Financial Support of Black Alternative Institutions Including, But Not Limited To: Cooperatives, Land Trusts, and Culturally Responsive Health Infrastructure

What is the problem?

- Over the past 50 years, Black urban communities have faced economic disinvestment, deindustrialization, suburban flight, redlining and a declining tax base. As a consequence, our communities have been ravaged by under and unemployment, poorly performing schools, gentrification, and growing inequality. Many residents of our communities are relegated to low wage, service sector work in jobs that offer few opportunities for workplace democracy and collective decision-making.

- A 2014 report from the Federal of Protestant Welfare Agencies found that cooperatives can play a crucial role in a broader campaign to fight poverty, joblessness, and income inequality, but are often hindered by the lack of available public and private funding sources. The report also found that these efforts are greatly aided by the existence of a cooperative support ecosystem, where government agencies, support organizations, cooperatives networks, and financing institutions that can offer resources, professional guidance, and technical assistance.

- In particular, alternative institutions tend to have trouble attracting private financing. Banks — the most common sources of private financing — are often reticent to fund cooperatives and other alternative institutions since they often lack the finances to support a loan application, have insufficient collateral, and collectivize risk in a manner that goes against the requirement of a personal guarantee.

What does this solution do?

- The U.S. should initiate executive action and congressional legislation to financially support the development of cooperatives, land trusts and other alternative institutions by expanding access to private financing, individual donations, and technical assistance.

Federal Action:

- Target: Legislative
- Process: Pass federal legislation to put in place a tax measure that gives individuals a deduction of 125 percent on federal income tax for investment in cooperatives; incentivize private bank funding to cooperatives and other alternative institutions through the Community Reinvestment Act (CRA) and directly through Community Block Grants.

State Action:

- Target: Executive and Legislative
Process: Pass Justice Reinvestment legislation that links the savings from increased prison construction and correctional confinement to the training and funding of cooperative development by returning prisoners, as in the Ex-Prisoners and Prisoners Organizing for Community Advancement’s (EPOCA) “Jobs Not Jails” campaign in Boston; establish and fund a Public Bank that provides financing (i.e. no-insurance or unsecured loans) to cooperatives, with democratic allocation determined through robust community participation; and support cooperative development by offering funding to cooperative networks or coalitions for each new cooperative they create and additional funding for each job they create.

Local Action:
- Target: Executive and Legislative
- Process: Direct municipal procurement contracts to cooperatives; transfer city-owned land to Community Land Trusts with financing through Community Block Grants; provide municipal funding for technical assistance providers, as in New York City and in Madison, Wisconsin; Pass legislation providing capital for loan funds to support cooperative development, as in the Investissement Quebec in Quebec, Canada.

How does this solution address the specific needs of some of the most marginalized Black people?
- Formerly incarcerated people regularly face discrimination in employment and housing. Worker cooperatives and community land trusts would provide people with a range of job and housing opportunities while also ensuring their involvement in decision making.

Model Legislation
- Massachusetts’ Justice Reinvestment Act (S.64/H.1429)

Resources:
- Community + Land + Trust: Tools for Development without Displacement.
- Development Study for the Bronx Cooperative Development Initiative: A Model for Economic Transformation
- Worker Cooperatives for New York City: A Vision for Addressing Income Inequality
- Justice Reinvestment Initiative

Organizations Currently Working on Policy:
- Ujima Project
- Center for Economic Democracy
- Fund for Democratic Communities
Southern Grassroots Economies Project
Cooperation Jackson
Highlander Research and Education Center
U.S. Solidarity Economy Coalition

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