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# Policy Change for Local Living Economies:

*Practical Strategies for Champions of Change*

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*The work of building a vibrant local economy requires up-to-date government policies and responsive government processes. This report offers suggestions for would-be change agents to identify the best initiatives and work with local governments on their implementation.*

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## Introduction

Across the U.S., the movement to develop vibrant, sustainable local economies is gaining strength. New companies pioneer products and services based on triple bottom line principles. Business owners join hands to rebuild local economies and restore life to struggling downtowns.

Unfortunately, business owners and others seeking change quickly run into government policies and practices that do not fit the times we live in. These policies hinder innovation in energy, agriculture, and other areas. They promote reliance on outmoded strategies of “business attraction” that trigger a race to the bottom. They provide unfair and unwarranted advantages to large corporations that strip assets from local economies. They discriminate against local companies and entrepreneurs who return talent and capital to the community.

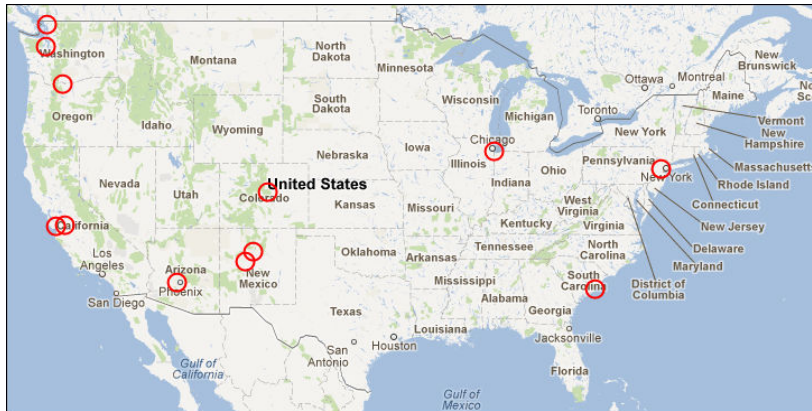
To help agents of change including owners of small businesses, community leaders, and others, we set out to tap collective wisdom, and to identify and share what strategies are working and what are not.

## Researching What Works

Our research involved interviews with leaders in several BALLE networks that were recommended for their work pursuing change on multiple fronts. We also spoke with experts who bring a nationwide perspective: Michael Shuman of Cutting Edge Capital, and Stacy Mitchell of the Institute for Local Self Reliance. We analyzed the information collected to identify common themes and relevant lessons.

Interviews were conducted with BALLE network heads and others in Albuquerque, Andersonville (Chicago), Bellingham, Charleston, Oakland, Philadelphia, Phoenix, Santa Fe, San Francisco, and Seattle. The specific groups and individuals contacted are listed in Appendix 2.

The following map shows the locations that were profiled in the research.



## Policy Areas

Prospective change makers can select from a wide range of issues when exploring how to build government support for a more sustainable local economy. This review inquired about policies and programs that address the following issue areas:

- Restrict “big box” and formula retail
- Provide preferences or tax advantages to small, local business
- Change permitting, zoning, design, inspection or other codes and processes to facilitate small, local business
- Improve access to capital for small, local business
- Provide training, consulting, or mentoring for owners of small, local business
- Provide education and training to meet the skill needs of small, local business
- Ease the start-up and growth of small, local businesses
- Promote worker cooperatives and other forms of employee ownership and/or workplace democracy
- Promote local currencies, reward programs, gift cards, or barter arrangements that support small, local business

In addition, some of the potential government actions support particular industries:

- Energy and environmental opportunities: for example, power generation, retrofitting, conservation, and recycling.
- Food supply opportunities: urban agriculture, farm to table, etc.

A full list of the initiatives mentioned by interviewees can be found in Appendix 1. But even this list captures just a fraction of the potential

initiatives. The Rules Library of the **Institute for Local Self Reliance** (<http://www.ilsr.org/rules/>) offers a much more extensive list.

## Which Initiatives are Most Likely to Succeed?

A wide variety of initiatives were successfully implemented, indicating that success is possible in many policy areas. However, at least as many initiatives were unsuccessful, and considerable time and energy is devoted to initiatives that ultimately fail.

The success or failure of an initiative depends on many factors: the overall political climate; the fit of the initiative with local conditions; the time and resources available to push for change; the presence or absence of champions, and more.

In general, many interviewees reported success with improvements made to zoning and permitting rules and processes. This is probably be the easiest area in which to make progress. Such projects include: simplifying the rules for adding renewable energy features to construction projects, making it easier to upgrade building façades in historic areas, legalizing agricultural activities in residential areas, updating regulations for food carts and trucks, loosening requirements that interfere with renovating and reusing older buildings, and more.

Several interviewees reported success with efforts to help local businesses get a greater share of city contracting opportunities. While some involved specific preferences (a percentage adjustment), others involved “lighter weight” solutions, for example creating lists of registered small businesses, or electronic distributing the latest bidding opportunities.

At the more difficult end of the spectrum are efforts to create local currencies, loyalty programs, rewards programs and gift cards. Several of these involved efforts to get the city to accept credits from these programs for parking meters, utilities bills and other expenses. These programs seem to be the most difficult and expensive to get off the ground.

## Strategies for Success

Although each city or town faces unique conditions, some overall strategies for success have begun to emerge. These can be viewed as best practices or key success factors. It will be helpful to consider these strategies when planning and launching your own policy change projects.

The strategies we identified cover three consecutive stages in the life cycle of an initiative for policy change.

- **Selecting Opportunities** – What changes will you attempt to push forward?



- **Initiating Change** – How can you set the stage for a successful change effort?
- **Following Through** – How can you sustain your change project and drive it toward a successful conclusion?

Each of these is discussed below, along with examples.

## Stage I: Selecting Opportunities

The strategies in this section focus on how to select the initiatives with the best potential for being enacted and making a difference.

### 1. Be Realistic About the Local Political Climate

The prevailing tone of the local political climate, which can range from very progressive to Tea-Party conservative, goes a long way toward determining what kinds of initiatives are feasible. Many change efforts fail simply because they are outside the range of what the local political climate will accept as reasonable topics for consideration.

Before deciding to pursue a change effort, consider the partisan tone of your local governing structure (whether a city council, board of supervisors, or something else) and the political bent of the mayor or city manager. Some research into the initiatives that have succeeded or failed in the past can save you from investing time on something that has little chance of success.



### 2. Cast a Wide Net

A wide range of potential initiatives exists from which to choose. To improve your prospects for success, consider the needs of the *full range* of small businesses in your area, not just those small businesses that focus explicitly on green or sustainable products and services. This helps build a bigger and more powerful constituency for change. Moreover, in many cases the same changes that help small business as a whole will also help green and sustainable small business.



**Example:** Phoenix, Arizona developed a system to help small business win a larger share of contracts valued at up to \$50,000 supplying products and services to the city. All small businesses are invited to complete a profile, and then they are alerted automatically via email about relevant procurement opportunities. This helps all Phoenix-based small businesses, not just those those that are specifically “green”.



### 3. Seek Win/Win Opportunities

Seek opportunities that are quick and inexpensive to implement, and which solve a problem for government as well as for local businesses. These are easier to push through than policy changes which impose extra work and expense on government.

**Example:** In Bellingham Washington, an opportunity emerged for a “win-win” solution with the planning department. The planning department wanted builders to bring more innovative green projects; builders were holding back even though they wanted to do more green projects, for fear that including green aspects in the project would result in delays. Discussions with builders and the permitting office identified ways to speed the approval of permits in 85% or more of the applications; this was a clear win saving time and money for both parties.



### 4. Seek Web Based, Crowd-Sourced Solutions with High-Tech Cachet.

Keep in mind what motivates city leaders. City leaders seek ways to make improvements that are cost-effective, scalable, media-worthy, and which cement their reputation as innovative and results-oriented. (They always have one eye on the next election.) High tech solutions that use crowd-sourcing to collect useful information, and web-based tools to distribution it have a lot of appeal. These solutions generate favorable media coverage for elected leaders and city departments in addition to solving real problems.

**Example:** Small business owners in major cities are sometimes overwhelmed by the wide range of training, mentoring and consulting services available to them, and express frustration at the task of finding the best and most appropriate resources. Consider an online directory that aggregates information on all the local programs, coupled with direct feedback from business owners who have participated in the programs. Kansas City’s KC Sourcelink provides some of this functionality (but without user reviews.)



### 5. Conduct a Survey to Identify and Document Major Priorities of Small Business

It can be very helpful to conduct a formal survey of the needs of local small business to find the greatest challenges and opportunities related to government. The cost of a survey can range widely depending on the size of your city and the comprehensiveness of the survey. Funding for a survey may be available from local foundations, the local Office of Economic Development or a similar group.



A survey would generally begin with qualitative, in-depth discussions in a focus group format, then be followed with either a phone or internet-based poll. This methodology can be further refined to focus on particular commercial corridors, neighborhoods, or industries.

Results of the survey will help in several ways. First, the survey will pinpoint the most important and useful policy changes to pursue. Second, it will provide powerful evidence of concern to use with skeptical policy makers. Third, it will provide you with a list of potential spokespeople you'll need for giving testimony before a governing body or speaking to the media.



## Stage II: Initiating Change

**Example:** Small Business Network of Greater Philadelphia recently conducted extensive research funded by the William Penn Foundation. The survey led to the report, [Taking Care of Business: Improving Philadelphia's Small Business Climate](#) which identified nine priority areas for policy change and process improvement.

The strategies in this section address the issue of how to initiate a productive discussion with policy makers, regardless of whether they are elected officials, political appointees or management and staff in local government.

### 1. Cultivate an Ally to Advise You

Your first experience asking government for policy change can be daunting. It's not clear who has authority to help, and who has a genuine interest in being responsive. Officials in government generally have multiple and at times conflicting objectives: meeting the immediate needs of constituents, acting in the long-run interest of the city, meeting tough budget constraints, protecting their turf from competing officials or departments, and of course in many cases, getting reelected. Many are skilled in the art of conveying sincere concern for your issues while at the same having no intention of helping.

Unless you have the budget for a legislative affairs director or consultant to navigate the government organization and identify pressure points, you will need to cultivate an ally: either someone currently in a position of power who wants to support your cause – or someone perhaps recently retired who knows the system and wants to help.

### 2. Get Support from Groups with Specific Expertise Relevant to Your Issue

Try to tap other organizations for advice and support. For example if you working on issues of renewable power in building construction you might

get help from a trade association such as Green Building Council which has staff and experience in your area of interest.

**Example:** In San Francisco, the Board of Supervisors was asked to pass a contracting preference for Benefit Corporations registered in California. B-Laboratories provided extensive support to the team, sending staff to make presentations and provide testimony, meet with Board members, and furnish in-depth answers to questions raised by Board and staff.



### 3. Set a Collaborative Tone

Depending on the tone you take, you may be welcomed as someone who can help solve a problem that has long been a thorn in the side of a city department – or as a hostile outsider who intends to publicly shame and harass the department. The more you can adopt a collaborative tone, and manage the process so that the department involved can show public leadership on the issue at hand, the less resistance you will probably encounter.

**Example:** In Bellingham, Washington an effort was launched to clear up barriers to green building and smart growth. The program, called “5 over 12” aimed to investigate and fix five barriers over 12 months. By leaving the five barriers unspecified initially it allowed the planning department to select the areas that were easiest to improve. After each success the local BALLE network organized a press conference which positioned the planning department in a positive light and highlighted their contribution to the community.



## Stage III: Following Through

Strategies for following through cover what you can expect while advancing a policy change, and how to sustain momentum throughout the process.

### 1. Leverage the Experience of other BALLE Networks and Similar Groups.

Many change efforts require the drafting of legislation and policy documents. Some may also require preparation of cost-benefit analyses and other supporting materials. Don't hesitate to seek help from other groups in other cities to obtain sample materials that can save you from “reinventing the wheel.” Relevant material can be found through BALLE, the Institute for Local Self Reliance, and consultants.

### 2. Mobilize Local Businesses to Turn Out

Efforts to change policy usually require extensive and ongoing public communications. People in government must assess whether you represent

a tiny but noisy minority, or a broad constituency that they dare not ignore. You may need to mobilize local business owners in your network to come to meetings of City Council and testify; to meet individually with important legislators, agency heads, and others; to write op-eds for publication in the local paper; to speak with the media; and more. The more controversial the issue, the greater the need for thorough and ongoing public communications. Start early to line up your contacts and educate them about the importance of committing the time needed for a successful campaign.

### 3. Prepare and Expect to Negotiate

Very few issues will escape attracting some degree of opposition. It is likely that you will have to make compromises to your proposal along the way. There are usually ways to compromise that preserve your general intent while accommodating the most important objections.

There is usually a range from “soft” strategies which gently nudge people in the desired direction, to “hard” strategies that impose strict requirements and impose painful consequences if the requirements are not met. You may prefer a “hard” strategy but have to settle for a “soft” one.

Consider for example an effort to restrict “big box” formula retail: The following shows the range of options that could be enacted:

- Outright ban on stores over 50,000 square feet in the city.
- Restrict larger stores to an out-of-the way district away from the downtown
- Require larger stores to pay a traffic mitigation fee
- Require proposals for larger stores to prepare an Economic Impact Statement for review
- Require larger stores to carry a certain percent of merchandise from local sources
- Block larger stores from carrying products like bus passes which draw traffic
- Enact a dark store ordinance so a large building cannot remain vacant.

Some of these strategies are clearly more effective than others, but any of them will help. In a politically progressive area, a hard form of the restriction may be possible; in a politically conservative area, only a soft version may be possible.





**Example:** In San Francisco in the Benefit Corp preference ordinance campaign, the ordinance was challenged from the political left by businesses and groups that had already won contracting preferences of their own, including locally-owned and minority-owned businesses. In response, the proposal was softened so that the benefit corporation preference could not be exercised if it resulted in a local San Francisco business being displaced by a non-local California-based benefit corporation. Other changes were negotiated as well.



## Celebrate Success!

When you do achieve a win, promote it broadly and share credit widely. It is important that the government personnel you've worked with are positioned as partners in change, and not as a vanquished foe. If you support your partners in government, they will continue to see you as an ally and will likely cooperate with you on your next campaign.

## Policy Changes in Support of Local and Sustainable Businesses (Appendix 1)

The following list includes all policy ideas mentioned by interviewees, regardless of whether they succeeded, were rejected, or are still under consideration. The order is arbitrary.



### Limits on Big Box Stores and Formula Retail

- Limit on size of stores
- Dark store ordinance
- Discourage chains from entering the area by presenting research on demand and consumer attitudes
- Discourage government from using business attraction strategies
- Require an economic impact analysis
- Restrict distribution of electronic car toll devices (“Fast Pass”) and transit passes other than by locally owned stores.



### Technical Assistance and Business Development Support for Local Businesses

- Assess demand; identify unmet market needs
- Create online directory of technical assistance and consulting resources
- Review, harmonize, and reduce duplication among publicly-funded and foundation-funded service providers.
- Complete import substitution analysis with respect to dominant industry clusters.



### Smart Growth Initiatives

- Incentives for increased density
- Incentives for transit-oriented development

### Energy and Environment

- Provision of free energy audits
- Payment for efficiency upgrades through the power bill
- Rebates for lighting and other retrofits
- Streamlining of permitting for projects with “green” features such as energy and water conservation.
- Feasibility assessment for municipal grid
- Expanded curbside recycling, with greater incentives
- Promote “district energy” in larger projects (sharing boiler and steam distribution across a campus)

## Capital Markets and Access to Funding

- “Move Your Money” program
- Directories helping small business find funding sources
- Partnerships with Community Development Financial Institutions (CDFI’s)

## Permitting and Licensing

- Simplify the approval process for business startup
- Reduce or defer fee and tax costs for startups
- Reduce discretion of local legislators in approving or rejecting new businesses’ requests for permits.



## Government Procurement

- Preferences for locally owned business
- Preferences for registered Benefit Corporations
- Finer-grained preferences based on degree of local activity, hiring, and investment.
- Tax credits for locally owned businesses (instead of contracting preference)
- Database of local vendors for government’s needs
- Electronic distribution of government RFP’s to local suppliers
- Requirement that government solicit bids from 3 local suppliers before soliciting from outside.
- Screen major projects awarded to non-local prime contractors to ensure that local subs get a fair share.
- Promote use of local reward points or loyalty credits to pay for utility bills or parking meters or utility



## Real Estate – related

- Relaxed ADA enforcement on retrofit of older buildings where health and safety is not involved.
- Fast-track expedited review of projects with energy-saving or resource-saving features.
- Elimination of incentives that encourage tearing down refurbishable main street commercial properties
- A process for condemning and forcing sale of blighted property in commercial areas
- A process for forcing development or sale of undeveloped property that is being held off market.
- Fund to help store owners with design costs of façade upgrades in historic district.
- Loosen restrictions on home based business.

## Taxes

- Supplemental local gas tax to support transit and other sustainability initiatives
- eFairness (taxes on internet giants like Amazon.)
- Hotel tax or lodger's tax to support sustainability projects

## Education-related

- Partnerships between local businesses and community colleges to increase training in focused skill areas
- Intern program connecting local colleges to local companies
- Credits for hiring STEM graduates (to reduce brain-drain)



## Food and Agriculture-related

- Legalizing composting in urban areas
- Legalizing small scale backyard farm animals
- Legalize community gardens in parks
- Funding to pilot farm-to-table and farm-to-restaurant
- Improve food offerings in “food desert” areas.
- Credits to city employees participating in consumer-supported agriculture programs (as part of health care plan)
- Restructured rules for food carts
- Rapid adjudication when faced with conflicting rulings between different city inspection departments.



## Responsive and Efficient Government

- Impose faster turnaround on permits and issues affecting business operations.
- Eliminate conflicting jurisdiction across city departments
- Provide clear path of appeal, escalation and resolution for adverse decisions
- Reduce the number and type of conditions that can trigger discretionary review
- Remove political considerations and favoritism from permit approval process
- Allow most routine business, e.g. permit filing and renewal, to be conducted online
- Provide for online posting of proposed ordinances and encourage online commenting



## Contributors (Appendix 2)

The following individuals and organizations offered their perspective and insight for this report: (listed alphabetically.)

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## About the Author

David Brodwin is a consultant, advocate for change, and commentator on economic issues, with a focus on sustainability. He co-founded American Sustainable Business Council, and leads ASBC's media and communications. He is a founding member of the New Economy Network, where he serves on the executive committee and leads the framing and messaging working group.

Previously David was executive director at George Lakoff's Rockridge Institute, a think tank on progressive politics and political communications. He writes a weekly blog, "Economic Intelligence" for *U.S. News and World Report*, and lectures on social change at Golden Gate University in San Francisco. Earlier in his career, David was a partner at Accenture, a vice president of marketing at Radius (a computer peripherals company), and a director at Arthur D. Little. David received his MBA from Stanford Graduate School of Business and his BA from Harvard.

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## About American Sustainable Business Council

The American Sustainable Business Council and its member organizations represent more than 100,000 businesses nationwide, and more than 300,000 entrepreneurs, executives, managers, and investors. The council includes chambers of commerce, trade associations, and groups representing small business, investors, microenterprise, social enterprise, green and sustainable business, local living economy, and women and minority business leaders. ASBC informs and engages policy makers and the public about the need and opportunities for building a vibrant and sustainable economy.

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