CALIFORNIA PUBLIC BANKS

SUPPORT AFFORDABLE HOUSING

Public Banks: Supporting Affordable Housing and Community Economic Development through Strategic Lending and Funding

California public banks will play a vital role in addressing the affordable housing crisis by providing low-cost, high-impact credit to cities and counties for socially beneficial and economically just forms of development. These banks will support the development of affordable housing through a variety of loans, including construction loans, bond loans, and mortgage loans, which will be made in partnership with local community banks, credit unions, and CDFIs.

In addition to providing financing for new housing developments, public banks will also support the preservation of existing affordable housing by offering flexible terms and extensions on lines of credit to affordable housing developers, enabling them to acquire properties and place them into permanently affordable cooperative housing arrangements and community land trusts.
Public banks will also support working-class neighborhoods by creating loan instruments to finance rental assistance programs that help those left out of current assistance programs and ensure that future housing development linked to publicly funded transit investments supports people of color to stay in and improve their neighborhoods.

In times of crisis, public banks will be able to make capital available to localities immediately and fund tax-credit-based rental assistance programs to prevent evictions and foreclosures, ultimately reducing the costs associated with homelessness. These banks will also provide long-term multi-unit mortgage financing, allowing local governments and nonprofits to acquire thousands of units of existing housing and permanently remove them from the for-profit segment of the local housing market.

STREAMLINING AND CENTRALIZING AFFORDABLE HOUSING FINANCING TO ADDRESS THE STATE'S HOUSING CRISIS

Public banks in California will offer a cost-effective and efficient solution for financing affordable housing projects, providing a lower cost of capital compared to bond financing. This will enable local governments to recapture funds that would otherwise be paid to outside investors, and instead invest them in local services. With a public mandate and lower cost of capital, public banks will allow under-resourced regions to create additional credit to spur the development of affordable housing, while also generating a long-term, sustainable funding stream for high-cost areas. This will help to address the state's affordable housing crisis by streamlining and centralizing the financing process, making it more accessible and efficient for local communities and developers.