

Community-Based Asset Building

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Asset Poverty and Wealth Inequality

- Not enough assets to survive at poverty level more than 3 months if no longer have income.
- Young heads of households, Blacks and Latinos, those with less than high school degree, women - experience asset poverty rates between 60-80%.
- Wealth gap largest since the government began publishing such data 25 years ago; about twice the size of the previous ratios the last two decades prior to the Great Recession (2007-10).

Wealth Gap

- **Median Net Worth of Households, 2005 and 2009** *in 2009 dollars*
- Source: Pew Research Center tabulations of Survey of Income and Program Participation data

	2009	2005
• Whites	113,149	134,992
• Latinos	6,325	18,359
• Blacks	5,677	12,124

Community Level Approach to Asset Building

- Limitations of what individuals (families) and government can do to address asset poverty.
- Look at community level institutions and effects of collective ownership and “locational” assets/wealth.
- Business ownership is a significant component of the portfolio of the wealthy – use social entrepreneurship and collective ownership to provide business and home ownership opportunities.

Community Control

- Shared ownership through cooperatives, credit unions, community-owned or – based businesses are especially important to the low income, low wealth, low resourced, and under served.
- Help to provide community control over economic resources, activities, assets and productive capacities; and increase income and asset holding.

Economic Challenges, Cooperative Solutions

Challenges

- Market Failure
- Export of Capital
- Predatory lending
- Unemployment
- Poor quality education
- Housing Crisis
- Poor nutrition

Solutions

- Consumer Coopera.
- Community-based
- Credit Unions
- Worker Cooperatives
- Co-op Schools,
Continuous
Education Principle
- Co-op Housing
- Co-op Grocery

Cooperatives

Cooperatives are businesses owned and governed by their members. Formed to serve their members' needs. Governance is based on one member, one vote rather than the number of shares owned or the amount of investment.

- Address market failure and marginality
- Support education and training
- Create jobs and meaningful work
- Re-circulate local resources

Credit Union Benefits

- CUs provide access to affordable financial services & loans, opportunities for savings & investment, and financial education & info.
- Credit Union assets, dividends, shares per member, and loans can be analyzed to measure wealth accumulation through interest bearing accounts and investment opportunity.
- CUs use local deposits to provide assets for member depositors.

Land Wealth

- Cooperative agricultural production and marketing help individuals maintain land ownership, make a living from farming.
- Cooperatively owned processing plants - earn more money from their produce, retain earnings, and invest in more equipment, supplies, land.
- Black-owned agriculture and housing co-ops facilitate land ownership in face of land restrictions, evictions, housing discrimination.
- In 1950s-60s example (FQB).

Co-op Housing

- Collective down payment and mortgage
- Collective maintenance
- Joint ownership of co-op; individual ownership of housing unit
- Limited equity – to keep affordable
- Offer meeting space and other contributions to community.

Worker Co-op Benefits

- Control over income
- Control over surplus – present assets and retirement
- Control over work rules
- Living wages, benefits
- Job ladder mobility
- Experience – human and social capital development
- Leverage co-op corporate assets
- Family friendly
- Support community and environment.

Why Community Assets?

- Community level assets substitute for and augment individual/family assets. Develop collective as well as individual financial benefits - good jobs, business equity, retirement and other savings, land ownership, affordable housing, and commercial real estate.
- Community assets re-circulate, and provide asset and income stability, as well as growth, for a community .
- These impacts extend beyond the individuals who are directly connected with the enterprise and improve both quality of life for families, and community vitality and well being.

Community Assets - Spillovers

- Resources spill over into and enrich the community - including corporate environmental sustainability, social responsibility, as well as donations, volunteering, community development support.
- Provide positive externalities -leadership development, economic and environmental sustainability and revitalization, job ladder mobility, education and training, financial literacy, and civic engagement.

Individual and Collective Wealth

- The net worth of the business translates into individual shares through member accounts (or stock ownership) and patronage rebates,
- a cooperative's wealth is a collective store of value with an accumulated benefit stored in the business that is an asset in-and-of itself, as much as a distributional benefit from each member's share of the business's net worth
- Increases access to surplus an individual may not have on their own.

Barriers?

- Capitalization and access to capital
- Adequate and proper training
(cooperative economics and co-op management education)
- Distrust and excessive competition
- Ideology, Politics and policy.

Policy Recommendations

- Expand supports for cooperatives and community owned businesses: federal: Small Business Association advise and loans, IDA Account savings eligible; state and local levels.
- Provide research funds to help document and understand these mechanisms more.
- Standardization across states -federal charters?
- Support co-op economics education in HSs and more education about co-ops in general; youth co-ops.