

# Public Bank Los Angeles Fact Sheet



A municipal public bank is a city-owned bank that puts public funds to work for the community, not for Wall Street's bottom line. Imagine a Los Angeles Public Bank saving the city over \$1 billion in banking fees and cutting borrowing costs while generating new revenue to tackle budget shortfalls. These savings could support affordable housing, green energy projects, and better-funded schools, while directly benefiting communities of color and historically marginalized neighborhoods. It's about taking control of our money to build a stronger, more resilient Los Angeles.

With the passage of the [California Public Banking Act](#), local governments can now create public banks that keep our dollars working right here at home. This means more than just saving money—it means creating local jobs, supporting small businesses, and generating revenue that goes back into the community where it belongs.

## Why It Matters

### Reclaiming Public Funds

- The City of Los Angeles spends more than [\\$1 billion annually](#) on fees and interest to large multinational banks. By eliminating these high costs, a public bank allows the city to save significant money and reinvest those funds into vital local projects that actually benefit Angelenos—from affordable housing to improving schools to sustainability initiatives.

### Amplifying Financial Power

- A public bank can supercharge community investments by leveraging the multiplier effect, stretching every dollar to go much further. With the ability to amplify funds up to 10x, a \$10 million deposit could be transformed into \$100 million in loans, dramatically expanding the bank's capacity to fund essential projects across the city.

### Cost Savings

- When the city funds its own projects, it cuts out the middlemen—avoiding the steep interest and fees that come with bonds and commercial loans. Right now, almost half of our infrastructure costs end up in the pockets of private megabanks. It's time to keep that money working for Los Angeles, not lining corporate coffers.

### Efficient, Low-Cost Operations

- A public bank acts as a true community partner and a "Banker's Bank," putting municipal funds to work without the usual frills. No ATMs, branches, bloated marketing budgets, or

overpaid executives—just a lean, tax-exempt operation focused on maximizing profits and reinvesting them where they belong. By keeping overhead low, it ensures more money flows directly into the projects that matter most.

### **Recycling City Funds**

- A public bank puts our tax dollars to work on repeat. While city departments spend funds once and they're gone, a public bank keeps the money circulating—re-lending repaid loans back into the city. Unlike private banks that send profits to out-of-state shareholders, a public bank reinvests earnings right here in Los Angeles, creating a lasting pool of capital for long-term community investments.

### **Economic Development and Job Creation**

- A public bank paves the way for low-cost loans to tackle critical city needs—better schools, smoother roads, and more affordable housing—without raising taxes. This approach fuels economic growth, generates well-paying jobs, and channels investment into the public services that keep our city thriving.

### **Affordable Housing and Green Energy**

- Affordable housing projects require a complex mix of over a dozen different funding sources. A public bank cuts through the red tape, streamlining the process so developers can quickly preserve and build the housing we need. When it comes to green energy, a public bank steps in where other lenders won't, backing large-scale renewable projects and powering a cleaner future.

### **Racial and Economic Justice**

- A public bank will partner with LA's local financial institutions to improve credit access for unbanked and underbanked residents. It will focus on investing in communities that have long been overlooked while taking a stand against predatory lending practices that target the most vulnerable.

### **Local Financial Collaboration**

- As required by the California Public Banking Act, the Los Angeles Public Bank will partner with local LA community banks, credit unions, and CDFIs. This partnership will increase lending, lower interest rates, and provide more affordable financial services for businesses and residents.

### **America's Successful Public Bank**

- The Bank of North Dakota (BND), a state-owned public bank, is [more profitable](#) than Goldman Sachs and JPMorgan Chase and has returned over \$1 billion to the state's general fund since 1945. In 2023 alone, BND delivered an impressive 18% return on investment, according to its [annual report](#), proving that a public bank can be both a powerhouse and a community asset.

### **Self-Sustaining Operations**

- Revenue from loan interest and fees will keep the public bank running smoothly, covering everything from staffing and technology to regulatory compliance. Once it's up and self-sustaining, the bank can start channeling profits back into the local government's general fund

—just like the Bank of North Dakota—turning its success into a direct benefit for the community.

## **It's Feasible and Profitable**

Two nonpartisan research organizations, the Jain Family Institute and the Berggruen Institute, developed lending models in a [5-series report](#) showing how the LA Public Bank could work. Here are the key findings:

- 1. Affordable Housing:** The LA public bank can support affordable housing by offering low-interest construction loans, recapitalization loans, mortgage assistance, and ADU financing, increasing supply and reducing costs. It can create over 17,000 affordable housing units in the first ten years while returning a profit to taxpayers.
- 2. Renewable Energy Projects:** It can fund utility- and community-scale renewable energy projects, bridging financing gaps to support LA's goal of carbon neutrality by 2045.
- 3. Small Businesses and Financial Justice:** The LA public bank can support small businesses by offering new lending products, facilitating employee ownership transitions, and providing alternative credit evaluations, especially in marginalized communities.
- 4. Profitability:** The models show that the bank can be profitable, generating income for Los Angeles taxpayers while also supporting small businesses and community economic development.

## **Additional Resources:**

- [Public Bank LA Resource Booklet](#)
- [A Technical Summary of Public Banks](#), California Public Banking Alliance
- [What a Public Bank Can Do For LA and Its People](#), Jain Family Institute and Berggruen Institute
- [Utilizing Public Banks to Equitably Prioritize the Needs of Small Businesses](#), Inclusive Action for the City
- [Public Banking Movement Resources](#)