

## Communication from Public

**Name:** ACCE Action Los Angeles

**Date Submitted:** 06/25/2024 10:07 AM

**Council File No:** 19-1235

**Comments for Public Posting:** On May 23, 2024, the Los Angeles City Council unanimously approved allocating \$460,000 to hire consultants for Phase 1 of the public bank feasibility study and business plan. This decision follows the enactment of the California Public Banking Act, signed by Governor Newsom, which enables local governments to establish public banks. Public banks prioritize the public good over profit, providing targeted lending and depository services that support: ? Affordable housing ? Green energy infrastructure ? Small businesses ? Infrastructure modernization The Public Bank RFP funds were previously approved by the city council in June 2023 but were delayed earlier this year. Recently, we discovered that the \$460K funds were redirected without communication, from the city's contractual services account to the unappropriated balance, then used for mid-year adjustments. Many council offices we've spoken to were unaware of this change, and the Financial Services Report (FSR), which pulled the funding, was voted on just last month on April 3rd. This decision was made in a non-transparent manner, concerning funds our coalition has advocated for over many years. Our community and LA residents rightfully expect transparency and a commitment to democratic principles from their city council. The solution is to reallocate \$460K to fund the public bank study in the next FSR, scheduled for release in August/September. Since the passage of the California Public Banking Act, numerous local governments are advancing efforts to establish city-level and regional public banks: ? The East Bay region, including Alameda County, Oakland, and Richmond have finalized their business plan and are preparing applications to state and federal regulators to receive their public bank license. ? San Francisco is creating an interim green bank that will scale up to a depository public bank. ? Sacramento has allocated funding to hire consultants for their public bank study. ? The Central Coast, including Santa Barbara, Monterey, and San Luis Obispo counties, is collaborating to form a four-county regional public bank. As the second largest city in the nation, Los Angeles can and must be at the forefront of the shift toward economic infrastructure that is sustainable, socially responsible, fiscally sound, and regenerative. Public banks reinvest taxpayer money into local communities, providing cities with a powerful tool to leverage public funds for economic development and

addressing local needs. They support affordable housing by consolidating funding sources and offering essential capital to acquire, preserve, and rapidly build new affordable housing. Two prominent think tanks, the Jain Family Institute, and the Berggruen Institute, have created a series of reports detailing how the Municipal Bank of Los Angeles can transform the city's affordable housing and renewable energy landscape while turning a profit for the city. The proposed programs, customized for affordable housing finance, include: ? A rapid acquisition fund ? New construction loans ? Assistance creating homeowner accessory dwelling units These programs could help build or preserve over 17,000 affordable units in Los Angeles during the first decade of operation while generating profits for taxpayers. The Los Angeles Public Bank would save the city substantial money, reducing the \$1 billion paid annually in banking fees and debt service. Lowering borrowing costs and creating additional revenue streams would be crucial for addressing future deficits and weathering financial downturns. The bank would finance affordable housing and infrastructure projects while providing capital to small, minority-owned businesses through community-focused lending partners. Benefits of Public Banks: ? Reinvest taxpayer money into local communities. ? Provide cities with a powerful tool to leverage public funds for economic development and addressing local needs. ? Support affordable housing by consolidating funding sources and offering essential capital to acquire, preserve, and rapidly build new affordable housing. The Los Angeles public bank is endorsed by ACCE Los Angeles, SEIU 721, ACT-LA, Inclusive Action for the City, Rise Economy, the Los Angeles Democratic Party, UFCW Local 770, and the LA County Federation of Labor, among over 100 housing, social, and environmental justice organizations. This level of support reflects the widespread recognition that a public bank would provide numerous benefits to the people of Los Angeles and beyond. We strongly urge you to allocate \$460,000 in the budget for the public bank feasibility study and business plan. This is a historic and vital step toward establishing financial infrastructure to save the city money, build intergenerational wealth for Angelenos, and reinvest public funds into our communities, supporting key LA priorities such as affordable housing and sustainable economic growth. Thank you for your leadership. Sincerely, ACCE Los Angeles



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## **Re: Request for \$460K Allocation in Budget for LA Public Bank Feasibility Study**

Dear Mayor Bass,

On May 23, 2024, the Los Angeles City Council unanimously approved allocating \$460,000 to hire consultants for Phase 1 of the public bank feasibility study and business plan. This decision follows the enactment of the California Public Banking Act, signed by Governor Newsom, which enables local governments to establish public banks. Public banks prioritize the public good over profit, providing targeted lending and depository services that support:

- Affordable housing
- Green energy infrastructure
- Small businesses
- Infrastructure modernization

The Public Bank RFP funds were previously approved by the city council in June 2023 but were delayed earlier this year. Recently, we discovered that the \$460K funds were redirected without communication, from the city's contractual services account to the unappropriated balance, then used for mid-year adjustments. Many council offices we've spoken to were unaware of this change, and the Financial Services Report (FSR), which pulled the funding, was voted on just last month on April 3rd. This decision was made in a non-transparent manner, concerning funds our coalition has advocated for over many years.

Our community and LA residents rightfully expect transparency and a commitment to democratic principles from their city council. The solution is to reallocate \$460K to fund the public bank study in the next FSR, scheduled for release in August/September.

Since the passage of the California Public Banking Act, numerous local governments are advancing efforts to establish city-level and regional public banks:

- The East Bay region, including Alameda County, Oakland, and Richmond have finalized their business plan and are preparing applications to state and federal regulators to receive their public bank license.
- San Francisco is creating an interim green bank that will scale up to a depository public bank.
- Sacramento has allocated funding to hire consultants for their public bank study.

- The Central Coast, including Santa Barbara, Monterey, and San Luis Obispo counties, is collaborating to form a four-county regional public bank.

As the second largest city in the nation, Los Angeles can and must be at the forefront of the shift toward economic infrastructure that is sustainable, socially responsible, fiscally sound, and regenerative.

Public banks reinvest taxpayer money into local communities, providing cities with a powerful tool to leverage public funds for economic development and addressing local needs. They support affordable housing by consolidating funding sources and offering essential capital to acquire, preserve, and rapidly build new affordable housing.

Two prominent think tanks, the Jain Family Institute, and the Berggruen Institute, have created a [series of reports](#) detailing how the Municipal Bank of Los Angeles can transform the city's affordable housing and renewable energy landscape while turning a profit for the city. The proposed programs, customized for affordable housing finance, include:

- A rapid acquisition fund
- New construction loans
- Assistance creating homeowner accessory dwelling units

These programs could help build or preserve over 17,000 affordable units in Los Angeles during the first decade of operation while generating profits for taxpayers.

**The Los Angeles Public Bank would save the city substantial money, reducing the \$1 billion paid annually in banking fees and debt service.** Lowering borrowing costs and creating additional revenue streams would be crucial for addressing future deficits and weathering financial downturns. The bank would finance affordable housing and infrastructure projects while providing capital to small, minority-owned businesses through community-focused lending partners.

#### **Benefits of Public Banks:**

- Reinvest taxpayer money into local communities.
- Provide cities with a powerful tool to leverage public funds for economic development and addressing local needs.
- Support affordable housing by consolidating funding sources and offering essential capital to acquire, preserve, and rapidly build new affordable housing.

The Los Angeles public bank is endorsed by ACCE Los Angeles, SEIU 721, ACT-LA, Inclusive Action for the City, Rise Economy, the Los Angeles Democratic Party, UFCW Local 770, and the LA County Federation of Labor, [among over 100](#) housing, social, and environmental justice organizations. This level of support reflects the widespread recognition that a public bank would provide numerous benefits to the people of Los Angeles and beyond.

We strongly urge you to allocate \$460,000 in the budget for the public bank feasibility study and business plan. This is a historic and vital step toward establishing financial infrastructure to save the city money, build intergenerational wealth for Angelenos, and reinvest public funds into our communities, supporting key LA priorities such as affordable housing and sustainable economic growth.

Thank you for your leadership.

Sincerely,

ACCE Los Angeles