

JFI and Berggruen Institute Report: Public Bank Could Finance Over 17,000 Affordable Homes in Los Angeles

Latest in publication series on public banking shows how low-cost city programs can help protect and expand affordable housing supply

Press Release

New York, NY and Los Angeles, CA — May 5, 2023 — JFI and the [Berggruen Institute](#) have released their second publication on [public banking in Los Angeles](#), focused on affordable housing. [The new briefing](#) explores how a municipally-owned financial institution could help the city dramatically increase its affordable housing stock.

The briefing notes that under current policy, Los Angeles is projected to add only 51,000 affordable housing units by 2029, just 20 percent of its self-assessed needs. Using the latest research, the briefing brings to light the unique challenges to building affordable housing and shows the ways in which viable projects fall through the cracks of the existing financial system. The briefing goes on to explore how a publicly-owned bank could deploy five new low-risk lending programs tailored to the unique requirements of affordable housing finance.

According to the authors' analysis, these programs could build or preserve over 17,000 affordable units in Los Angeles over its first ten years of operation, or more than 1,700 units per year, while turning a profit for taxpayers.

The five new lending programs described in the briefing are:

- A rapid acquisition fund to quickly acquire existing affordable housing stock and prevent its redevelopment into high-end units;
- new construction loans to fill gaps in existing affordable project finance;
- recapitalization and repair of existing multifamily affordable housing stock;
- mortgage assistance to low and moderate income homebuyers; and
- assistance for the creation of homeowner accessory dwelling units.

[This briefing](#) is the second publication in JFI and the Berggruen Institute’s joint series on public banking in Los Angeles initially [announced on April 20, 2023](#). Forthcoming publications will explore how a public bank in Los Angeles could empower worker ownership of small business; pioneer strategies for democratic governance of financial institutions; and accelerate the green energy transition.

“A public bank in Los Angeles could turbocharge affordable housing production and preservation in the city,” said Jack Landry, Research Associate at the Jain Family Institute.

“Along with other reforms, public finance is necessary to create housing abundance,” said [Yakov Feygin](#), Associate Director of the Future of Capitalism at the Berggruen Institute. “These are relatively easy and low-risk things that cities can do to reduce bottlenecks for affordable housing projects.”

About the Jain Family Institute:

JFI is a 501(c)(3) nonprofit applied research organization founded in 2014 by Bob Jain. Our mission is to address pressing social problems by identifying and building high-impact interventions that translate to real world progress. A platform for research and social entrepreneurship, JFI brings global policy from theory to practice.

About the Berggruen Institute:

The Berggruen Institute’s mission is to develop foundational ideas and shape political, economic, and social institutions for the 21st century. Providing critical analysis using an outwardly expansive and purposeful network, we bring together some of the best minds and most authoritative voices from across cultural and political boundaries to explore fundamental questions of our time. Our objective is enduring impact on the progress and direction of societies around the world. To date, projects inaugurated at the Berggruen Institute have helped develop a youth jobs plan for Europe, fostered a more open and constructive dialogue between Chinese leadership and the West, strengthened the ballot initiative process in California, and launched Noema, a new publication that brings thought leaders from around the world together to share ideas. In addition, the Berggruen Prize, a

\$1 million award, is conferred annually by an independent jury to a thinker whose ideas are shaping human self-understanding to advance humankind.

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