Sales, Fiduciary Duty and the Oppression Remedy. McGill Law Journal for a recent discussion of creditor protection trumping co-op members' interests in the case of Mountain Equipment Co-operative.

73 There are other non-public policy related gaps as well. For an excellent mapping of the gaps needed to support infrastructure for community ownership (and social acquisitions more broadly), see the Legacy Leadership Lab Final Report.Rajan, R. (2019). The third pillar: How markets and the state leave the community behind. Penguin. pp. 22.

74 See for example Community Futures Alberni Clayoquot case study at www.scaleinstitute.ca

In other cases, exclusion of community-owned entities is indirect, such as by **excluding enterprises on the basis of revenue size or other characteristics that inadvertently prevent community-based enterprises from accessing supports.**[75] Government initiatives are often designed to primarily support ***'smokestack chasing'*** - defined as traditional economic development policies that foster economic growth and job creation and prioritize relationships between government and businesses.[76] There is an inherent contradiction in the purpose and approach of government support for local economic development that implicitly - and sometimes even explicitly - excludes community.[77]

> *"There is an inherent contradiction in the purpose and approach of government support for local economic development that implicitly - and sometimes even explicitly - excludes community."*[77]

> *"There's important policy work that needs to happen to reinforce community wealth building, instead of incentivizing and protecting the big corporations and the banks."*
>
> - **Interview with Ted Howard**
> President Emeritus, Democracy Collaborative

Table: Government sponsored supports for enterprise: Eligibility and Approach

Program	Eligibility Criteria	Current Approach to Funding Innovation
Business Development Canada[78]	• No explicit exclusionary language (legislation), however, criteria emphasize financial strength. • Must be government-registered, incorporated, a sole proprietor, or partnership business. • Must have a sound personal and business credit score. • Financing options differentiated by months experiencing revenue generation. • No financing option for not-for-profit.	• Venture Capital • Growth & Transition for existing companies financing a new project or business transition • Growth Equity for mid-market growth companies • Intellectual Property Financing for existing, registered IP portfolios with at least $1M revenue in last 12 months seeking global playership
InBC Investment Corp.	• Business headquarters and/or offices, with a proportion of decision-makers and/or management, based in BC. • Percentage of investment, deal flow, revenue, employees, and/or infrastructure in BC. • Alignment with at least one impact objective for climate action, Indigenous reconciliation, innovation for economic growth, and inclusivity. • Can provide a roadmap and portfolio for ESG and DEI development.	• Exception for non-profits with strong alignment with one or more impact objectives, and limited ESG risks. • A long-term, localized, patient, minority investor • Invests in seed, early stage, and later stage companies that align with impact objectives.

75 Thank you to Kristi Fairholm Mader for highlighting challenges facing nonprofits and charities in accessing government support programs that are intended primarily for conventional investor-owned firms.
76 Jamal, A. (2022).
77 Jamal, A. (2022).
78 See Buy Social Canada for further discussion: Response to the Business Development Bank of Canada (BDC) 2022-23 Legislative Review

Program	Eligibility Criteria	Current Approach to Funding Innovation
Community Futures	• No explicit exclusionary language, however, does not offer any program to fund or support alternative ownership businesses. • Good credit, training, and work history to prove good business management ("Character"). • Business plan viability, strength, marketability, adequate cash flow. • Historical or projected financial statements ("Capacity"). • Marketing plan research within the business industry ("Conditions"). • Ability to mitigate unexpected emergencies or risks by showing personal and corporate net worth invested in the business ("Capital"). • Ability to help drive rural economic diversification.	• A developmental lender for small local businesses • Flexible, tailored repayment • Creative solutions for collateral (still with the aim for 1:1 security to loan ratio)
Regional Relief and Recovery Fund	• Had previously accessed COVID-19 relief measures but continue to experience hardship or ongoing liquidity needs • Demonstrate revenue • Sole proprietorships and non-profits not eligible	• Includes sole proprietorships, partnerships, corporations, social enterprises, & similar organizations, but not non-profits, charities, or alternatively owned businesses • Offers a last resort for businesses still struggling after receiving funding elsewhere • Gives priority for sectors critical to resilience and survival of Atlantic Canada's economy
Canada Small Business Financing Program	• A small Canadian business or start-up that offers services or products to the public • Gross annual revenue does not exceed $10M • No restrictions on the business' principal (can be foreign-owned) • Since June 30, 2021, the definition of "small business" includes non-profits, charities, and religious organizations and are therefore eligible for funding (previously, the program was only open to for-profit businesses) • Holding corporations and trusts are ineligible • Cooperatives are eligible	• A partnership between financial institutions and the federal government to share risk to make it easier for small businesses to access loans. • Financial institutions make the decisions on what kind of businesses can create an account with them outside CSBFP. • Offers term loans and lines of credit
Export Development Canada Loan Guarantee Program	• No explicit exclusion criteria based on ownership (forprofit/nonprofit) • Consideration of international sales and financial institution's lending agreement as a potential mismatch for community owned enterprises	• EDC provides loan guarantee to financial institutions up to $25M to provide working capital such as extend business' line of credit, term loans or margin international assets or inventory

Another consequence of the lack of government supports for communities owning wealth-generating assets is that the market for legal and accounting services remains focused on serving corporate and investor-owned entities. Interviewees shared examples of how community-owned organizations are asking accountants and lawyers for support with acquiring wealth-generating assets who do not understand the nonprofit context or alternative ownership structures and do not have the experience to support them. In one example, an interviewee shared how a community acquisition deal fell through because the accountant did not understand the purpose of the transaction from the perspective of the charity.

> *"They needed good accounting and legal advice from people that understand how to support a charity to acquire a for-profit subsidiary and the number of people with that expertise is very small."*
>
> \- **Lee Herrin,** Scale Collaborative

3.2 Legal and regulatory frameworks prioritize investor-ownership and acquisitions

In liberal market economies like Canada, legal and regulatory frameworks often incentivize investor-forms of ownership. For example, legal frameworks governing co-operatives in many provinces in Canada encourage demutualization and conversion to investor-owned firms.[79] This is because, in many of these jurisdictions, legislation governing cooperatives permits the distribution of legacy assets (assets that have been built up over the lifetime of the co-operative).[80] This permission to distribute legacy assets often incentivizes members to agree to demutualization. While *Quebec's Co-operative Act* requires the balance of assets after paying creditors to be transferred to a cooperative, federation, or the Conseil Québec de la Coopération, indivisible assets are not required in several other provinces.[81] Regulatory structures can also incentivize demutualization - including the requirement to appoint an outside director, which can weaken the performance of a cooperative - and "push cooperatives to adopt structures that are increasingly familiar to those of other businesses."[82]

On the other hand, regulatory frameworks governing inter-firm coordination tend to prevent community-owned enterprises from coordinating with each other to effectively scale and compete meaningfully with investor-owned firms.[83] As scholars point out, community-owned enterprises such as co-operatives scale differently than traditional investor-owned firms, often relying on "coordinated inter-cooperative alliances and cross-shareholding, rather than engage in hostile acquisition of another firm to realize sufficient economies of scale and scope as individual firms." But many liberal market economies have legal and regulatory frameworks (e.g., antitrust and competition laws) that tend to discourage this form of interfirm coordination.[84]

In stark contrast to rules that prevent community-owned entities to coordinate in ways that would support their ability to scale, Canada's *Competition Act* has been ineffective in preventing serial acquisition strategies that many private equity investors and corporations use to build wealth. This is in part because companies are only required to notify the competition bureau of a merger or acquisition that exceeds $90M or total value of assets or revenues of parties involved exceeds $400M. This threshold shields many acquisitions made by private equity from regulatory scrutiny.[85] The prevalence of **'serial acquisitions'** in Canada is significant, with severely negative consequences for the economy in terms of market efficiency, competition, innovation and distribution of wealth. ***"Many local businesses that consumers think are independent are actually being consolidated in serial acquisition sprees by both private and public companies."***[86]

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79 Spicer & Kay (2022).

80 Hunt, P. (2021). Demutualization is bad for members, for competition and choice. https://bccm.coop/demutualisation-is-bad-for-members-for-competition-and-choice-and-for-market-stability/

81 The Province of BC requires indivisible assets for community service co-ops but does for other forms of co-operatives.

82 Fulton,M. & Girard, J. (2015). Demutualzation of co-operatives and mutuals. https://usaskstudies.coop/documents/pdfs/demutualization-of-co-ops-and-mutuals.pdf

83 Spicer & Kay (2022)

84 For a detailed discussion see Spicer, J. (2022). Cooperative enterprise at scale: comparative capitalisms and the political economy of ownership. Socio-Economic Review.

85 For a detailed discussion see Social Capital Partners (2023) A positive vision for the future of Canadian competition policy. Available at: https://www.socialcapitalpartners.ca/competition-act-review

86 The hidden trend reshaping and hurting the economy: serial acquisitions

Other examples of how legal and regulatory frameworks in Canada **actively discourage** community ownership, specifically in the context of acquisition of wealth-generating assets, include:

- Canada Revenue Agency (CRA) rules around donating non-qualifying securities, such as privately held businesses, to charitable organizations that prevent charities from continuing to operate these assets to generate wealth; A qualified donee can only issue an official donation receipt to the donor of a non-qualifying security if within 60 months of acquiring the non-qualifying security, one of the following two conditions applies: 1. the security ceases to be a non-qualifying security (i.e., a privately held company goes public and its shares become listed on a designated stock exchange) or 2. the qualified donee disposes of the non-qualifying security.[87]
- CRA rules that are complex and ambiguous around generating surpluses can discourage charities and nonprofits from building reserves that, in turn, could be used as collateral for securing loans to acquire wealth-generating assets, or investing in scaling community-owned enterprises.[88]
- CRA rules that prevent community foundations from participating in financing community-owned enterprises and asset acquisitions.[89]
- Limited ability of nonprofits and charities in Canada to raise investment capital to finance acquisitions of wealth-generating assets. While community bonds are becoming more prevalent in Canada, these take time to develop and may not be feasible when competing for acquiring assets with private investors. Community Economic Development Investment Funds (CEDIFs) demonstrate the importance of enabling public policy (e.g., tax incentives) to encourage place-based investment at scale.[90]

3.3 Lack of strategic policy approaches that engage at a systems level

Beliefs about markets, the role of the community sector and the role of government have locked in institutional arrangements that are antagonistic to community forms of ownership of the economy. These beliefs include that markets are efficient and that profit-making is the primary legitimate motivation for entrepreneurship. Policy initiatives aimed at extending beyond these roles - such as to support community forms of ownership - are often criticized as distortionary and protectionist.

Interviewees emphasized that scaling community ownership of the economy requires transformational shifts in the institutional arrangements underpinning capitalism. These shifts will require coordinated and strategic action among governments. In times of crisis we tend to see a surge of renewed interest in community ownership models. There is a risk that, in an absence of coordinated engagement to transform existing institutional arrangements that prioritize private forms of ownership, "these efforts represent 'old wine in new bottles' rather than a defined inflection point toward a more plural form of ownership in the economy."[91]

87 Canada Revenue Agency Guidance on Non-qualifying securities (CG-012)

88 Imagine Canada .(2022). Policy priority: Support for social enterprise activities | Imagine Canada

89 At the time of writing, this rule is under review.

90 For example, New Dawn Enterprises in Nova Scotia has been successful in using CEDIF policy to scale investments in their own enterprises and other local enterprsies.Community Economic Development Investment Fund

91 Spicer, J. (2020).

"What stands in the way? (...) I see two things get in the way. The first one is hopelessness. Many of us believe that capitalism in its current form is the only system possible and that it's not even worth thinking about something else (...) The second thing is confusion and distraction."

- **Interview with Marjorie Kelly**, Fifty by Fifty

"How this can be scaled up to a degree that actually reduces those inequalities because the reality is, we're still seeing the billionaire's wealth increase in a very unacceptable manner. (...) The question is whether these [CWB models] can be brought to scale to such a degree that is actually going to be addressed (...) It's good that are having these conversations and this movement, but I don't think it's going to be enough in some areas. (...) ***some areas that are just adopting bits of this but just taking one part of it and not doing what's needed to have that wholesale transformation."***

- **Interview with Preston City Councilor Matthew Brown**

"Community wealth building is a system. It says we need to look at housing, land, and enterprise. You need to look at how big institutions [e.g., universities, governments] are buying, hiring, and investing. We need to look at all these things in one place and get them working together. ***"It's not enough to build our cool little models for impact investing or worker ownership and community land trusts. It's not enough to do that. We have to think systemically."***

- **Interview with Marjorie Kelly**
  Fifty by Fifty

4. INSPIRATION FROM OTHER JURISDICTIONS

While literature and interviews surfaced many challenges for scaling community ownership, we equally encountered many inspiring examples of leaders who are successfully scaling community ownership within the broader practice of community wealth building. Lessons from these leaders are summarized below, with emphasis on the role of government in shaping institutional arrangements that enable communities to own and control wealth-generating assets at scale.

4.1 Legislation is essential for legitimizing and protecting community ownership

Legislation plays an important role in leveling the playing field to allow community to meaningfully participate in the market to acquire wealth-generating assets. For example, legislation that gives community organizations the right to purchase, right of first offer, and right of first refusal of commercial and real estate assets plays an important role in carving out time and space for more community ownership in a system that has long prioritized private and investor ownership.[92] In our scan of policy and legal frameworks we identified several examples of legislation giving communities these rights over real estate and other wealth-generating assets at national (UK), sub-national (e.g., Scottish Community Empowerment Act, US Tenant Opportunity to Purchase Acts) and local levels (e.g., San Francisco Community Opportunity to Purchase Act).

In addition to leveling the playing field, interviews highlighted the need for government action to change the playing field to take seriously the goals of building wealth for communities. One way to achieve this is to introduce new legal forms that create pathways for communities to commit to a purpose beyond profit-making while engaging in economic activities and protecting assets from private interests in perpetuity. Innovative legal forms like **steward ownership trusts** in the US offer durable solutions to community ownership to ensure that (economically) successful community-owned assets and enterprises are not ultimately acquired by private investors.[93]

> *"Community wealth will require that if you're one of 100 employees working for a company, and the owner of the company wants to sell, the workers have the right of first refusal. They can buy the company and they have to be given that opportunity. So that's a way you start to transition."*
>
> - **Interview with Preston City Councilor Matthew Brown**

92 For review of how Scottish legislation legitimized community ownership in the case of Eigg, see Haugh, H. M. (2021). The governance of entrepreneurial community ventures: How do conflicting community interests influence opportunity exploitation?. Journal of Business Venturing Insights, 16, e00265.

93 Haugh, H.M. (2021), "Social economy advancement: from voluntary to secure organizational commitments to public benefit", Journal of Management History, Vol. 27 No. 2, pp. 263-287. https://doi.org/10.1108/JMH-06-2020-0035

4.2 Public policies to drive community ownership at scale

Literature and interviewees emphasize the limits to legislation on its own to create the enabling conditions for community ownership. For example, there has been low uptake of Community Right to Buy legislation when not supported by additional supports to help communities manage and fund community acquisitions.[94] Some jurisdictions have also succeeded in advancing community ownership in the absence of legislation.

> *"We don't have legislation but we can point to a number of different initiatives where it has worked without legislation. It comes down to commitment, capability and passion in terms of community and commitment to drive community ownership within the public sector and a willingness to get it done."*
>
> - **Interview with Charlie Fisher**
>   Development Trusts Northern Ireland

Public policies are needed to incentivize the transition to plural and community ownership and support community organizations in accessing financing and non-financial supports.

Examples of public policy that supports community ownership include:

- **Incentives for sellers** - without incentives for sellers of wealth-generating assets to consider transitioning to community ownership, private investors can often afford to pay more than community buyers due to the large amount of capital they have to deploy. For example, Social Capital Partners recently called attention to this problem with the proposed Federal Budget approach to introducing Employee Ownership Trusts in Canada.[95]
- **Defined outcomes and measurement systems** to show the value of community ownership, track progress and ensure incentives are not creating unintended negative impacts.
- **Clear and better rules** that help community organizations (e.g., charities and nonprofits) understand what they can and cannot do in acquiring and scaling wealth-generating assets. Despite legislation as a legitimizing force, uncertainties remain in practice without supporting regulatory frameworks that provide clear guidance and rules to community organizations. As a result, communities will be reluctant to engage in new legal forms and practices.
- **Funding for acquisitions** – despite enabling legislation, transitioning businesses to community ownership is limited by the lack of access to financing. As one interviewee points out, **active forms of capital** (not just private bank debt) **are needed to take some forms of community ownership to scale**. Direct funding programs like the **Community Ownership Fund in the UK** support acquisition financing for communities.[96] In 2023 the Province of British Columbia announced a $500M fund to support nonprofits in buying rental properties to protect access to affordable housing.[97] Government can also direct more private capital toward community ownership such as by providing loan guarantees and incentives.

94 See Haugh, H. (2021).
95 See Lundy, M. (March 29, 2023) Ottawa reveals details of employee-ownership plan for businesses The Globe and Mail.
96 In the US, the Employee Equity Investment Act "supports private sector investors who proactively pitch selling business owners on employee ownership transactions, and provide financing so the seller does not need to do so themselves." Also see Kelly, M. (2021) The case for investing in employee ownership. SSIR Available at: The Case for Investing in Employee Ownership
97 B.C. creates $500M fund for non-profits to buy rental buildings, protect tenants - CochraneEagle.ca

> *" In terms of getting to scale, a lot of it has to do with capital and making sure that impact capital is flowing in this direction. Having governments like Scotland start to move billions of pounds into this; that's where real scale happens."*
>
> - **Interview with Ted Howard**
>   President Emeritus, Democracy Collaborative

- **Securities exemptions** that make it easier for community members (non-accredited investors) to invest in community-owned entities. In Canada, community bonds are a valuable source of debt-financing but more mechanisms are needed to allow a diverse range of financing to scale community ownership.

4.3 Vertical policy

Community ownership and wealth-building cannot be scaled by one level of government acting alone. It is often the case that community ownership and wealth building is initiated and driven at the local level. For example, the **City of Preston** in the UK (known as the Preston Model) and the **Cleveland Greater University Circle Initiative** are widely celebrated models for community wealth building that were driven by local level actors such as community foundations, local civil society actors, universities, and local governments.

But as one interviewee explained in the UK context, *"local government is having to work with limited supports from central government. The central government is very much pursuing a return to the old normal, and even seeking to turbo charge that... We make a lot of efforts in terms of advocating for national policy change, but what we're often finding is we're working with local authorities who are wanting to pursue this agenda, in spite of whatever the national policy framework exists."*

In the absence of other levels of government support, locally driven initiatives are at risk of remaining limited in scale and dependent on supportive local political conditions and coalitions of local actors. Interviewees emphasized the importance of vertical policy, where all levels of government adopt and align policies that advance community wealth building.

> *"There's also work in what we call vertical policy. For example, employee ownership. You want that and you want to build it locally, but you also want to build the vertical systems to support it"*
>
> - **Interview with Marjorie Kelly**
>   Fifty by Fifty

> *"I think policy at all levels is essential. Our vision is that community wealth building will start to set the principles of economic development in Australia... that [CWB] is something that's embedded across all levels of government. "*
>
> - **Interview with Meaghan Burkett**
>   Ethical Fields

4.4 Leverage existing channels and systems

Interviewees and the literature emphasize the importance of leveraging existing initiatives, systems, and resources to scale community ownership. As one interviewee shared, *"you can use the channels that exist; you don't need to overthrow them"* –Interview, Ted Howard, President Emeritus, Democracy Collaborative

Some examples of existing channels in Canada that could be leveraged to scale community ownership include:

- **Apply an ownership lens[98] to existing social finance initiatives** such as the $755M Federal Government of Canada's Social Finance Fund to direct financing to community-owned enterprises that contribute to the wealth and resilience of local economies.
- **Apply an ownership lens to community benefits agreements and public sector social procurement policies.[99]** While Trade Agreements present a potential challenge to prioritizing purchasing from community-owned entities, regional governments in the United States have identified opportunities to prioritize community forms of ownership in CBAs and public procurement. For example, the City of New York expanded its inclusive procurement program to include employee-owned businesses.[100]
- **Expand existing government financing, incentives, and entrepreneurial support programs** to explicitly include community organizations.

4.5 Governance matters

Community wealth building leaders suggested that, ironically, community is largely missing from the control and governance of community-owned models. This exclusion is also identified in the literature, where scholars have documented the lack of meaningful community representation and participation in the example of community-owned forests.[101]

> *"...community based organizations need to be part of building this whole thing and owning it and having some agency over it."*
>
> - **Interview with Ted Howard**
>   President Emeritus, Democracy Collaborative

This potential for excluding the community from community ownership models highlights the importance of governance in the design and implementation of community ownership models.

Experimentation with governance structures for community ownership is critical to ensure that community is represented. This potential exclusion of community is amplified in models seeking to scale, especially when engaging investors to access traditional capital sources.[102] Emerging and innovative governance models that allow for meaningful participation of and collaboration with communities in the Canadian context identified by some reviewers and interviewees include the **South Island Prosperity Partnership** (Vancouver Island, British Columbia) and **Thrive** (Prince Edward County, Ontario) and participatory budgeting.[103]

98 Shell, J. (2023). Introducing the Ownership Fund. Introducing The Ownership Fund. | Ideas from Social Capital Partners.
99 Theodos and Edmonds (2021)
100 Theodos, Shakesprere, J. and Hariharan, A. (2022). Employee Ownership NYC: State and Local Policy Supports. www.urban.org
101 See Haugh, H. (2021).
102 For discussion of these tensions, see Kresge Foundation (2023, January) Community Ownership: Emerging Models and Roles for Philanthropy.
103 See for example, Geobey, S., Campbell, S., & Kearney, N. (2023). Testing participatory budgeting voting design: Two cases from the city of Kitchener. Local Development & Society, 1-20.

5. PATHWAYS TO SCALING COMMUNITY OWNERSHIP

In mature economies like Canada, asset ownership will increasingly determine the distribution of wealth. This is because the rate of return on capital (e.g., commercial and real estate assets) is greater than the return on labour.[104] Ownership of wealth-generating assets is becoming increasingly concentrated in Canada. For example, 30 percent of housing stock in BC and Ontario is now owned by owners with at least one additional property.[105] Similarly, Canada's retail market is heavily consolidated. A recent report looking at the retail grocery market in Canada found five retailers account for 76 percent of the total market."[106]

This combination of concentrated ownership and the maturity of Canada's economy means wealth inequality will worsen in absence of intentional efforts to design markets for building community, alongside private, forms of wealth. While community ownership represents the potential to reverse the growing ownership concentration and wealth inequality, achieving the scale necessary to realize this goal will require bold and urgent action among leaders across all sectors and levels of government.

An initial list of **pathways toward scaling community ownership** for the Canadian context are identified below, based on the analysis of interviews and the literature review. The list was shared with academics, interviewees, and practitioners and feedback was incorporated. Some of these pathways could be pursued unilaterally and within shorter time horizons. Other pathways will require coordination across different levels of government and with the private and nonprofit sectors. For community-ownership initiatives led by non-Indigenous organizations, **consultation with Indigenous communities and self-reflexivity is critical to ensure these new ownership models are not re-making colonialism.**

This initial list is intended to serve as the basis for dialogue and as an invitation to public, private, and community sectors to imagine new futures and co-design solutions to advance community ownership of wealth-generating assets at scale.

A caveat: *Many communities in Canada are already experimenting with the initiatives listed below.[107] What we do not have yet in Canada is coordinated and strategic efforts to advance from pilot testing to wide-scale adoption and to change economic systems in ways that put community wealth building and well-being at the center of design.*

104 Piketty, T. (2014). Capital in the Twenty-First Century.
105 Housing Statistics in Canada Residential real estate investors and investment properties in 2020
106 Retail Foods
107 See for example Building Community Wealth - Social Innovation Canada

5.1 Awareness & capacity building

Pathway	Description	Key Actors	Examples/Quotes
Map existing community assets	Support community in identifying essential businesses (e.g., child care centers), infrastructure (e.g., renewable energy, social housing)[108] and real estate (existing housing co-operatives, affordable housing/mixed use buildings), especially those where closure or transition from local ownership to a non-local owner would have a negative impact on the community.		• Prince Edward County Thrive's Asset Mapping. • University of Victoria's Geography Dept. offers a course on community asset mapping.
Establish new roles at senior management levels in government	A 'Director of Community Wealth Building' (CWB) to oversee CWB initiatives and related partnerships, and provide a CWB lens that seeks to advance the five pillars of CWB in relation to all government initiatives.		North Ayrshire, Scotland has senior level staff dedicated to community wealth building initiatives and a 'Community Wealth Building Council' (see Appendix, profile # 7).
Build internal capacity of government staff	Train & educate existing, and hire new, staff who understand the importance of community ownership and CWB and distinguish it from more traditional approaches to community economic development. Community economic development still tends to prioritize economic growth through attracting outside investors and businesses into communities with incentives using public money without considering the ownership and distribution of the wealth that is generated.		New curriculum on alternative ownership at business schools such as the Coady Institute's (St Francis Xavier) course on Asset Based and Community-Led Development https://coady.stfx.ca/asset-based-and-community-led-development-theory-and-practice/ and Rutger University's Institute for the Study of Employee Ownership and Profit Sharing
Establish targets and indicators	Create targets and indicators to establish a baseline for the level of wealth-generating assets owned by community and the distribution of ownership within the economy. Track progress on indicators and report publicly against targets.		See Scotland's Community Ownership Indictor, as part of its National Outcomes Framework for example: Community Ownership | National Performance Framework . The indicator reports 711 assets in community ownership in 2022 (a 7% increase from 2020)
Build cross-sector leadership capacity	Invest in a nation-wide network of local champions from government, business, and community to lead the development of resilient, adaptive local economies and communities.		Existing networks such as Canadian Community Economic Development Network and the University of Waterloo's Social Acquisition Institute Incubator could be leveraged for this purpose.

LEGEND

- Local Government
- Provincial Government
- Federal Government
- Community Organizations
- Academic Insitutions
- Business Community
- Impact Investors & Philanthropy

108 Ontario Nonprofit Network (2018) Not for Sale: The Case for Nonprofit Ownership and Operation of Community Infrastructure.

5.2 Financing community ownership

Pathway	Description	Key Actors	Examples/Quotes
Engage in Ownership lens investing	**Apply an ownership lens** to existing social finance initiatives such as the Government of Canada's $755 M Social Finance Fund.		**Social Capital Partner's Ownership Fund** is a pioneering initiative aimed at providing backing to platforms, funds, existing and new companies that promote accessible ownership, scalability, and the long-term sustainability of broad ownership. This approach is referred to as "ownership-lens investing" and could be applied to other existing social finance initiatives to enhance impacts for local economies.[109]
Support place-based incubator, seed- and growth funding for community-owned enterprises	Establish community-owned investment vehicles and build an ecosystem of support around these initiatives. Leverage existing initiatives and fund new purpose-built, place-based investment vehicles and incubators.		• Scale Collaborative Business Legacies Initiative supports nonprofits and charities' readiness to acquire wealth generating assets.[110] • Canada's Catalyst Community Finance Initiative and practitioners advocate for a comprehensive and coordinated system of Community Development Finance Institutions similar to what exists in the US.[111] • **Also see Appendix, profile # 4**
Provide capital to community organizations for real estate acquisition or construction costs.	Financial supports could take the form of loans at below-market rates or grant-in-aid for community ownership projects. Funds for such initiatives could come from a ***dedicated community ownership fund*** established by local governments and funded via developer amenity contributions.		The City of Toronto provided Kensington community organization with a $3M forgivable loan from development funds to purchase property where tenants were given eviction notice. Similarly, in 2022, the City of Montreal supported the development of a $18M fund to support community organizations in beating real estate speculators to opportunities and maintain ownership within community.[112]
Establish a government-funded Community Ownership Fund	To provide financial support for community acquisition of wealth-generating assets to accompany Community Right to Buy legislation. In addition to direct public investment, the fund could seek to leverage private investment (such as from pension funds in place-based investment opportunities).		A £150 million government-funded community investment that will run until 2024/25 as part of the "Leveling Up the United Kingdom" plan that allows communities across England, Wales, Scotland and Northern Ireland to acquire local assets at risk of closure (such as sport teams, local pubs, village shop, etc.) to keep them benefiting the community. **For more information, see Appendix: profile # 6**

LEGEND

Local Government — Provincial Government — Federal Government — Community Organizations — Academic Insitutions — Business Community — Impact Investors & Philanthropy

109 Shell, J. (2023). Introducing the Ownership Fund. Medium.
110 Business Legacies Initiative - Scale Institute
111 Spence, A. & Bugg-Levine, A. (2020) Here's why community capital institutions could the key to recovery. Future of Good.
112 Future of Good. How an 18 million dollar fund helps community organizations beat speculators and own their own spaces.

Pathway	Description	Key Actors	Examples/Quotes
Adopt securities exemption	To allow community-owned enterprises to raise capital from local, non-accredited investors.		Law that gives California cooperative corporations a securities exemption, allowing them to raise capital by selling membership shares for up to $1,000 each. The law also allows anyone in California to invest in a cooperative corporation. The law increased California cooperative corporations' securities exemption, which allows them to raise capital through membership shares." "The passing of AB 816 created a huge opening for us. It makes our work so much more possible. **It allows us to actually raise the amount of money needed and ensure shared ownership at the same time, instead of having to choose one or the other."**[113] **See also Profile # 5 in Appendix**

5.3 Enabling public policy & legislation

Pathway	Description	Key Actors	Examples/Quotes
Explore policies that ensure government procurement and use of land support community ownership	Apply community ownership as a lens for public procurement, link community ownership opportunities to community benefits agreements with private sector developers, acquire assets core to community and at risk of closure and hold until a community entity can purchase.		See for example Emerson Collective's proposed model for community equity endowments, in Theodos, B., Edmonds, L. and Tangherlini, D. (2021). "Community Equity Endowments: A New Form of Community Benefit." Washington, DC: Urban Institute.
Develop or extend policy and strategy for local government asset acquisition that prioritizes wealth building for community	Many local governments have strategic plans for acquiring real estate for future parks and transportation corridors. These strategies could be extended to include a range of assets that are core to the community (as defined in Official Community Plans) such as essential businesses (e.g., child care centers), social infrastructure (community spaces, cultural resources) and housing that creates value (broadly defined to include not only economic value but also social, cultural and environmental value for the community).[114]		In Canada, municipal corporations have primarily been used for affordable housing but they could be extended to other assets. For example, in Preston, UK, public (local council) ownership has been applied to a wide range of community assets including the Museum and Art Gallery, local markets, and most recently, a £45m cinema and leisure complex 'Animate' that is being funded and retained by the Council as a strategic public asset.[115]

LEGEND

Local Government
Provincial Government
Federal Government
Community Organizations
Academic Insitutions
Business Community
Impact Investors & Philanthropy

113 (2020) Pathways to a People's Economy

114 See discussion on benefits and drawbacks of public (government) ownership in Spicer, J. et al.. (2022). Oranges are not the only fruit: the publicly owned variety of community land trust. Journal of Planning Education and Research.

115 Animate Preston £40m cinema and leisure complex gets the green light as building work to start in early 2023 - LancsLive

Pathway	Description	Key Actors	Examples/Quotes
Facilitate acquisition of real estate by community partners for initiatives that create value for the community	This could be achieved by selling or transferring public land to community or providing a ground lease of existing local government lands for community initiatives and giving community a seat at the table during real estate negotiations with the private sector.	Local Government; Community Organizations	"The Community Asset Transfer policy framework [in Northern Ireland] sets out the process for a change in management and / or ownership of land or buildings, from public bodies to communities. The framework has been developed as a tool for investing in regeneration and positive social, economic and environmental outcomes." (UK Government, Community Ownership Fund: Prospectus, 2022)
Introduce new legal forms	**Advance plural forms of ownership in Canada that transcend the non-profit and for-profit dichotomy** (e.g., perpetual purpose, 'stewardship' trusts).	Provincial Government; Community Organizations; Impact Investors & Philanthropy; Federal Government	**See Profile on Steward Ownership Trusts in Appendix, Profile # 3**
Adopt Community Right to Buy Legislation	Enable communities' right to purchase, right of first offer, and right of first refusal of assets (e.g., land, businesses, buildings) that create value for communities.	Provincial Government; Federal Government	**See Profile on Community Right to Buy in Appendix, Profiles # 1 and 2**
Imagine a Ministry of Community Wealth	This was the approach taken by the group in Australia advocating for Community Wealth Building and led to generative discussions where policy makers have begun to reframe the definition of "economic success" to include community forms of ownership and wealth.	Provincial Government; Federal Government	*"There's a broad failure of imagination about building a different kind of economy. Many people, while they're quite dissatisfied with what's going on, do not yet envision what a new possibility looks like."* – Interview, Marjorie Kelly, Fifty by Fifty **See Profile on Australia in Appendix, Profile # 8**
Adopt a national policy strategy to support community ownership and wealth building	As several interviewees and reviewers pointed out, adopting bits of a community wealth building policy agenda on their own will not create the systemic change that is needed to advance community wealth building at scale.	Provincial Government; Federal Government	*"Imagining what if we had a national strategy, and a national policy around community wealth building, and the way we envisage that was ...something that the federal and all state governments would sign on to and say, we see community wealth building basically as the vision of how we should operate as a society. Community ownership should be the first place we start from; it should be a principle of how we function."* - Interview with Meaghan Burkett, Ethical Fields **See Profile on Australia in Appendix, Profile # 8**

LEGEND

Local Government · Provincial Government · Federal Government · Community Organizations

Academic Insitutions · Business Community · Impact Investors & Philanthropy

APPENDIX A: LIST OF INTERVIEWEES

Thank you to the interviewees for sharing your insights, inspiration, expertise and hopes for a better future for all.

Interviewee	Title	Region
Ted Howard	President Emeritus, Democracy Collaborative	US/Global
Marjorie Kelly	Fifty by Fifty, Democracy Collaborative	US
Neil McInroy	Global Lead, Democracy Collaborative	Scotland/Global
Meaghan Burkett	Ethical Fields	Australia
Matthew Brown	Councillor, Preston	UK
John Henehgen	Centre for Local Economies	UK/Wales
Charlie Fisher	Development Trusts Northern Ireland	Northern Ireland
Annie McShiras	East Bay Permanent Real Estate Fund	US/California
Nia Evans & Cierra Peters	Boston Ujima Project	US/Boston
Dawn McGee	CEO of Goodworks Ventures	US/Montana
Lee Herrin	Scale Collaborative	Canada/BC
Leiha Edmonds	Urban Institute	US

APPENDIX B: PERFORMANCE OF COMMUNITY-OWNED ENTITIES

Table: Performance of community-owned entities

Impacts	Evidence
Wage inequality: Wages	• Employee-owned organizations demonstrate greater levels of wealth for women and BIPOC employee-owners compared to their non-employee-owner counterparts. According to Social Capital Partners (2022, p. 6; Weissbourd et al., 2021): - BIPOC employee-owners earn 30% more in wages; - Women employee-owners earn 17% more - 24% more for single women - in wages; - Formerly incarcerated employee-owners earn 25% more annual income; and, - The median national wealth of women and BIPOC employee-owners is generally higher.[116] • "Compared to conventionally owned companies, steward-owned companies also pay employees higher wages with better benefits, attract and retain talent more effectively, and are less likely to reduce staff during financial downturns."[117]
Distributive injustice	• Use of collective community assets to create economic prosperity, stability, and relative independence presents a valuable opportunity to reduce racial and gender wealth gaps.[118] • Broad, democratic ownership pre-distributes income & wealth capital without government intervention, effectively raising the average wealth or savings of low- and middle-income employees of employee-owned companies significantly higher than traditional companies.[119]
Resilience in management of economic crises	• A sense of community felt by the Makehouse in transitioning to a co-op by other co-ops allowed them to access resources for funding & coaching for long-term success.[120] • In the case of companies with an Employee Stock Ownership Plan (ESOP) in the US context during the COVID-19 pandemic, employees were three times less affected by the economic downturn, three times more prepared to cover emergency expenses of at least $500, and twice as likely to retire by the age of 60 compared to employees who did not work at a company with an ESOP.[121] • "publicly traded companies in the United States with employee ownership programs were more likely to survive the last two recessions"[122] • "Not only do [Steward owned companies] outperform traditional for-profit companies in long-term profit margins, but they are also more resilient to financial and political crises, and offer significantly less volatile returns"[123]
Impact on environment	• Scholars suggest a link between democratic forms of ownership and improved decision-making for the environment given the proximity of owners (community members such as employees) to the impacts of the business on the environment.[124]
Impact on public health and social determinants of health	• Koh et al. (2020) argue for more focus on evaluation of community wealth building strategies among anchor institutions that track health outcomes.[125]

116 Social Capital Partners. (2022, March). Building an Employee Ownership Economy. Social Capital Partners. Retrieved April 9, 2023, from https://static1.squarespace.com/static/5f6a6b8c96aa5713717e1cd0/t/6220d736513d41589c18b23c/1646319417114/Building_an_employee_ownership_economy_white_paper_March+2022.pdf
Also see: Weissbourd, J., Conway, M., Klein, J., Chang, Y., Blasi, J., Kruse, D., Hoover, M., Leverette, T., McKinley, J., & Trenholm, Z. (2021). Race and Gender Wealth Equity and the Role of Employee Share Ownership. The Aspen Institute.
The National Center for Employee Ownership. (2017, May 15). Employee Ownership & Economic Well-Being: Household Wealth, Job Stability, and Employment Quality among Employee-Owners Age 28 to 34. Ownership Economy. Retrieved April 20, 2023, from https://www.ownershipeconomy.org/wp-content/uploads/2017/05/employee_ownership_and_economic_wellbeing_2017.pdf

117 Purpose Foundation, RSF Social Finance, & Organic Valley & Organically Grown Company. (2019). Stewardship-ownership. Purpose Foundation. Retrieved 1 October 2022, from https://static1.squarespace.com/static/5e3dd7f488ec8532756207bf/t/5f385e0057da8940e9b7fb97/1597529627949/Expo+West+2019+Steward+Ownership+Booklet

118 Collective Courage: A History of African American Cooperative Economic Thought and Practice on JSTOR

119 Mathieu, M. (2020, May). A Generic ESOP Employee Share Plan for Europe. European Federation of Employee Share Ownership. Retrieved April 16, 2023, from A Generic Esop Employee Share Plan for Europe

120 See case study: www.scaleinstitute.ca

121 https://static1.squarespace.com/static/5f6a6b8c96aa5713717e1cd0/t/6220d736513d41589c18b23c/1646319417114/Building_an_employee_ownership_economy_white_paper_March+2022.pdf (p. 11)

122 Kurtulus, F. A., & Kruse, D. L. (2017). How Did Employee Ownership Firms Weather the Last Two Recessions?: Employee Ownership, Employment Stability, and Firm Survival in the United States: 1999-2011. p. 114: W.E. Upjohn Institute for Employment Research.

123 Purpose Foundation, RSF Social Finance, & Organic Valley & Organically Grown Company. (2019). Stewardship-ownership. Purpose Foundation. Retrieved 1 October 2022, from https://static1.squarespace.com/static/5e3dd7f488ec8532756207bf/t/5f385e0057da8940e9b7fb97/1597529627949/Expo+West+2019+Steward+Ownership+Booklet

124 Battilana et al. (2022).

125 https://ajph.aphapublications.org/doi/full/10.2105/AJPH.2019.305472?role=tab