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A Public Bank for LA: Instead of Sending Hundreds of Millions to Predatory Finance, Angelenos' Taxes Can Fund Community Development

The City of Los Angeles sends the nation-wrecking finance industry more than \$100MM/year in the form of fees and penalties for its banking business, supporting the institutions whose racist lending practices, financial engineering and mortgage fraud have wreaked untold harm on the city's residents.

This November, Angelenos will get to vote on a proposition to [create a public bank](#) that will back LA's smaller community banks and do the city's business without lining finance's pockets. This bank will be able to fund community projects from housing to transit to health-care, and will be able to take deposits from the city's burgeoning cannabis industry, which is presently shut out of the federally guaranteed bank system and relies on safes in entrepreneurs' homes or businesses to stash millions in cash.

The finance industry hates and fears this proposal and is spreading FUD about how a bank that is under democratically elected political control will inevitably become corrupt — while the discipline of the market will supposedly keep banks on the straight and narrow. Tell that to the millions of Americans whose suffered from Wells Fargo's corruption.

And those are not the only benefits of a public bank, backers claim. A public bank would enable the city to loan money for badly needed affordable housing development. They believe a city-owned bank could extend the credit lines of community banks and credit unions to offer loans to low-income residents and help bankroll affordable housing.

Another benefit touted by bank promoters: badly needed investment in infrastructure. They hold out the example of Costa Rica's public bank, Banco Popular. Advocates claim that this bank has been the financial linchpin behind the financing of water supply systems, residential solar panels, and hydroelectric generators.

"A public bank could make some investments that in the long-term would be profitable for LA... [investments that] no bank focused on short-term profit would dare to invest in," Baradaran asserted.

A public bank is also seen by many as a means to local self-determination and bypassing high Wall Street interest rates. For example, LA public bank advocates estimate Los Angeles pays \$3.14 billion in debt service, the cost to borrow money, from Wall Street. They argue a municipal bank would allow the city to recapture that money and give Los Angelenos a say in redirecting this funding toward local projects.

