



# Memo

**Date:** September 15, 2023

**To:** The Honorable Members of Seattle City Council

**From:** Jenifer Chao, Interim Director, Department of Neighborhoods  
Melia Brooks, Division Director, Community Innovations, DON  
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**Subject:** DON-002-A-002 Equitable Economy & Community Wealth Building SLI Final Report

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## **Project Background and Context**

The City of Seattle's Generational Wealth Initiative was developed to find community-centered solutions to the longstanding racial wealth gap between residents from different racial backgrounds. Our funding and mission are the result of a community taskforce investment sparked by the 2020 protests following the murder of George Floyd. As such, our initiative is rooted in the movement for racial justice.

During fall 2021, Seattle City Council issued a Statement of Legislative Intent (SLI) that further supported the mission of the initiative by requesting that the Department of Neighborhoods (DON) prepare a report on "community wealth building and equitable economy strategies to reduce the racial wealth gap." Council requested that DON partner with City departments and consultants to provide "a comprehensive evaluation of the City's programs," identify "gaps and opportunities to more effectively deliver programs and services to the community," and make recommendations for how the City can "provide a consistent ladder out of poverty."

In May 2022, DON selected People's Economy Lab, Headwater People, and The Vida Agency through a competitive Request for Proposals process to support the Generational Wealth Initiative in producing the attached report.

## **Report Development**

The Department of Neighborhoods with support from Headwater People convened a Black, Indigenous, People of Color (BIPOC) Generational Wealth Building Roundtable composed of community leaders, entrepreneurs, and active changemakers representing various BIPOC communities and neighborhoods throughout Seattle. The group was engaged for a period of 14 months to identify key areas of interest for data collection and to provide guidance on research priorities, strategies, and case studies.

Since December 2021, the Department of Neighborhood, with the support of The Vida Agency, partnered with City departments to build structures for long-term collaboration and learning.

Participating City departments included the Office of Economic Development, the Office of Housing, the Human Services Department, the Office of Planning and Community Development, the Department of Finance and Administrative Services, Office for Civil Rights, Seattle Public Utilities, the Office of Arts and Culture, and the Department of Education and Early Learning. City departments helped identify current wealth building strategies and programs, elevated common barriers, identified opportunities to be more effective, and shared findings from past community engagement efforts. These reflections are integrated in the final report; and departments had an active role in contributing to and reviewing the information included in the report.

People's Economy Lab (PEL) served as the research team, exploring community wealth building efforts in other cities, and integrating those findings with local perspectives. PEL worked with our many stakeholders to explore the varied dimensions of wealth building and was able to develop a wealth building framework for the City of Seattle that reflects both community and City perspectives. PEL served as the primary author of the final report and recommendations, bringing together the contributions of our community stakeholders, consultants, and departmental teams.

This report provides strong recommendations that will help inform how the City moves forward in addressing the racial wealth gap in Seattle. That strength comes from direct feedback from the communities most impacted by extractive economic systems, as well as perspectives from City staff and community-based organizations working to implement solutions. The proposed investments and framework aim to address systems of entrenched inequity and outline bold actions Seattle can take to build a more equitable city.

# BIPOC Generational Wealth Building Strategies Research & Analysis Project - Report for Seattle City Council

August 2023

*Written by: People's Economy Lab*

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# Executive Summary

## Closing the Racial Wealth Gap

This project envisions a Seattle where all residents, no matter their race or ethnicity, can access the resources they need to survive and thrive; a Seattle where every individual, family, and community has equitable opportunities to build and retain wealth for financial and economic stability.

However, hundreds of years of structural racism have deprived Black, Indigenous, and other communities of color (BIPOC) of assets and resources that accumulate and transfer from one generation to the next. The racial wealth gap results from the compiled effects of four centuries of systemic racism that have produced the enclosure of economic power and wealth within white communities and stripped power and wealth from communities of color. ***As a result, 33.1% of Black households and 27.4% of Latino families report having zero net worth, and Native American communities don't even show up in the data.***

## Understanding The Racial Wealth Gap

The racial wealth gap is an immense and complex problem with deep structural roots spanning generations. No matter how hard they work to overcome them, BIPOC communities face persistent obstacles across the dimensions of family wealth building. Critical factors that contribute to wealth accumulation are not accessible to them; the generative wealth life cycle that white families experience is not a reality for them; and the factor most predictive of wealth generation, the stock of wealth from parents or grandparents, is limited or insignificant for them.

## The Role of Cities in Addressing the Racial Wealth Gap

Transformational system change at a national, and even global, scale is necessary to solve the racial wealth gap, and municipal governments have the opportunity and obligation to lay the groundwork for this locally. City governments have a responsibility to use their power to address persistent, systemic conditions that limit access to wealth for BIPOC communities and to combat long-standing patterns that perpetuate structural barriers to wealth building for them. The City of Chicago, a civic partnership in Atlanta, major institutions in Cleveland, and other cities have all met this moment with action by supporting BIPOC-led Community Wealth Building strategies. Seattle can do this as well, by adopting a comprehensive strategy for transformation locally and creating the systems and culture within our institutions to drive sustained and effective implementation led by BIPOC communities.

## Recommended Approach: Community Wealth Building

This report recommends the City of Seattle adopt Community Wealth Building, an economic development model that transforms local economies by creating *direct community ownership*

*and control of productive assets.* The current affordability crisis Seattle faces is rooted in the extractive nature of our local economy which has been designed over hundreds of years to benefit white communities at the expense of BIPOC communities. Adopting Community Wealth Building as the City's guiding framework will lay the foundation for a restorative economic system where democratic ownership can advance equity, and social and racial justice. The Community Wealth Building strategies we propose for Seattle are:

- Broad-based Worker Ownership
  - ensuring workers receive a fairer share of the wealth they help create for businesses where they are employed
- Access to Affordable Capital and Community Controlled Capital
  - supporting lending, investment, and endowment funds that give underserved communities the power to govern and control how capital is allocated
- Community Ownership of Real Estate
  - leveraging shared property ownership for the “common good” of a defined community
- Progressive Procurement
  - bringing together local governments and place-based anchor institutions to recirculate wealth in their communities through intentionally equitable and regenerative procurement practices
- Equitable Small Business Ecosystems
  - addressing structural barriers that curtail access and opportunity for business owners of color, women entrepreneurs, people with low incomes, and businesses located in under-invested neighborhoods
- Asset Building and Wealth Retention Programs
  - investing in comprehensive intergenerational programs designed to reduce the rate of real property loss by BIPOC communities through education, intergenerational financial management, tax management, and innovative options to leverage their assets

These strategies were identified by People's Economy Lab after researching the efforts of cities across the world and connecting them back to the priorities that have been elevated by our local BIPOC communities.

## **Recommended Actions**

Three immediate steps the City of Seattle can take to implement this work include:

1. Commit to Community Wealth Building as the City's guiding framework and strategy to advance generational wealth building for BIPOC communities through *legislative action, integration in the One Seattle comprehensive plan, and funding to build out a formal Community Wealth Building initiative.*
2. *Honor the commitment to make substantial investments over 10 years through a complete pathway for BIPOC communities to gain ownership and control of their*

*productive assets. This includes direct investments in BIPOC-led and-serving organizations, funding community wealth building pilot projects, and a Community Wealth Ecosystem Building Program that supports an interconnected network of partners that provide high-quality, specialized, and culturally-relevant capacity building and technical assistance services.*

3. Retain and recirculate City spending locally and equitably in BIPOC communities through a *formal commitment with targets, transparency, and a clear plan for implementation.*

Realizing the recommended actions and adopting Community Wealth Building as the City's guiding framework will require shifts in how the City does business, how and where the City invests, and what policies govern Seattle. **This report recommends the City of Seattle dedicate 30 million dollars annually for 10 years in order to advance Community Wealth Building and begin to remedy the impacts of the racial wealth gap locally.**

People's Economy Lab presents these findings and recommendations based on 15 months of external research and analysis, community-based participatory research, guidance from the BIPOC Generational Wealth Building Community Roundtable, learnings from eight ongoing Community Wealth Building pilot projects, and input and support from Headwater People Consulting, the Vida Agency, the City of Seattle Department of Neighborhoods, Office of Economic Development, Department of Housing, Generational Wealth Building Interdepartmental Team, and the Democracy Collaborative.

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## Understanding Wealth and the Racial Wealth Gap

The racial wealth gap is traditionally understood as the disparity in wealth (the difference between an individual or families' gross assets and their liabilities) between white people and people of color, particularly Black, Latino, and Indigenous people in the United States. Hundreds of years of structural racism have deprived Black, Indigenous, and other communities of color of assets and resources that accumulate and transfer from one generation to the next. The racial wealth gap results from the compiled effects of four centuries of systemic racism that have produced the enclosure of economic power and wealth within white communities and stripped power and wealth from communities of color.

The modern process of wealth extraction in the U.S. began in the second half of the 17th century when European settlers stripped Indigenous peoples of their lands and sovereignty and enslaved Africans, preventing them from fully participating in the economy and reaping the fruits of their own labor. Throughout U.S. history, government has implemented public policies with the purpose of building wealth for white Americans while impeding wealth building opportunities for Indigenous and people of color. Examples include the 1862 Homestead Act, which granted more than 270 million acres of land to private citizens and displaced Native Americans, and the 1935 Social Security Act, which established new retirement and unemployment support for workers but excluded 65% of the African American workforce.

In the 1970s, elected officials implemented a series of “neoliberal” government policies and programs that resulted in tax cuts for the wealthy, deregulation and financialization, the removal of social safety nets and withholding of affordable healthcare, mass incarceration, and the reduction of worker bargaining power. While less explicit than direct seizure of land and labor, these policies, when aligned with corporate consolidations, reduced competition, and stronger influence of the wealthy in politics, have led to steep increases in the racial wealth gap.

Economic exclusion and the racial wealth gap are reinforced by generations of injustice in employment, housing, education, health, and government policies. As beneficiaries of these explicit and implicit historical legacies, white people have gained and retained significantly more wealth and capital assets over generations than people of color. Researchers estimate that the typical white family today has twelve times the wealth of the typical Indigenous family, eight times the wealth of the typical Black family, and five times the wealth of the typical Latino family.

### Racial Wealth Realities in Seattle

Seattle is one of the most prosperous, educated, and politically progressive major cities in the United States. However, our local histories and socio-economic realities reflect the dominant arc of racial injustice that we see across the nation. Prosperity Now's 2021 report, "[The Racial Wealth Divide in Seattle](#)," aptly describes the persistent and yawning economic inequality in our city:



*“Seattle touts a healthy economy and is one of the fastest growing major cities in the US. But the economic prosperity and wealth that has come from these two points has not been spread out equally. While Seattle has a rich, growing and diverse population and a culture that appears progressive, people and communities of color remain on the margins of the rising economy. When comparing Seattle’s white residents to residents of color, we see massive income and wealth gaps, racially disparate unemployment rates and higher rates of cost-burdened renters. As in most major U.S. cities, inequality in Seattle has been ingrained in the economic and social growth since the city’s inception.”*

Although local wealth data is fairly limited, the report highlights clear indicators of the significant economic disparities that are experienced by BIPOC communities in Seattle (2020):

- 33.1% of Black households and 27.4% of Latino families report having zero net worth
- Median income for families of color is significantly lower than that of white families:
  - 67% lower for Indigenous families
  - 58% lower for Black families
  - 33% lower for Latino families
- While the homeownership rate was 51% for white families, it was:
  - 29% for Indigenous families
  - 27% for Latino families
  - 26% for Black families

Better information is needed to disaggregate this data to better understand the differences within and between race/ethnicities and refugee/immigrant countries of origin, including but not limited to the Asian Pacific Islander community.

## **Generational Wealth Building**

We must understand the dynamics of generational wealth within the dominant capitalist economy if we want to comprehend the racial wealth gap and identify strategies to address it.

We used McKinsey & Company’s wealth-generation framework for families to guide our understanding of family wealth building. This framework was developed in 2018 after a literature review of more than 100 studies and articles that explore the racial wealth gap and was published in the firm’s August 2019 report, *The Economic Impact of Closing the Racial Wealth Gap*.<sup>1</sup> It asserts that four elements account for the majority of a family’s ability to build wealth across a generation:

1. **Community Context** - *Where families begin the wealth-building process.* Each community is composed of the collection of public and private assets that overlap with its

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<sup>1</sup> Noel, Nick., Pinder, Duwain., Stewart III, Shelley., Wright, Jason. *Economic Impact of Closing the Racial Wealth Gap*. McKinsey and Company, August 2019.

economic, social, cultural, and political networks and institutions and reinforce existing socioeconomic patterns.

2. **Family Wealth** - *How families develop the stock of wealth available to them.* This wealth reflects the net value of a family's pool of financial and nonfinancial assets. For example, the value of a family's home, small business, and retirement accounts plus a family's liquid assets, less the value of its credit card debt, business loans, and student loans, would make up that family's wealth.
3. **Family Income** - *Cash flow a family receives* from entrepreneurship or its members' participation in the labor market.
4. **Family Savings** - *How families interact with the rules that govern savings and wealth creation,* as well as the tools and benefits that families can access to manage household expenses, smooth consumption, and add to family wealth and community context.

Ideal wealth-building scenarios require favorable circumstances across all four of these dimensions. However, due to entrenched systemic racism, wealth building for Black, Latino, and Indigenous families is constrained by unmet needs and obstacles across these dimensions compared with white families, driving a widening racial wealth gap. Factors that contribute to wealth accumulation are heavily affected by structural racism and include:

1. Intergenerational transfers of wealth within families
2. Conditions where one lives, such as poverty rates, home values and housing segregation
3. Geographic and financial barriers to human capital formation (e.g., elevated costs for education limited job prospects in region)
4. Discrimination in labor markets and/or racially motivated segmentation
5. Racial biases in policies and practices of government, institutions, and the private sector

## Closing the Racial Wealth Gap

Our research on generational wealth building has made it clear that the racial wealth gap is an immense and complex problem with deep structural roots spanning generations. No matter how hard they work to overcome them, BIPOC communities face obstacles across the dimensions of family wealth building. As a consequence of these realities, BIPOC communities are largely inhibited from access to wealth generation. This is a systemic, national, and multigenerational problem that will require a solution at the same level to solve it. Our research affirms the conclusions of [What We Get Wrong About Closing the Racial Wealth Gap](#), a 2018 report from Samuel DuBois Cook Center on Social Equity at Duke University:

“We contend that the cause of the gap must be found in the structural characteristics of the American economy, heavily infused at every point with both an inheritance of racism and the ongoing authority of white supremacy... For the gap to be closed, America must undergo a vast social transformation produced by the adoption of bold national policies,

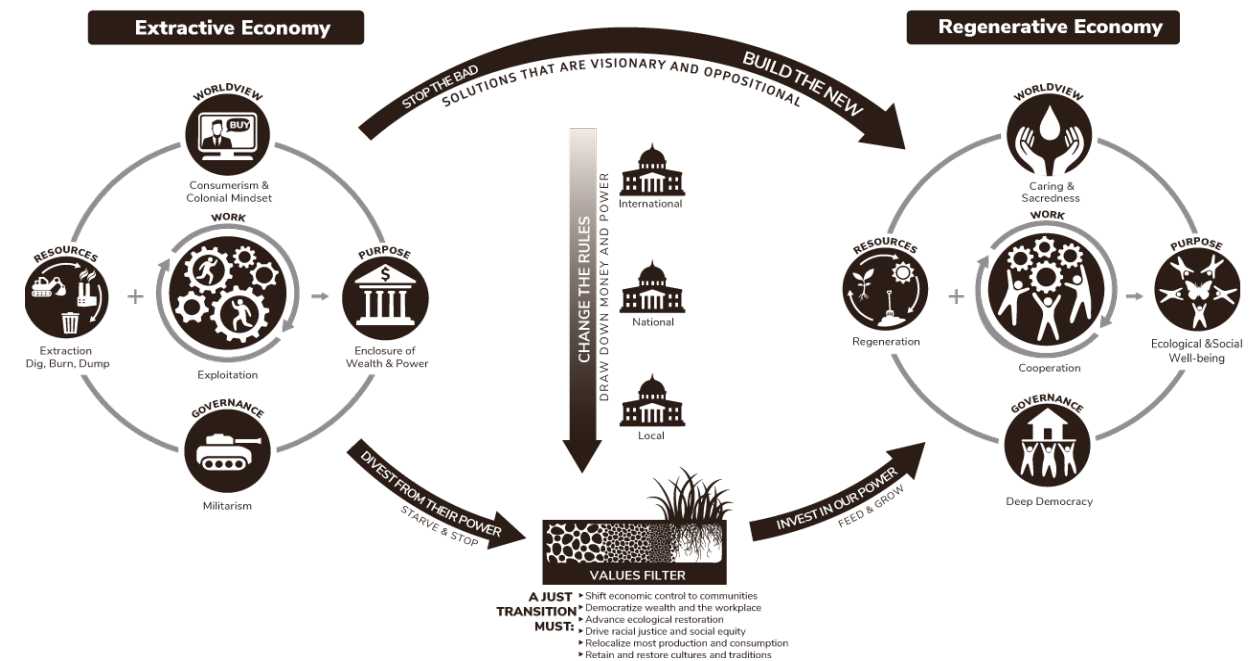
policies that will forge a way forward by addressing, finally, the long-standing consequences of slavery, the Jim Crow years that followed, and ongoing racism and discrimination that exist in our society today.”

## Wealth in the Restorative Economy

While we recognize that transformational system change at a national scale is the only lasting solution to the racial wealth gap, we contend that municipal governments have the opportunity and obligation to lay the groundwork. City governments have a responsibility to use their power to address persistent, systemic conditions that limit access to wealth for BIPOC communities and to combat long-standing patterns that perpetuate structural barriers to wealth building for them.

To do this effectively, city governments should adopt comprehensive strategies for transformation locally and create the systems and culture within their institutions to drive sustained and effective implementation. We believe that this work should be rooted in a commitment to Restorative Economics and a renewed vision of wealth that is in harmony with the Just Transition Framework.

The [Just Transition Framework](#), described by Oakland, California collective Movement Generation, asserts that each economy has a purpose, an outcome that we choose to manage toward. It may be the accumulation of money and the enclosure of wealth and power, which we see in practice here in Seattle and many places across the world. But the purpose can also look different. We can design an economy and manage it toward universal well-being, healthy soil and food, clean water and air, and justice and freedom. This project envisions a Seattle economy with a purpose rooted in well-being and justice.



([Just Transition Framework](#) by Movement Generation)

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## Community Wealth Building

Community Wealth Building (CWB) is an economic development model, described by Democracy Collaborative, that transforms local economies by giving communities direct ownership and control of their productive assets. CWB is a way of organizing our local economies to ensure that they genuinely work for all people. As described above, the crises we face, such as the racial wealth gap, are driven by the extractive nature of our dominant economic system, which is characterized by concentrated ownership, community disinvestment, attacks on labor, environmental degradation, and structural social and racial injustice. CWB addresses these realities by laying the groundwork for an economic system where broad and democratic ownership supports equity, and social and racial justice.

According to Brookings report, *The Emerging Solidarity Economy*:

“For as long as these inequities in wealth and ownership have tainted America’s economic fabric, Black families and other economically excluded populations have piloted collective ownership models—including communal farming plots, Black commons, Freedom Farms, Black credit unions, mutual aid networks, and community land trusts. These models are not only about collective ownership of property, but also about fostering community self-reliance, community-led development, and redistributing power from exploitative systems.”

The Community Wealth Building framework is especially powerful as the defining framework of a local government. It challenges the failing approaches that have been widely accepted in American economic development and addresses wealth inequality at its core.

It achieves this through the following five pillars of direct intervention into local economies:

1. **Inclusive and Democratic Enterprise.** Cities should have multiple forms of worker and consumer cooperatives, social enterprises, public ownership, municipal enterprise, and more, based on the recognition that the ownership of productive capital is at the heart of where power lies in any political-economic system.
2. **Locally Rooted Finance.** Cities and local institutions should redirect money in service of the real economy through public and community banks, credit unions, and targeted public pension investments.
3. **Fair Work.** Every worker must receive a living wage and real power in, and control of, their workplace for decent work conditions and advancing trade union rights.
4. **Just Use of Land and Property.** Cities should mobilize land and property assets to build real wealth in communities, bring local land and real estate development back under community control, and combat speculation and displacement.

5. **Progressive Procurement.** Local governments and place-based “anchor institutions” should lead with procurement practices that re-localize economic activity, build local multipliers, and end leakage and financial extraction.

According to Democracy Collaborative:

“Community Wealth Building keeps hard-earned wealth in the hands of the people and communities that create it in the first place. Instead of extraction and exploitation, CWB creates an economy that produces equity as its everyday, natural function – and in doing so, shifts the behavior and attitudes of people, communities, cities, and potentially the United States as a whole.”

## Community Wealth Building in Other Cities

Cities across the nation and the world have embraced CWB as their core strategy to transform their economy and anchor power in disenfranchised communities. We have identified the following as valuable examples of how CWB is being harnessed by city governments, BIPOC communities, and other stakeholders.

### Chicago, Illinois

In 2019, newly elected Mayor Lori Lightfoot took office, leading an administration determined to address the city’s racial wealth gap and the lack of investment in traditionally Black and Latino communities. They created the Office of Equity and Racial Justice (OERJ) and appointed the city’s first-ever chief equity officer, tasked with achieving “equity in the city’s service delivery, decision-making, and resource distribution.” The OERJ identified Community Wealth Building as a key means for transformative change that can finally deliver inclusive development with equity and justice at its core. They engaged the Democracy Collaborative to help focus and advance a comprehensive Community Wealth Building strategy and action plan to position Chicago as a national leader in equitable, inclusive, and sustainable economic development.

In September 2022, the City of Chicago launched the Community Wealth Building Pilot, a \$15 million program to create opportunities for low-income residents to build wealth through shared asset ownership. The pilot program, supported by funding from the Chicago Recovery Plan, is addressing access to business ownership, home ownership, land stewardship, and commercial real estate by investing in organizations that are starting and sustaining Community Wealth Building models, including:

1. **Worker Cooperatives (Business Ownership)** – Businesses owned & democratically controlled by their employees, rather than by one owner, several partners, or outside shareholders
2. **Limited-Equity Housing Cooperatives (Home Ownership)** – Housing owned & managed by a cooperative made up of low-income members who each purchase shares at below-market rates

3. **Community Land Trusts (Land Stewardship)** – Organizations governed by community that own land in perpetuity while residential and commercial tenants own or rent the structures atop the land via a 99-year ground lease
4. **Community Investment Vehicles (Commercial Real Estate)** – A legal investment mechanism that provides collective community investment in neighborhood assets based on shared development goal(s)

## Atlanta, Georgia

In 2017, in response to the continuing crisis of inequity confronting Atlanta, the Kendeda Fund and the Annie E. Casey Foundation relaunched the Atlanta Wealth Building Initiative (AWBI), an intermediary that seeks to achieve shared prosperity by closing the racial wealth gap through Community Wealth Building strategies. The AWBI is a community of investors, advocates, and activists working to transform systems and structures of capital to create opportunities for African Americans and people of color in Atlanta and across the South. It promotes understanding of Community Wealth Building strategies to cultivate the engagement, capacity, and leadership necessary to shape a new economic narrative in Atlanta. It also aims to re-engineer and redesign Atlanta's economic ecosystem so that all sectors consider how to integrate the economic well-being of its most disenfranchised families and communities into their strategy and operations. The AWBI:

1. **Leads by advancing bold ideas** - Introduces new and innovative economic empowerment models to the Atlanta market, including new concepts and ideas that push against the status quo, as well as Community Wealth Building practices and approaches that have proven successful in other places.
2. **Builds by activating people** - Convenes communities of practice that bring partners together to explore and implement innovative Community Wealth Building strategies.
3. **Invests by deploying capital equitably** - Creates innovative financial products such as loans, grants, and credit enhancements that it uses to fund and facilitate Community Wealth Building projects.

Since 2018, AWBI has invested more than \$2M in exploratory and planning grants to advance the work of key partners with the mission to elevate Community Wealth Building as a viable and leading economic development strategy, particularly through the enhancement and growth of Black-owned businesses.

## Cleveland, Ohio

The Greater University Circle Initiative, which includes the City of Cleveland, Cleveland Foundation, anchor institutions, community-based organizations, and other civic leaders, came together in 2007 to spur an economic breakthrough in Cleveland by creating living wage jobs and asset-building opportunities in six low-income, predominantly Black neighborhoods. The initiative partnered with Democracy Collaborative to develop progressive procurement and worker-owned enterprise strategies. They created the Evergreen Cooperatives, a network of green industrial enterprises that supply goods and services to large local anchor institutions like

the Cleveland Clinic and Case Western University. Evergreen launched in 2009 and is owned by its employees, the vast majority of whom are Black, largely returning citizens, who live in nearby historically underserved and under-resourced neighborhoods.

The initiative is built on five strategic pillars:

1. Leveraging a portion of the multi-billion dollar annual business expenditures of anchor institutions into the surrounding neighborhoods
2. Establishing a robust network of Evergreen Cooperative enterprises based on Community Wealth Building and ownership models designed to service these institutional needs
3. Building on the growing momentum to create environmentally sustainable energy and green-collar jobs
4. Linking the entire effort to expanding sectors of the economy (e.g., health and sustainable energy) that are recipients of large-scale public investment
5. Developing the financing and management capacities to take this effort to scale, and move beyond a few boutique projects or models in order to have significant municipal impact

After more than a decade in existence, Evergreen Cooperatives has thrived, adding three more cooperatives to its ranks, growing from two companies with a total of 18 worker-owners in 2010 to five companies with approximately 320 worker-owners. Worker-owners are paid 20-25% higher wages than employees at the cooperative's competitors.

Based on these examples from Chicago, Atlanta, and Cleveland, the Community Roundtable guided us as research consultants to dive deeper into a whole-city approach to the way we think about Community Wealth Building Strategies for Seattle

## **A Community Wealth Building Framework for Seattle**

As People's Economy Lab (PEL) explored various CWB strategies to address each of the focus areas and priorities set by the Community Roundtable, we identified six strategies for BIPOC communities in Seattle that we believe can most effectively meet the goals identified in our research and community engagement.

### **Broad-based Worker Ownership**

Broad-based worker ownership structures are arrangements that ensure workers receive a fairer share of the wealth they help create for businesses where they are employed. These programs, which reward workers based on a company's collective performance rather than on individual performance, help raise wages, generate wealth among workers, sustain quality jobs, and build stronger businesses. Research shows that these programs support the long-term stability and profitability of local businesses and even do a better job boosting firm-level productivity than does performance pay for individual workers. The most common forms of

employee ownership in the U.S. are employee stock ownership plans, worker cooperatives, and employee ownership trusts.

This strategy stabilizes and builds family wealth by providing access to business ownership and supporting consistent employment.

Examples:

- [Evergreen Cooperatives](#)
- [NYC Worker Cooperatives Development Initiative](#)

## Access to Affordable Capital and Community-Controlled Capital

Access to affordable capital is a challenge for BIPOC communities due to historical discrimination, biased lending decisions, limited networks, and power dynamics where the source of capital controls decisions. Industry concentration, credit history disparities, and financial education gaps worsen the situation, underscoring the need for policy changes, diverse representation in finance, and targeted support programs to counter these systemic issues. Community-controlled capital models are lending, investment, and endowment funds that give underserved communities the power to govern and control how capital is allocated. They aim to democratize capital and shift economic power to people who are normally excluded or marginalized from the financial system. These funds are accountable to community priorities and plans and are owned and controlled by the people they serve. Expanding community-controlled capital is a powerful way to reframe power relationships and capital flows, and to model how equitable and restorative financial systems can work.

This strategy builds family wealth by increasing business income and value through accessible and affordable capital and investment opportunities.

Examples:

- [Real People's Fund](#)
- [The Ujima Fund - Boston Ujima Project](#)

## Community Ownership of Real Estate

Community Ownership of Real Estate is a set of strategies and structures that leverage shared property ownership for the “common good” of a defined community. What is meant by the “common good” varies but often includes preserving affordability, building wealth, and harnessing control of local assets. These strategies include models and structures with diverse governance entities and degrees of democratic decision making. Some are focused on housing, while others are focused on commercial real estate. The definition of “community” varies based on the model. Most models stipulate geographic boundaries while some prioritize specific groups of residents, particularly those with lower incomes. The nature of “ownership” also varies from model to model. In general, the benefits and obligations of ownership are shared between individuals and the community, enabling the community to pool resources, often using a system



of shares. Shares belonging to individuals then represent equity that can be grown, traded, or borrowed against.

This strategy builds family wealth by reducing and stabilizing the cost of housing, providing accessible and affordable residential and commercial real estate ownership opportunities, and supporting business income through the reduction and stabilization of business costs.

Examples:

- [U-Lex Affordable Residential Cooperative - Homesight](#)
- [LA Community Owned Real Estate - Inclusive Action for the City](#)

## Progressive Procurement

Progressive procurement practices are strategies that bring together local governments and place-based anchor institutions to recirculate wealth in their communities through intentionally equitable and regenerative procurement practices that re-localize economic activity, build local multipliers, and end leakage and financial extraction. These strategies harness the immense spending power of governments and anchor institutions to keep progressively larger proportions of the amount that these institutions spend in the local economy. Procurement is specifically channeled towards firms and institutions that shift power to individuals and families largely excluded from power in the dominant economy, including worker-owned cooperatives and social enterprises.

This strategy builds family wealth by increasing business income and value through accessible sources of revenue, and stabilizing family income through consistent employment.

Examples:

- [The Cleveland Model](#)
- [Preston, UK](#)

## Equitable Small Business Ecosystems

Small business ecosystems are high-functioning local networks of allied organizations that generate the conditions and supports all entrepreneurs need to thrive, to launch and expand their businesses, and to sustain them in the face of impediments to growth and economic shocks. These conditions include access to affordable capital, technology, markets, capacity building, and affordable retail space. Building an equitable ecosystem for small business means actively identifying and addressing structural barriers that curtail access and opportunity for business owners, particularly business owners of color, women entrepreneurs, people with low incomes, and businesses located in under-invested neighborhoods.

This strategy builds family wealth by increasing business income and value through access to resources and services that help increase business revenues and reduce costs.

Examples:

- [African American Entrepreneurs Institute - Main Street Launch](#)
- [BIPOC Economic HUBS - African Careers, Education & Resources Inc.](#)

## Asset Building and Wealth Retention Programs

WRAP programs are comprehensive intergenerational programs designed to reduce the rate of real property loss by BIPOC communities by educating them about their property and estate planning, intergenerational financial management, tax management, and innovative options to leverage their assets. These programs focus on advancing economic justice for people of color by providing robust and restorative human capital support that removes traditional work silos and fills gaps created by structural racism in the dominant economy.

This strategy builds family wealth by preventing the loss of value of assets, growing the value of assets, generating revenue from assets, and reducing the costs associated with valuable assets.

Examples:

- [Black Family Land Trust Inc. - WRAP Program](#)
- [LISC Jacksonville - Family Wealth Creation Program](#)

## The Limits of Community Wealth Building Alone

Our report focuses on building generational wealth for BIPOC communities through a Community Wealth Building framework. This is a necessary component of reducing the racial wealth gap, but we recognize the strategies of CWB alone are insufficient. For example, growing BIPOC wealth at a linear rate while white wealth is growing at an exponential rate, or even at the same linear rate, is not sufficient to reduce the current gap. A comprehensive approach to closing the racial wealth gap must include complimentary approaches to addressing the systemic drivers that have cemented disparities. This includes policies that constrain the continued growth of and redistribute the wealth and power of those already in a dominant position while also focusing on building community wealth. There must be action on the global, national, state, and local levels to address systemic factors in:

- **Democracy** – Rolling back voter suppression and gerrymandering nationwide
- **Capital** – Limiting the global waves of capital/finance that have disrupted local economies
- **Work** – Strengthening worker power through worker ownership, unions, and their standing in law above the needs of corporations and shareholders
- **Public Goods** – Public provisioning of basic needs for disabled people, elderly people, and other people with fixed incomes, as well as the general public (e.g. free education, healthcare, basic food, housing, transportation etc.)

- **Security** – Protection from things that can punch through generational wealth, like skyrocketing housing costs, health events or deaths of income earners, weather/climate disruptions, and other tragedies
- **Taxation** – Creating progressive wealth and income taxes, limits on income ratios between highest and lowest paid employees, or limits on excessive compensation

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## **Building Economic Resilience in Seattle**

To be effective, efforts to advance BIPOC wealth building must address the unique needs, challenges, and realities of communities that experience racialized economic injustice. Over many years, City of Seattle departments have worked with community partners to identify where the system is working against communities of color, where organizations are facing barriers, and where residents are finding gaps in the resources available. This section of our report elevates the experiences of BIPOC community members that have engaged with the City and participated in the Generational Wealth Initiative, and it identifies key actions BIPOC believe will best support economic resilience for our local communities.

### **BIPOC Small Business Cohorts and Engagement**

In an already inequitable small business landscape, BIPOC-owned small businesses experienced some of the harshest impacts of the 2020 coronavirus pandemic. Data from the Federal Reserve Bank of New York show Black-owned businesses were twice as likely as white-owned businesses to permanently close during the pandemic. The Office of Economic Development (OED) has worked closely with neighborhood business district leaders through the years to understand the challenges they face. In 2021, they brought leaders from the City's equity districts together to explore community wealth building models as a way to promote economic resilience coming out of the pandemic. The discussions reinforced that commercial affordability and community/business ownership were priorities for BIPOC entrepreneurs who were being challenged by rising rents and rampant displacement from commercial spaces. BIPOC entrepreneurs also emphasized the need to break down silos in the City and build accountability between community and government. They highlighted the power of organizing, the need for coalition building among local businesses to support equitable development in Seattle, and they elevated specific strategies for their neighborhoods. The discussions resulted in the development of the Business Community Ownership Fund and in a continuum of strategies to support community ownership of real estate and access to affordable capital.

OED continued engaging BIPOC stakeholders throughout 2022 and 2023, bringing together cohorts of small businesses, business district leaders, and community grantees to organize and build power. Together the cohorts developed shared demands that would support a more racially just economic development system in Seattle.

The demands described a need for:

1. power-sharing structures and more investments in engaging BIPOC stakeholders
2. stronger networks for accessing resources, and
3. scaling investments and exploring models for supporting wealth building and economic justice.

Fundamental to the guidance of stakeholders was the intersectionality of their needs. They recognized that the work of other departments, in addition to OED, was critical to achieving racial equity. Strategies like land trusts and tenant organizing were identified by the cohorts, overall naming the need for more interdepartmental collaboration focused on supporting economic and racial justice comprehensively at the City.

## **Generational Wealth Initiative Community Roundtable**

The Generational Wealth Initiative Community Roundtable was brought together in June 2022 to help identify how the City of Seattle could address the racial wealth gap locally and help BIPOC communities build generational wealth. Participants represent community members, small business owners, non-profit leaders, and housing developers. Some members currently serve on the City's equity-focused advisory groups and others are engaging formally with the City for the first time.

Similar to the feedback collected by OED over the last few years, roundtable members recognized generational and community wealth building as highly intersectional and pointed to the need for resources in the areas of education, workforce, business supports, health, and housing.

Education and learning in particular was strongly emphasized by the group especially as it relates to the transfer of knowledge within a community and intergenerationally within families. They identified the need for both formal and informal pathways to opportunity, including mentorship, access to affordable higher education, exposure to trades through apprenticeships, and re-entry programs for the formerly incarcerated in their list of ideas. They also described the need for early investments in future generations, encouraging the City to strengthen investments in early childhood education, banking programs for youth, and the development of programs that support wealth building education for families.

For roundtable members, generational and community wealth building efforts were deeply connected to reparations. They recognized the need for these investments to support healing and trust building. Though communities saw the need for BIPOC communities to grow wealth, they also advocated that solutions to the racial wealth gap take into account history and provide a space for communities to imagine their own futures in ways that connect to their cultures and experiences.

## **Generational Wealth Initiative Pilot Projects**

With funding allocated by the Equitable Communities Initiative Taskforce, the Department of Neighborhoods funded community pilots that support BIPOC Wealth Building Education and Empowerment and aim to advance the strategies identified for community wealth building in Seattle. These investments are structured to support a collaborative model for working with communities, one that shares power and grows the capacity for community-based organizations to implement change. Pilots began their work in January 2023, and over the last eight months,

pilot leads have offered valuable insights into their experiences working within their communities and in partnership with the City.

One of the earliest challenges encountered by pilot leads was the tension between using funds to address imminent needs and long-term visioning. Specifically, how to allocate resources in a way that would both increase collective capacity and knowledge of community wealth building strategies, and provide meaningful resources for their communities, as the design criteria emphasized. This prioritization raised both strategic and ethical considerations, as they sought to balance short and long-term needs, and the decision making process shed light on the unfair and complex expectations BIPOC communities must navigate when provided with limited resources to address long-standing systemic problems. As projects progress, they are finding their own ways through this tension. They have advocated for these funds to support communities on their own terms, which requires flexibility and curiosity on the part of administrators. Additionally, they have emphasized the need for government partners to demonstrate trust, and provide space for communities to “fail forward”, as a way to facilitate true “for us, by us” solutions.

*From our experiences, we know it is critical that the City of Seattle start investing in long-term, sustainable funding for BIPOC-led organizations and community projects. This funding must include flexible dollars that will help us build our capacity to do community wealth building work. Too many BIPOC-led organizations are understaffed, underpaid, under-resourced, and thus forced to focus on survival rather than innovation and transformation. We are forced to jump from one RFP process to another, constantly submitting applications to prove our value and worth to City departments. This is not the most efficient use of our time. We want funding processes rooted in trust that truly recognize our BIPOC organizations as essential partners to the City of Seattle as we work to reach our shared goals for our communities.*

- *Analia Bertoni, Executive Director of Villa Comunitaria*

Pilot leads also valued their participation in a cohort and their connection to other organizations navigating similar tensions. Rather than competing against peers in the roundtable for funds and carrying out projects in isolation, pilot leads advocated for the opportunity to co-develop projects and for administrators to facilitate spaces for the exchange of resources, ideas, and support. Community building among projects has resulted in expanded connections and networks, and has allowed project funds to support multiple partners. Through these cohorts, participants have identified the strengths, skills, and assets that exist in local communities while also pointing out gaps – most distinctly, not having BIPOC technical assistance partners to lean on when building out projects.

Lastly, pilot project leads discussed the necessity for communities to have the time to heal their relationship to money, sharing the conclusion that our current economic structures are built from the exploitation and commodification of Black and brown bodies and labor, and so, building new structures will require healing from the past in order to envision the future.

## **Crosscutting Themes from Engagement**

Across the City's discussions with BIPOC communities about wealth building, several themes emerged. The following guidance provides poignant direction for how the City can best advance community wealth building in Seattle and address the racial wealth gap.

- Look at whole systems to address racial and economic inequity, this work is intersectional and impacts many aspects of life.
- Policies and strategies should be identified and developed with the communities most impacted.
- Change requires time, flexibility, relationships, and trust.
- Invest in building a strong social fabric made up of diverse supports and resources.
- It is not just about new funding or policies, the City should examine and change existing structures and funding policies that perpetuate inequity.
- Challenge white supremacist norms as they show up in grantmaking, evaluation, goal setting, resource allocation, and decision-making.

This guidance and the wealth building programs and strategies explored in this report are not new ideas. They are reflected in several reports following City engagement efforts of the last decade and most recently appeared in the Equitable Communities Task Force Implementation Plan and in the Black Brilliance Research Project. The need for the City to do work differently and support the advancement of wealth building and healing for BIPOC communities will continue to show up in engagement efforts, if a strong commitment is not made to address the impacts of racial and economic injustice on BIPOC communities.

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## Current Efforts to Build Community Wealth

Seattle has strong investments in Community Wealth Building (CWB), and several departments have identified CWB as a priority either through dedication of a new division, as is the case at the Office of Economic Development, or through inclusion of CWB in strategic plans, as has been done at Seattle Public Utilities, Office of Sustainability and the Environment, and the Office of Planning and Community Development, to name a few. Using Democracy Collaborative's Community Wealth Building research as a frame, 17 programs were identified as current, ongoing investments in community wealth building. These building block investments span five departments and support community ownership of real estate, small business ecosystems, asset building and wealth retention, and progressive procurement. The City does not currently have ongoing programs dedicated to supporting the strategies of community controlled capital and broad-based worker ownership, although the Generational Wealth Initiative is currently funding pilots working to advance these strategies.

Though several departments and programs have made commitments to advancing community wealth building through their work, the City of Seattle does not currently have a shared framework to guide alignment across strategies, funding priorities, policy change, or impact evaluation, and capacity to support alignment is limited or non-existent. This has created difficulties for communities and City staff alike, and has kept the City from addressing economic issues comprehensively. While some shared resources do exist, like the Equitable Development Monitoring Program, there is room for expanding a tool like this to include Community Wealth Building and to integrate the resource into the work of more departments. Stronger alignment across programs can ensure these investments actually reach BIPOC communities, which is not a guarantee in our current model for investing. In order to advance BIPOC Community Wealth Building in Seattle, the City needs to support departments by creating a guiding framework, mechanisms of organizing, shared tools, and by adding capacity to this effort.

Additionally, the transformative power of Seattle's current CWB efforts can be unlocked by coordinating various streams of work from different City departments in an intentional and interconnected way. Bringing multiple CWB strategies to bear simultaneously can create powerful wedge strategies that are more impactful for our BIPOC communities. For example, the Office of Economic Development's CWB Division brings together programs that offer small business technical assistance, business ownership funds, and access to affordable capital. Together these programs work in synergy to serve the same BIPOC entrepreneurs. This kind of wedge approach can more effectively cultivate the conditions that our BIPOC communities need to sustain successful CWB projects and, as a City, we can begin to build these wedge strategies across departments. While structural racism creates multiple barriers for BIPOC generational wealth building, we must take a multidimensional and synergistic approach to combating these forces to be truly effective in this work.



## Current Building Block Programs

CWB Strategy	Department	Program	Funding Source(s) Funding
Asset Building and Wealth Retention	Office of Housing	Home Repair Grants and Foreclosure Prevention Loans	2016 Seattle Housing Levy
Asset Building and Wealth Retention	Office of Housing	Purchase Assistance Loans and Development Subsidy Investments	2016 Seattle Housing Levy, MHA Fees, Payroll Expense Tax
Asset Building and Wealth Retention	Office of Housing	Home Repair Loans, HomeWise Weatherization Program	Seattle Housing Levy, Federal & Local Funding
Progressive Procurement	Seattle Public Utilities	Apprenticeship Program	Rate Payer Funds
Progressive Procurement	Seattle Public Utilities	Internal Systems improvement	Rate Payer Funds
Progressive Procurement	Finance and Administrative Services Department	PC Purchasing Budget	General Fund
Progressive Procurement	Finance and Administrative Services Department	Priority Hire	General Fund, Private Funds
Progressive Procurement	Finance and Administrative Services Department	Technical Assistance Program	General Fund
Progressive Procurement	Office of Economic Development	Workforce Development Program	Payroll Expense tax, General Fund
Progressive Procurement, Small Business Ecosystems	Office of Economic Development	Liberty Project; Business Technical Assistance	Payroll Expense Tax, General Fund
Small Business Ecosystems	Office of Economic Development	Key Industries and Workforce Development Programs	CLFR, ECI, General Fund
Small Business Ecosystems	Office of Economic Development	Seattle Restored	CLFR, Payroll Expense Tax
Small Business Ecosystems	Office of Economic Development	Tenant Improvement Fund	Payroll Expense Tax, CDBG
Small Business Ecosystems, Community Ownership of Real Estate	Office of Economic Development	Business Community Ownership Fund	Payroll Expense Tax
Small Business Ecosystems, Community Ownership of Real Estate, Access to Affordable Capital	Office of Economic Development	Capital Access Program	CFLR, Payroll Expense Tax
Community Ownership of Real Estate	Office of Planning and Community Development	Equitable Development Initiative Fund	Short-term Rental Tax, Payroll Expense Tax
Community Ownership of Real Estate	Office of Planning and Community Development	Equitable Development, BIPOC Workforce Development Program	General Fund
* No investments in <i>broad-based worker ownership</i> or <i>community-controlled capital</i> were identified through engagement with departments.			
GREEN indicates sustainable funding			
YELLOW indicates somewhat sustainable funding			
RED indicates unstable funding			

## Shared Barriers to Long-term Success

### Volatile Funding Sources

While the City currently has 17 building block investments in CWB, many of these programs are still relatively new despite long-term community recognition of their need. The Office of Economic Development, for example, was able to implement several Community Wealth Building programs in 2020 using one-time, federal CLFR funds. These funds served as a catalyst for implementation of community-identified strategies, and the programs that resulted have remained because of the City's new Payroll Expense Tax which took effect in 2021. Similarly, the Generational Wealth Initiative, which is currently funding community-led pilots to advance the six identified CWB strategies, was initially funded using limited-term dollars allocated as a response to the demonstrations for Black lives in 2020. The initiative has remained active due to Seattle City Council action which extended the initiative's funds for another 1-2 years using Payroll Expense Tax revenue, but the initiative is expected to end in December of 2024.

Of the 17 building block investments, nearly half depend on the new Payroll Expense Tax for funding, and more than half are expected to fluctuate based on possible shortfalls, reductions, or redirection to other City priorities. An additional three programs funded through the City's housing levy, will depend on voter support this November. Overall, it is difficult for programs to work toward changing long-standing systemic problems when funding sources are limited or subject to major changes from year to year. In order to transition to a regenerative economy that supports BIPOC communities, Seattle must build stability and longevity for current and future investments in community wealth building.

### Expectations and Evaluation of Impact

Additionally, departments face difficulties when working with communities to forge new types of projects and Community Wealth Building models. For example, before seeking funding for a viable capital project, many BIPOC community groups first require support with capacity building and technical assistance. These investments, which often support research, learning, public education, coalition building, and other important yet intangible benefits, don't often align with the expected timelines or types of measurable outcomes that the City Budget Office and City Leadership use to quantify impact. Therefore, these types of investments either aren't made or are funded unofficially by departments by carving funding out of other areas of work. Even when organizations do receive capacity building funds, there are significant holes in Seattle's local technical assistance landscape and even less resources when you overlay culturally relevant approaches to technical assistance. This makes it difficult for our capacity building investments to support local partners effectively and efficiently in their project development efforts. All and all, an organizing structure for identifying and tackling barriers and difficulties experienced across departments could help develop a more enabling environment for Community Wealth Building projects and support transforming our local economy.

## Shared Policy Barriers

City of Seattle departments leading current Community Wealth Building programs identified common policy barriers that prevent programs from having the desired impact on communities. Examples include the State's gift of public funds and prevailing wage policies, which keep our programs from being able to implement strategies that have been successful at growing community wealth in other cities. There are also policies that need to be implemented like Tenant/Community Opportunity to Purchase laws which other cities have passed. These policies are crucial to growing limited equity co-operatives and other democratically owned and managed housing models. At the City, legislation is developed and passed by Seattle City Council and state lobbying is done through the Office of Intergovernmental Relations. But, departments don't always have active channels of communication to elevate the policies that are necessary for advancing their work or that are preventing strategies from being successfully implemented. In order to build a local landscape that allows for Community Wealth Building, departments will need clearer channels for collaborating with City policy makers and lobbyists, and identified pathways for elevating shared policy needs.

## Other Possible Investments in Community Wealth Building

### Property Disposition

Discussions among departments identified several term-limited property disposition projects that have also served as investments in Community Wealth Building. The Office of Housing's Rainier Valley Homeownership Initiative, for example, is a partnership with Sound Transit whereby staging parcels left over from the first light rail project have been developed into affordable homeownership opportunities. Similarly, the Tiny Cultural Space pilot led by the Office of Arts and Culture, in partnership with Finance and Administrative Services Department (FAS), is activating hard-to-develop, City-owned parcels with tiny cultural community spaces. In 2021, Estelita's Library was selected as the first tiny cultural space, and since completion, the site has become a new community asset in Seattle's Central District. They currently have a 5-year lease but projects like these could grow to be better aligned with a community ownership of real estate strategy in the long term. Other projects identified include the City's Mutually Offsetting Benefits buildings and Red Barn Farm. While these disposition processes have been imperfect and at times harmful, they present an opportunity for the City to develop a more intentional strategy for supporting BIPOC Community Wealth Building through reexamination of our surplus lands and forthcoming property disposition processes.

### Arts-based Wealth Building

In 2019 the Office of Arts and Culture had two programs that directly contributed to the City's Community Wealth Building efforts: *The Cultural Space Program* which aimed to "preserve, create and activate cultural square footage in the city of Seattle" and the *Cultural Facilities Fund* which supported Seattle arts, heritage, and cultural organizations with facility projects that

created greater access for those who have been excluded from owning, managing and leasing property. These programs were early investments by the City of Seattle in community ownership of real estate, and the Cultural Space Program reached a key milestone in December of 2020 when it officially launched The Cultural Space Agency, a new Public Development Authority, which is chartered to develop real estate projects in partnership with BIPOC communities. Since reaching this milestone and concurrent leadership changes at the department, neither the Cultural Space Program or the Cultural Facilities Fund has been active and the future of these programs is yet to be determined. Still, they serve as powerful examples for how community wealth building can be embedded throughout departments across the City.

## City WMBE Procurement

Over the last couple of years, the Finance and Administrative Services Department (FAS) has initiated internal processes to strengthen the City's procurement of Women and Minority-owned Business Enterprises (WMBE). The department has invested in WMBE training for staff and, with funding from a Bloomberg grant, they are working with a consulting firm to review City spending and identify recommendations for increasing WMBE utilization. The review is expected to last a total of three years and began in 2022. Once developed, the recommendations could present a strong foundation for creating a City progressive procurement plan and setting new targets for recirculating City spending into local BIPOC communities. Seattle Public Utilities (SPU) has been leading their own internal discussion around progressive procurement, and together FAS and SPU could lead capital departments in redeveloping their procurement policies and structures.

## Planning and Capital Investments

Based on Mckinsey and Company's four dimensions of family wealth building study, it is clear the City of Seattle participates in building wealth for residents primarily through community context. Defined by Mckinsey as "the collection of public and private assets in a given community," community context is the main way the City supports our residents in building wealth. This includes investments in streets, parks, community centers, and utilities. While this report was unable to review the City's process for planning and capital investments, it is important to know that these investments can be designed to address the racial wealth gap and serve as wealth building tools for BIPOC communities.

## Organizing Other Wealth Building Strategies

After reviewing 74 programs, several of the City's current programmatic investments supported wealth building through primarily two of the Mckinsey drivers, family wealth—the net value of a family's pool of financial and nonfinancial assets—and family income—the cash flow a family receives from entrepreneurship or its members' participation in the labor market. Programs associated with these drivers were largely focused on homeownership, youth employment, entrepreneurship, and workforce development that increased access to key industries.

One example of these investments is the Equity and Youth Program at the Office of Arts and Culture which invests in employment pipelines for artists of all ages by facilitating professional development opportunities, school and community arts partnerships, arts education initiatives (The Creative Advantage), and career-connected learning in the arts and creative industries.

Programs that focus on workforce development and employment in particular spanned several departments including Office of Arts and Culture, Department of Education and Early Learning, Office of Economic Development, Seattle Public Utilities, and the Human Services Department. Though these programs don't directly fit within the identified community wealth building strategies, they do support economic mobility for families and individuals. Shared alignment among these programs, especially if focused on addressing the racial wealth gap, could help advance racial and economic equity in combination with community wealth building programs.

## **Applying Learning to Build a One City Approach**

Taking into consideration the guidance communities have provided City departments for building BIPOC economic resilience, the Generational Wealth Initiative (GWI) is modeling new ways of approaching City collaboration, decision-making, and investments.

In June of 2023, the GWI Interdepartmental Team launched a series of workshops with the aim of creating a space for learning about community wealth building programs, unpacking obstacles and opportunities, inspiring partnership and action, and envisioning a shared path for investing and supporting BIPOC communities in building wealth with existing resources. Workshops are hosted by different departments and this year the topics include business ownership, restorative land and housing strategies, and wealth building through city planning. These workshops are designed to help combat departmental isolation and siloed decision-making, as well as invite a new culture for interdepartmental collaboration, problem-solving, and alignment.

This year the GWI will also support a collaborative budgeting process, allocating \$1M in initiative's funding in partnership with the GWI Community Roundtable and the GWI Inter-Departmental Team, through a shared spending plan that reflects priorities and opportunities that have been elevated by community and departments over the last year. This process will help develop new ways of growing stakeholder participation in the budgeting process and will ideally result in intersectional investments that meet multiple community needs and leverage resources across departments.

Though the Generational Wealth Initiative is only funded through 2024, the initiative's approach to engagement, collaboration, and decision-making can serve as a proof of concept for how City programs can center guidance from community, building trust and accountability along the way.

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## Recommendations for the City of Seattle

Based on general research, analysis, community engagement, and community participatory research, People's Economy Lab recommends the City of Seattle to implement the following recommendations to advance BIPOC generational wealth building:

### 1. **Commit to Community Wealth Building (CWB) as the City's guiding framework and strategy to advance generational wealth building for BIPOC communities.**

- a. Develop a Community Wealth Building framework that aims to transform our local economy by giving BIPOC communities direct ownership and control of their productive assets.
- b. Ensure the 2024 comprehensive One Seattle Plan reflects CWB as a priority and that policies included in the plan work to address structural contributors to the racial wealth gap. Land and development are essential factors in both racial wealth gap and community wealth building. As the City's guiding vision for what gets built, and where, the Comprehensive Plan is a vital opportunity to integrate CWB strategies, like community ownership of real estate, broad-based worker ownership and progressive procurement into the goals and measures for each planning element, including housing, transportation, climate, and more. Place-based strategies are critical to an overall CWB approach.
- c. Establish a BIPOC Community Wealth Building Initiative through legislative action to provide administration, staffing, and evaluation, to support departmental alignment, legislative engagement, and a community governance structure that includes broad based participation in the City's CWB framework. While the framework should be held by a stewarding office or department - it should provide for engagement by the departments, Mayor's Office, Councilmembers, BIPOC communities and partners. Once established, the initiative will:
  - i. build a comprehensive internal plan for City government that lays out actions for reshaping Seattle's local economy across each pillar of CWB.
  - ii. be governed through community participatory tools, such as community assemblies or participatory allocation of resources
  - iii. inform Mayor's Office, Councilmembers and central staff on CWB and racial wealth gap implications and opportunities of legislative proposals and develops proposals
  - iv. build a system and tools for evaluating impact and tracking and communicating progress towards community-identified goals and the performance of the Initiative, policies, and investments based on quantitative

data and qualitative feedback that centers BIPOC communities with lower-wealth.

- 2. Honor the commitment to make substantial investments over 10 years through funding a complete pathway for BIPOC communities to gain ownership and control of their productive assets.** These additional funds would go to addressing key gaps in our current investment model and would rely on sustaining current investments in BIPOC community wealth building. This includes investments in:
  - a. Building out the infrastructure and capacity of BIPOC-led, BIPOC-serving organizations committed to advancing community wealth building strategies.
  - b. CWB pilot projects that focus on researching, learning, and/or testing models for advancing the following BIPOC-identified strategies:
    - i. Broad-based Worker Ownership
    - ii. Community Controlled Capital and Access to Affordable Capital
    - iii. Community Ownership of Real Estate
    - iv. Progressive Procurement
    - v. Equitable Small Business Ecosystems
    - vi. Wealth Retention and Asset Building Programs
  - c. Community Wealth Ecosystem Building Program to fund an interconnected network of partners to provide high-quality, specialized, and culturally-relevant capacity building, technical assistance, and capital to eligible nonprofit organizations and businesses starting, sustaining, and scaling CWB models.
  - d. Community organizing resources and public education campaigns that share knowledge about wealth building strategies and help grow community participation in transitioning to a restorative economy.
  
- 3. Retain and recirculate the City of Seattle's spending locally and equitably in BIPOC communities.**
  - a. Set targets for and make a commitment to prioritize procurement expenditures towards worker-owned enterprises comprising or explicitly benefiting BIPOC communities.
  - b. Set targets for and make a commitment to direct a portion of the City's multi-million-dollar affordable housing expenditures towards community ownership of real estate models.
  - c. Identify opportunities to align other investments that aren't explicitly targeted to Community Wealth Building, but with high potential CWB value, to identified strategies, while preserving their primary purpose. This may include, Green New Deal investments, investments in housing, foodsystems, education and infrastructure investments, from stormwater to transportation and beyond

## Budget Estimates

	EXISTING INVESTMENTS	COMPLETE INVESTMENTS
<b><u>Recommendation 1</u></b>		
BIPOC Community Wealth Initiative	<p><b>2.5 FTE (≈ 370K annually)</b></p> <p>(1 program administration, 1 community engagement, .5 communications)</p> <p><b>400K program costs</b> (research, facilitation, and engagement)</p> <p>Current Investments are term-limited 2022-2024.</p>	<p><b>7 FTE (≈ 1.06M annually)</b></p> <p>(1 manager, 2 program administration, 1 community engagement, 1-2 evaluation, 1 communications)</p> <p><b>400K program costs</b> (research, facilitation, and engagement)</p>
<b><u>Recommendation 2</u></b>		
Direct Investment in BIPOC Organizations	<p><b>No current dedicated funding</b></p> <p>Most City funding is project or program based and does not fund organizational infrastructure and capacity.</p>	<p><b>10M+ annually</b></p> <p>(Average investment of 200K would support about 1 FTE and some organizational development)</p>
CWB Pilots	<p><b>2M, one-time funding, one department</b></p> <p>2022 pilots were funded at 150K over 2 years. Feedback from certain pilots indicated the need for twice as much to maximize vision based on their scope.</p>	<p><b>5-10M annually, across departments</b></p> <p>Depending on topic/scope a pilot would likely need 60-300k annually. We recommend funding at 2 levels to create a pipeline for organizational development.</p>
Community Wealth Ecosystem Building Program	<p><b>No current dedicated funding</b></p> <p>Some departments have blanket capacity building contracts that support grant writing, etc. Other departments provide in house technical assistance, and others approach project by project. Very few contracts are with BIPOC firms.</p>	<p><b>Up to 6M annually, across departments</b></p> <p>Currently there are few BIPOC organizations that provide technical assistance. Seeding an ecosystem of partners would require 200-300K per new agency or 100-200K per existing agency.</p>
Community Organizing and Public Education	<p><b>No current dedicated funding</b></p> <p>Investments are usually one-time, meet a term-limited need, and are carved out of program budgets.</p>	<p><b>1-2M annually, across departments</b></p> <p>Average cost for 1 FTE community organizer is 140K.</p>
<b><u>Recommendation 3</u></b>		
Retain and Recirculate City of Seattle's Spending	<p>Will require department staff time, a commitment to redirect existing resources, and the capacity from BIPOC Wealth Building Initiative staff (see staffing recommendations).</p>	



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## Conclusion

Our research on generational wealth building has made it clear that the racial wealth gap is an immense and complex systemic problem with deep structural roots spanning generations. We believe that the City of Seattle can take its first steps toward a restorative economy by committing to Community Wealth Building as the City's guiding framework and strategy to advance generational wealth building for BIPOC communities.

Our work with the Community Roundtable and the community participatory research partners has been extremely valuable, and we recommend the City continue to invest in this community-centered process. The Community Roundtable will continue its community of practice and focus on forming relationships that will allow them to reimagine a new way of being grounded in cooperation, inclusion, and abundance by piloting Community Wealth Building strategies to achieve broad-based BIPOC ownership and control of productive assets in our communities.

We recommend aligning the City's comprehensive plan, all its policies, and its policy advocacy with state, county, and federal governments to address structural contributors to the racial wealth gap. The City of Seattle can shift ownership and control and leverage its own power toward BIPOC Community Wealth Building.

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# Appendix

## Community Participatory Research Reports

- Urban Native Community (Citywide) - *sləp̄iləbəx<sup>w</sup>* (*Rising Tides*)
- African- American Community (Central District) - Wa Na Wari
- Latino Community, (South Park) - Villa Comunitaria

## Community Roundtable Presentation Deck

- Community Wealth Building Examples

## Community Wealth Building Models and Programs

## Just Transition Framework (MG)

## National Community Wealth Building Program and Setup