



# CALIFORNIA PUBLIC BANKS SUPPORT AFFORDABLE HOUSING

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**California public banks will provide funding for affordable housing and targeted community economic development.**

Public banks will identify, underwrite, and originate low-cost, high-impact credit, enabling California cities and counties to pursue more socially beneficial and economically just forms of development. In the midst of an unprecedented affordable housing crisis, California public banks will support affordable housing development, in the form of both construction loans and long-term bond and mortgage loans. Public banks could, over time, be expanded to become a significant supplier of long-term affordable housing credit. These loans will be undertaken in partnership with local community banks, credit unions, and community development financial institutions (CDFIs).

California public banks will be able to provide flexible terms and term extensions on lines of credit to affordable housing developers, who can then acquire existing properties and place them into permanently affordable cooperative housing arrangements and community land trusts. Public banks will support working-class neighborhoods by creating loan instruments to finance rental assistance programs that help those left out of Section 8 vouchers and other current assistance programs. Public banks can 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 also to fund tax-credit based rental assistance programs to prevent evictions and foreclosures. The costs that arise from people falling into and out of homelessness, which are paid for by governments, will be substantially reduced, which will ultimately subsidize loan repayment.

California public banks will provide long-term multi-unit mortgage financing, allowing local governments and nonprofits to acquire thousands of units of existing housing, and permanently remove it from the for-profit segment of the local housing markets.

## **CALIFORNIA PUBLIC BANKS WILL STREAMLINE AND CENTRALIZE THE FINANCING OF AFFORDABLE HOUSING.**

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Compared to bond financing, public banks will provide a lower cost of capital, allowing for fiscal recapture: when a public bank becomes the investor in local housing production, bond payments that normally accrue to outside investors can instead be reinvested in local services. The combination of a public mandate and lower cost will allow under-resourced regions to create supplemental credit to spur the development of affordable housing, while also producing a long-term regenerative funding stream in high cost areas.