

Cleveland, Ohio

Evergreen Cooperative Initiative

ANCHOR-BASED STRATEGY FOR INNER CITY REGENERATION

Faced with high unemployment, growing inequality and economic insecurity in their city, the Cleveland Foundation, City of Cleveland and local anchor institutions, such as Cleveland Clinic, University Hospitals and Case Western Reserve University, collaborated to develop the Evergreen Cooperative Initiative in 2005. Residents in economically distressed communities are engaged as worker-owners in cooperative enterprises under the Evergreen initiative, which channels the significant purchasing power of these anchor institutions, totalling over US\$3 billion annually, to generate green business and market development opportunities. This “Cleveland Model” has inspired similar anchor-based wealth-creation efforts in other cities.

The Challenge

As Cleveland, Ohio, entered the 21st century, the city’s gleaming downtown office towers, entertainment complex, and cluster of cultural, educational, health and arts institutions in “University Circle” stood in stark contrast to the disinvestment and poverty marking some of its inner-city neighbourhoods.



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In particular, six neighbourhoods immediately surrounding University Circle had some of the highest foreclosure and unemployment rates in the United States, along with a lack of retail and service outlets and public amenities. Disproportionately low-income and African-American, the neighbourhoods were once home to diverse ethnic commercial enclaves and working-class communities employed by the city's booming mass production industries. However, as economic globalisation and capital flight destabilised the local economy from the 1960s, post-war urban renewal, highway and road construction, suburbanisation and depopulation weakened the spatial and social fabric of these inner-city neighbourhoods.

Over time, unionised, middle-income jobs with career pathways were replaced by highly skilled managerial and professional jobs on one end and a plethora of low-wage, dead-end service sector jobs on the other. The federal government's retreat from urban and social programmes beginning in the late 1970s and the local governments' subsequent diversion of scarce public resources from neighbourhood improvements to tax abatements, public subsidies and other incentives to attract private sector investment further fuelled income and wealth inequality, social insecurity and geographically uneven development in Cleveland.

01 Empty storefronts in Greater University Circle, Cleveland.



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01 Worker-owners of Green City Growers

02 Evergreen Cooperative Laundry serves several hospitals, nursing homes and hotels.

The Solution

In 2005, such historical and local circumstances bore unlikely fruit in the form of the Evergreen Cooperative Initiative, a network of multi-stakeholder cooperatives partly owned and operated by residents of Cleveland's most economically distressed neighbourhoods.

Growing out of a partnership between the Cleveland Foundation, City of Cleveland and local anchor institutions (including Cleveland Clinic, University Hospitals and Case Western Reserve University), the initiative channelled the extensive purchasing power of the anchor institutions (totalling over US\$3 billion per year) to generate green business and market development opportunities on which to build the neighbourhood-based cooperative enterprises.



Appearing almost consummate in hindsight, the idea iteratively emerged from chance encounters and roundtable conversations among foundation staff, leadership of the respective anchor institutions and social entrepreneurs like Ted Howard of the Democracy Collaborative at the University of Maryland. The initiative became more focused and actionable as the Cleveland Foundation invited experienced business professionals to spearhead feasibility studies, business planning, capitalisation and operations management.

Among the Evergreen companies, Evergreen Cooperative Laundry, the greenest industrial laundry in Northeast Ohio, contracts with a number of hospitals, nursing homes

and hotels to handle their linens. Ohio Cooperative Solar (OCS) takes advantage of tax credits and incentives at the state and federal levels to deploy solar panels on the rooftops of local anchor institutions to generate clean energy and realise cost savings. OCS also performs building energy retrofit services as a sub-contractor for the federal low-income Weatherization Assistance Program and other utility-funded building energy efficiency programmes. The most recent undertaking, Green City Growers, comprises a 10-acre (0.04-square-kilometre) hydroponic greenhouse that will supply grocery store chains, wholesalers and food service companies within a 150-mile (241.4-kilometre) radius.

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Besides receiving living wages and claiming a portion of the firm's profits (expected to total US\$65,000 per person in about seven to eight years), Evergreen worker-owners also partake in operations management and organisational governance.

Inspired by the Mondragon Cooperatives in the Basque region of Spain, the long-term objective of Evergreen is to not only create shared wealth among its worker-owners, but additionally to expand into a network of 100 businesses that employ up to 5,000 worker-owners so as to ultimately stabilise and revitalise the targeted neighbourhoods. Hence, the Evergreen Cooperative Corporation operates as a holding company that provides direction for the broader Evergreen initiative in conjunction with a cooperative development bank, R&D entity, land trust and community engagement strategy.

Beyond the critical elements of collaborative partnership, multi-scale planning and learning-in-action, Evergreen draws upon a shared sense of rootedness in place and social justice among its different stakeholders. According to Mr Howard, architect of the green jobs and community wealth building strategy at the heart of Evergreen, "We all ascribe to the transformation of community and the importance of rebuilding a community for the lives of the people there, rebuilding the [city] as a whole, and so forth. We also share a general commitment to a sort of justice. [The dominant local economic development model is] just not working, to exclude so many of us... we can see the impacts it's having on the lives of this community." Reflecting on the fact that Evergreen, like any start-up, has had its share of hiccups, including personnel issues, workplace conflicts and cancelled procurement contracts, he emphasises, "It's the vision of what we're doing that keeps people in the game instead of throwing up their hands in frustration... I think it's something about that vision."

01 Ohio Cooperative Solar installs solar panels and retrofits buildings for energy efficiency.



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The Outcome

Given that half of start-up businesses fail within the first five years and almost 90% of American firms have fewer than 20 employees, Evergreen's continued viability and expansion (in terms of revenues, jobs and enterprises), particularly amidst a global economic recession that hit particularly hard in Cleveland, offers a hopeful message to the countless communities, cities, and regions left behind by global market trends. Urban inhabitants are not beholden to unencumbered market forces to deliver higher standards of living and quality-of-life improvements. Rather, they can directly harness existing local

assets and partner with civil society organisations, public agencies and private sector entities to conduct economic, business and workforce planning and create shared wealth.

In the case of Evergreen, advocates resourcefully and creatively connected firm-level employee-ownership efforts with coalition building, alternative local economic and workforce development, neighbourhood regeneration, racial justice and urban sustainability. They also recast the responsibility and role of anchor institutions, many of them beneficiaries of public funding, with respect to their surrounding communities.



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Consequently, the “Cleveland Model” has inspired similar efforts at anchor-based shared wealth creation in Pittsburgh, Pennsylvania; Washington D.C.; Atlanta, Georgia; Richmond, California; and Amarillo, Texas. While recognising that each locale has distinct historical and contextual attributes, Mr Howard points out, “What people know around the world that’s needed to address persistent poverty and lack of opportunities, and the ways they’ve gone about doing it, [can inform local strategies]. It’s about opening ourselves up and learning some of the wisdom of the world that’s out there and bringing it home.”

01 Worker-owners of the Green City Growers initiative.



Lily Song is a Provost Fellow at the University College London Department of Science, Technology, Engineering and Public Policy; Research Affiliate at the Massachusetts Institute of Technology Community Innovators Lab; and Adjunct Researcher at the Centre for Liveable Cities. An urban planning researcher and practitioner with a background in community organising and policy advocacy, her areas of focus include urban justice, sustainability, and liveability; alternative local economic and workforce development; and shared value creation efforts among civil society, public sector, and private sector actors. Dr Song received her Ph.D. in Urban and Regional Planning from MIT and M.A. in Urban Planning from UCLA.