

Why LA Needs a Public Bank Now

Keep Public Dollars Working Locally

Los Angeles faces intersecting crises, from wildfires and unaffordable housing to aging infrastructure and systemic inequity. Amid these challenges, big banks drain **\$1.4 billion annually** in debt service and financing costs from the City, as outlined in the [City's 2024/25 Budget](#), including over [\\$300 million in interest and fees](#) paid to Wall Street banks and financial firms. This substantial sum could rebuild neighborhoods, fund disaster resilience, recapture public dollars for local reinvestment, reduce costs, and support long-overlooked marginalized communities.

The **Municipal Bank of Los Angeles (MBLA)** is a proposed nonprofit, city-owned, tax-exempt bank that manages the City's finances and provides core banking services for City departments. It will leverage municipal funds to finance affordable housing, infrastructure, and people-centered recovery while strengthening local lending capacity. As a **wholesale bank**, MBLA will channel capital through community banks, credit unions, and CDFIs instead of operating branches, ATMs, or consumer checking accounts. This keeps overhead low while lowering the cost of capital, amplifying public resources, and keeping profits within LA.

The MBLA is governed by an independent board and managed by professional bankers and financial experts, ensuring strict state and federal regulatory oversight, bringing transparency to the use of public funds, **aligning every dollar with the City's equity and sustainability goals.**

1. Accelerate Affordable Housing

- Today's affordable housing requires 12+ revenue sources, a maze of grants, tax credits, and private loans that [delay projects by years](#) and significantly inflate costs.
- A public bank is a one-stop financial engine, consolidating funding streams and offering low-interest loans to fast-track construction.
- A public bank can quickly and efficiently finance affordable housing development and preservation, keeping more LA families stably housed sooner.

3. Save Millions Annually

- Nearly 50% of housing and infrastructure costs go to interest and financing fees paid to big banks and bond markets, not into the project itself.
- By using its own capital and credit, Los Angeles can save millions in fees, interest, and debt service currently paid to commercial banks.
- Recapturing these funds through a public bank allows the City to offer low-cost loans for schools, roads, and disaster resilience.
- A public bank can start with a small slice of public capital and, through [fractional reserve lending](#), **each \$1 deposited can support up to \$10 in lending power**, with repayments recycled back into the bank to fund LA priorities again and again.

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2. Disaster Response That Works

- Provide immediate financial relief to families and small businesses post-wildfires.
- Fund fire-resistant grids, landslide stabilization, and climate-ready infrastructure.
- Executive Orders at the federal level have jeopardized recovery funding. A public bank ensures LA maintains fiscal autonomy during uncertain times.

4. Proven Success: Bank of North Dakota (BND)

- Publicly-owned bank founded in 1919, [profitable every year](#) for over a century.
- BND prioritizes **its residents** while delivering an [18.2% return on investment](#) and returning \$140 million to the general fund in 2023.
- Public reinvestment returned over [\\$1 billion in profits](#) to public coffers since its founding, while supporting small businesses, schools, infrastructure, public services
- [Rated A+ by S&P](#)—safer than Wall Street banks; exceptionally stable public institution.

5. Feasibility & Impact

- Backed by rigorous research. Lending models show the LA Public Bank can generate profits while funding [17,000+ affordable units](#) in its first decade, reinvesting earnings into schools, parks, and climate resilience.
- Transitioning to a low-carbon, climate-resilient future demands long-term financing. Public banks can catalyze this shift by [bridging financing gaps for green projects](#) that private lenders often leave unaddressed.
- Fund public projects with recycled city funds instead of tax hikes or additional borrowing and debt. The City will generate more revenue from property taxes on housing projects than from U.S. Treasury Bill investments (1.74% as of Sept. 2024).
- Public bank profits return to LA communities instead of private shareholders, cutting red tape for critical projects from green energy to modernized schools.

Next Steps

LA City Council unanimously approved the public bank feasibility study under California's Public Banking Act in June 2023 and again in May 2024. As of November 2025, **nine Council offices** have contributed discretionary funds to support the plan. Now the City must allocate the remaining funds so consultants can begin work. This modest investment can reduce near-term costs and build the financial infrastructure LA needs before the next crisis hits.

Why This Matters: Our Money, Our Values, Our Bank.

- **Fiscal responsibility.** Funds city needs without raising taxes, cutting essential services, or borrowing more and increasing debt.
- **Urgency.** Disasters won't wait—LA needs a bank that can act *fast* in the public interest.
- **Accountability.** Transparent, municipally-owned bank with robust public oversight and ethical guardrails.
- **Equity.** Prioritize marginalized communities, counter predatory lending, keep wealth local.

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