

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY  
CALIFORNIA RECYCLE UNDERUTILIZED SITES (CALReUSE) ASSESSMENT  
PROGRAM**

**Meeting Date: September 23, 2009**

***Approval to Initiate a Request for Proposals (RFP) Process to Solicit  
Strategic Partners***

Prepared by: *Deana Carrillo*

**Summary.** Staff requests Authority approval to initiate a competitive bidding process for private and local government entities to apply as a “Strategic Partner” under the CALReUSE Assessment Program (the “Program”). Current contracts with Strategic Partners will expire on February 28, 2010. To maintain continuity of services provided by Strategic Partners, staff must begin the Request for Proposals (RFP) process now to have new contracts in place prior to the expiration of the existing contracts.

**Background.** The CALReUSE Site Assessment Program currently provides \$5 million of funding for forgivable loans up to \$500,000 for brownfield site assessment and characterization, technical assistance, and remedial action planning. Eligible projects include sites with potential beneficial reuse not currently redeveloped due to lack of information about real or perceived contamination, uncertainty about cleanup costs, or concern regarding timeframes and the regulatory process. Priority is given to projects located in distressed neighborhoods with demonstrated community support.

CALReUSE is structured such that selected governmental or private entities (Strategic Partners) work with CPCFA to select projects, distribute loan funds, and administer the program within the program’s regulations. Strategic Partners that are local governmental entities are aware of local community needs and administer the program for their particular cities or counties. Statewide Strategic Partners, or possible regional partners, retained under contract administer the program for potential borrowers who are located in areas not covered by a local government Strategic Partner.

Additional background information on CALReUSE, both the Assessment and Remediation Programs, can be found in Attachment A.

**Purpose of the Program**

Established in 2001, the goal of the CALReUSE Assessment Program is to spur the reuse and redevelopment of underutilized property with real or perceived contamination (brownfields). The program achieves this goal through providing pre-development dollars to address a gap in the funding of brownfield development. The most risk for any development project is at the pre-development phase. For brownfield-based projects (as opposed to “greenfield” projects on previously undeveloped land), many developers are hesitant to invest funds because the ultimate costs of remediation – and thus development – are unknown or unclear.

CALReUSE closes this funding and information gap through providing pre-development dollars to finance professional site assessments. This brings certainty to the economic and development equation by quantifying environmental risks, providing information necessary for a remediation plan, assisting with development efforts, and applying cost and timeframe information to the problem. Parties to a brownfield project then can make informed decisions and measure exposure to liability. This significantly enhances the probability that a site can move forward in the development process.

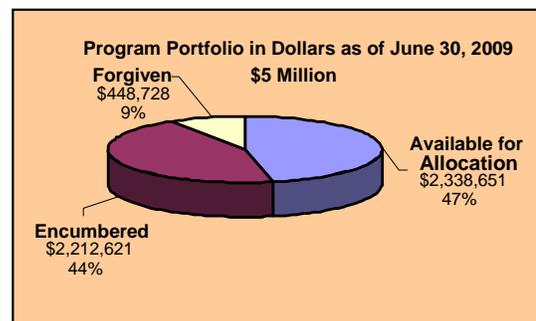
**Program Administration**

CALReUSE Strategic Partners select projects in accordance with CPCFA guidelines, distribute loan funds, and administer the program. Each partner has strong qualifications, as evidenced by experienced staffs with long histories of working with local private developers, development agencies, and local governments on various brownfield and other development projects. The Program is currently administered through one non-profit agency that serves as the statewide Strategic Partner and four local government Strategic Partners. The Center for Creative Land Recycling (CCLR) provides statewide service; the Emeryville Redevelopment Agency, City of Oakland, City of Berkeley, and the San Diego Redevelopment Agency all provide local area service.

The Strategic Partners operate under contracts with CPCFA, but do not receive any payment from CPCFA to administer the program. The Authority typically allocates loan funds to each Strategic Partner for a one-year term. The Executive Director may extend a Strategic Partner’s allocation for an additional 6-month or one year term, and any increased allocation requests are brought to the CPCFA Board for approval.

**Funding for the Program**

The CALReUSE Assessment loans provided to developers are funded out of the CPCFA administrative fund generated by the large borrowers in the bond program. At the Program’s inception in 2001, the Authority intended to allocate up to \$10 million of CPCFA administrative funds as seed money for the Program, and anticipated a loan forgiveness rate of 40%. Since this time, the Authority has faced budgetary pressures and the Program’s overall funding was limited to a total of \$5 million in 2008.<sup>1</sup>



The adjacent table shows that of the total \$5 million of overall funding for the Program, \$448,728 (9%) has been forgiven, approximately \$2.2 million is encumbered in existing loans, and approximately \$2.3 million is available for allocation by the Strategic Partners.

<sup>1</sup> The program funding cap includes all forgiven loans over the life of the program, funds currently encumbered in existing loans, and funds made available in allocations to Strategic Partners to administer new loans under the Program. Loans that are repaid are revolved and reused under the Program.

As stated in previous staff reports, staff will be conducting an analysis of the Program’s long-term viability and funding level, and will be establishing cash-flow projections in preparation of entering into contracts with Strategic Partners upon the conclusion of the RFP process. This financial analysis is necessary to ascertain what type of funding commitment is appropriate under the Program given CPCFA’s larger budgetary constraints. The RFP and contracts will be written to accommodate the possibility that CPCFA may potentially maintain, increase, or decrease the amount of funding currently available under the Program.

The Program, pursuant to the Regulations, also requires a 25% Match for each loan issued, the cost of which is shared by the Strategic Partner and the individual borrower. For each loan a Strategic Partner may attribute 10% of the match with its “in-kind” efforts attributable to staff overhead and costs required to administer the Program. For the public sector entities, the balance of the 15% cash match is provided by various revenue sources identified in the proposals.

**RFP and Contract Terms.** In exchange for CALReUSE allocation to benefit their communities, public agencies selected will agree to perform program tasks as outlined in the Authority’s regulations. Selected statewide or regional Strategic Partners will provide CALReUSE Program services to all communities throughout the State that do not have a local Strategic Partner and may assess a one-time 2% fee to offset marketing and administrative expenses.

**Proposed Number of Contractors.** To ensure availability of assistance, staff proposes seeking contracts with up to five or more entities to serve as Strategic Partners.

**Proposed Term.** Contracts will have terms of two (2) years with an allowance for a one-year extension.

**Proposed Cost of the Contracts.** The contracts are anticipated to be zero dollars.

**Anticipated Timeline.** The anticipated timeline is outlined below.

September/October 2009:	CPCFA staff to develop RFP
October/November 2009:	RFP advertised
November/December 2009:	Review and Selection of Strategic Partners
December 2009/January 2010:	Board approval of Strategic Partner Selection
February 2010:	Execution of the new Strategic Partner contracts

**Recommendation.** Staff recommends that the Authority approve the initiation of a Request for Proposals process to solicit Strategic Partners for the CALReUSE Assessment Program.

**RESOLUTION OF THE CALIFORNIA POLLUTION CONTROL FINANCING  
AUTHORITY APPROVING A REQUEST FOR PROPOSALS PROCESS TO SOLICIT  
STRATEGIC PARTNERS FOR THE CALIFORNIA RECYCLE UNDERUTILIZED SITES  
(CALReUSE) ASSESSMENT PROGRAM**

September 23, 2009

WHEREAS, the California Pollution Control Financing Authority (the “Authority”) was created under the provisions of the California Pollution Control Financing Act as contained in Section 44500 et seq. of the Health and Safety Code; and

WHEREAS, the Authority is vested with all powers necessary to carry out the powers and responsibilities of the California Pollution Control Financing Act pursuant to Section 44517 of the Health and Safety Code; and

WHEREAS, the Authority has determined that it is necessary to retain entities to provide Strategic Partner services as defined by Article 9 of the Authority’s regulations (the “Regulations”) for the California Recycle Underutilized Sites Assessment Program,

NOW, THEREFORE, BE IT RESOLVED by the Authority as follows:

Section 1. The Authority hereby authorizes staff to initiate a Request for Proposals process to seek Strategic Partners to administer the California Recycle Underutilized Sites Assessment Program.

Section 2. The Executive Director or the Deputy Executive Director of the Authority is hereby authorized and directed to do any and all things and to execute and deliver any and all documents which they deem necessary or advisable in order to effectuate the purposes of this Resolution and the transactions contemplated hereby.

Section 3. This resolution shall take effect immediately upon its approval.

## Attachment A

# CALIFORNIA RECYCLE UNDERUTILIZED SITE (CALReUSE) PROGRAM PROGRAM DEVELOPMENT AND BACKGROUND INFORMATION

## SUMMARY

The CALReUSE Program is designed to encourage and assist in the revitalization and development of brownfield sites. The program achieves this goal through providing pre-development dollars to address a gap in the funding of brownfields. The most risk for any development project is at the pre-development phase. For brownfield-based projects (as opposed to “greenfield” projects on previously undeveloped land), many developers are hesitant to invest funds because the ultimate costs of remediation—and thus development—are unknown, unclear, or cost-prohibitive. CALReUSE closes this funding and information gap by providing loans to finance professional site assessments – the *Assessment Program* – and grants or loans to finance cleanups – the *Remediation Program*. The Programs assist in bringing these underutilized properties into productive reuse. CALReUSE helps accomplish a range of important public policy goals – from the protection of public health and safety to fostering redevelopment and the revitalization of urban blight.

In 2000, the California Pollution Control Financing Authority (CPCFA) was authorized to provide loans (directly, or indirectly through intermediaries) to assist in financing, among other things, the costs of performing or obtaining brownfield site assessments, remedial action plans and reports, technical assistance, cleanup, remediation, or development of brownfield sites, or any other similar or related costs, subject to all applicable federal, state, and local laws, procedures, and regulations (S.B.1986, Stats. 2000, Ch. 915). Pursuant to this legislation, the California Recycle Underutilized Sites (CALReUSE) Program was created.

When CALReUSE was first developed in 2001, the Authority determined to roll out the program in two phases: phase one would include the financing of brownfield assessment, characterization, and development of remedial action plans – the *Assessment Program*; and phase two would include the financing of brownfield remediation and development – what would later become the *Remediation Program*. The Housing and Emergency Shelter Act of 2006 (Proposition 1C) was the impetus to develop the *Remediation Program* and expand CALReUSE beyond site assessment financing to include a loan and grant program to finance brownfield cleanup.<sup>2</sup>

Together, the Assessment and Remediation Programs work to spur the development of brownfields. The *Assessment Program* provides forgivable loans to applicants to assess the extent of contamination on a site and quantify the cost of site cleanup on the proposed

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<sup>2</sup> Approved by voters in 2006, The Housing and Emergency Shelter Trust Fund Act slated \$850 million for infill infrastructure investments. It includes a provision for brownfield cleanup that promotes infill housing development and other related infill development consistent with regional and local plans. In 2007, the Legislature allocated \$60 million of Proposition 1C monies to CALReUSE, in consultation with the Department of Housing and Community Development (HCD), to provide grants and loans for the purpose of brownfield cleanup that promotes infill residential and mixed-used development, consistent with regional and local land use plans (Senate Bill 86, 2007).

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development. The *Remediation Program* provides grants and loans to applicants to clean up sites in order to advance residential and mixed-use development in California's infill areas. CALReUSE targets properties in urban and rural communities' infill areas with a demonstrated need for redevelopment. The *Assessment Program* focuses on properties that, absent CALReUSE assistance at the pre-development phase, would most likely not move forward in the development process.

CPCFA utilizes a collaborative approach of engaging Strategic Partners to assist in administering CALReUSE.<sup>3</sup> Strategic Partners can be governmental agencies or public or private entities that have a demonstrated understanding of community economic development, real estate development project economics, environmental assessment and remediation processes, among other attributes.

Brownfield revitalization is a complicated endeavor that requires expertise from various fields, including but not limited to:

- An understanding of the economic and real estate development processes specifically as applied to brownfield revitalization and development;
- An understanding of environmental assessment and remediation requirements, and brownfield regulatory and reporting requirements;
- Experience in evaluating the economic viability of proposed brownfield revitalization projects and development projects; and
- The ability to provide technical assistance to a development entity.

The CALReUSE Program's model of utilizing Strategic Partners has provided applicants, borrowers, and awardees with a wealth of knowledge and experience during the often turbulent endeavor of developing a brownfield site. Strategic Partners are selected under a competitive process and are under contract with the Authority. Strategic Partners operate under the regulations and procedures developed by the Authority and report regularly on their activity to ensure transparency, accountability, and appropriate use of state funds.

Local Strategic Partners, typically local governments or redevelopment agencies, bring an understanding and knowledge of local government priorities, as well as community and stakeholder knowledge. The program is also administered through Statewide Strategic Partners, which assist in making the program available in all other areas across the state.

### **HOW THE CALREUSE ASSESSMENT AND REMEDIATION PROGRAMS DIFFER**

There are many similarities between the CALReUSE Assessment and Remediation Programs, from their utilization of Strategic Partners to their prioritization of funds to project readiness and communities of need. The programs have distinct differences as well, predominantly in their funding source and how the programs are administered.

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<sup>3</sup> By statute, CPCFA is authorized to work in conjunction with public and private sector entities including, but not limited to, cities, counties, school districts, redevelopment agencies, financial institutions, and for-profit and non-profit development entities.

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The *Assessment Program* is funded from the CPCFA administrative fund, which has accrued over the years through fees generated by the large borrowers under the Authority's bond program.<sup>4</sup> Under the *Assessment Program*, Strategic Partners are given flexibility to design responsible programs that provide accountability while facilitating the redevelopment of brownfields sites. Strategic Partners have a defined strategy to facilitate the redevelopment of brownfields, a quality team with expertise to execute the strategy, and a program that meets CPCFA criteria. Strategic Partners select projects, distribute grant and loan funds, and administer the program.

The *Remediation Program* is funded by general obligation bonds which are issued by the Public Finance Division of the State Treasurer's Office and are governed by federal tax code. Under the *Remediation Program*, all decision making authority is retained at the Authority. When the State issues General Obligation bonds it becomes responsible for not only administering the funds in a manner that preserves the tax-exempt status of the bonds, but also in a manner that is consistent with the voter approved bond act. The State does not delegate these critical functions to non-State entities; however, the role of Strategic Partners remains crucial under the *Remediation Program*. The unique combination of experience, skills and ability gives both the users of the program and the Authority a strong foundation for success. Strategic Partners under contract make recommendations to the Authority and assist in administering the program. The Authority's Board considers projects and approves awards.

### **ASSESSMENT PROGRAM**

#### **PROGRAM GOAL**

The Assessment Program's goal is to spur the development of brownfields. The program achieves this goal through providing pre-development dollars to address a gap in the funding of brownfields. The most risk for any development project is at the pre-development phase. For brownfield-based projects (as opposed to "greenfield" projects on previously undeveloped land), many developers are hesitant to invest funds because the ultimate costs of remediation—and thus development—are unknown or unclear.

CALReUSE closes this funding and information gap by providing pre-development dollars to finance professional site assessments. This brings certainty to the economic and development equation by quantifying environmental risks, providing information necessary for a remediation plan, assisting with development efforts, and applying cost and timeframe information to the problem. Parties to a brownfield project can then make informed decisions and measure exposure to liability. This significantly enhances the probability that a site can move forward in the development process.

#### **BACKGROUND**

One of the greatest barriers to successful redevelopment of brownfields projects is the

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<sup>4</sup> For more information about CPCFA's bond program visit [www.treasurer.ca.gov/cpcfa](http://www.treasurer.ca.gov/cpcfa).

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uncertainty in the development process. This uncertainty centers around two concepts: project viability (time and money) and environmental liability. CALReUSE utilizes limited public resources to effect a change in the process so that project economics can be determined, liability can be quantified, and redevelopment of sites with real or perceived contamination can move forward.

However, capital markets have not been willing to fund site assessments or other up-front costs associated with the regulatory and remediation processes because these costs are considered to be predevelopment costs. Debt sources, including banks and other lenders, place themselves in the most secure position and require equity to be in place prior to (or concurrent with) funding. Equity sources, including investors and financial partners, require a development entity to have an understanding of the economics of the project and to have determined economic feasibility prior to their participation. Similarly, development entities are often not willing to fund predevelopment costs if they do not have a grasp of project economics. As a result, many potentially usable sites sit idle.

Where a project involves a brownfields site, a professional site assessment is necessary to gain an acceptable understanding of economic feasibility. By financing the costs of site assessments, CALReUSE assists in filling a critical funding gap in the early stages of project development. Where the economics are determined to be acceptable, development entities are more likely to spend money to commission the reports necessary to fine tune the economic equation, attract capital, and move through the regulatory process.

In addition to the reluctance of capital markets to fund site assessment costs, many development entities do not have the resources or expertise in-house to deal with additional issues, such as the regulatory and remediation processes, that surround brownfields sites. Therefore, CALReUSE includes a technical assistance component designed to help development entities overcome uncertainties related to such issues. For example, CALReUSE may provide technical assistance to educate development entities on the remediation process or provide funds for development entities to hire the expertise to assist them through the regulatory process.

A professional site assessment, as well as an analysis of regulatory issues and other possible hurdles, can bring certainty to the economic equation by quantifying environmental risk, providing information for a remediation plan, and applying cost and timeframe information to the problem. Parties to the project can then make informed decisions and measure exposure to liability. This enhances the probability that a site can move forward in the development process.

At its inception, CPCFA initially set aside \$10 million of seed money to launch the Assessment program on a pilot basis; however, in 2008 funding for the CALReUSE Assessment Program was reduced to \$5 million. The funding reduction was necessary to assist the Authority in addressing CPCFA's overall budget issues. Due to uncertain outcomes associated with site assessments and the difficulty in redeveloping contaminated sites, repayment of CALReUSE loans may not be possible in many circumstances.

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The number of sites moved forward in the development process is a measure of program success. Additionally, program performance is measured by the amount of CPCFA dollars leveraged to total costs of the projects assisted.

### **PROGRAM ADMINISTRATION AND METHOD DISTRIBUTION**

As noted above, the CALReUSE *Assessment Program* is operated through Strategic Partners. Within program guidelines established by CPCFA, Strategic Partners make applications available, select projects, distribute loan funds, and administer the program. CPCFA has established successful relationships where its partners are given the responsibility and flexibility to administer a successful program with the appropriate accountability.

### **LOAN CRITERIA**

Loans extended by a Strategic Partner include the following minimum loan terms (loan terms are subject to change as CPCFA develops and evaluates CALReUSE).

- Minimum interest rate based on 6-month LIBOR (but not less than 2%).
- Maximum loan amount of \$300,000 per site in general, and \$500,000 for sites that will result in housing.
- Maximum loan term of 36 months.
- Funding for allowable uses, including site assessment costs, technical assistance, and other specified costs to provide an understanding of the extent of contamination, and to assist in the regulatory process and remediation planning.
- A minimum loan match of 25% is required for each loan. The cost of match is shared by the Borrower and the Strategic Partner.<sup>5</sup>
- Project criteria as set forth in the next section.

### **PROJECT CRITERIA**

Strategic Partners are required to place priority on projects located in distressed neighborhoods within existing urban and rural communities, and projects located in urban infill areas with a demonstrated need for redevelopment.

In addition, a goal of the program is to assist projects that meet the following criteria:

#### **Site Environmental Characteristics**

- Sites that have potential for economically beneficial reuse but are not being redeveloped due to lack of information centered on real or perceived contamination, uncertainty about cleanup costs and timeframes, and the regulatory process.
- Projects that will result in the cleanup of environmental contamination, thereby protecting the public health and safety of California's citizens.

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<sup>5</sup> The "match" requirement in the Program is a design structure to ensure that Program borrowers have "skin in the game." The Program is designed so that borrowers draw down on their match contribution first, and then draw upon the loan funds provided by the Authority. The match requirement assures the authority that borrowers are acting in good faith, and are not "taking advantage" of the loan forgiveness feature of the program.

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### Leverage

- Projects that maximize program dollars to project financing facilitated.
- Projects that maximize matching funds to increase leverage of CPCFA/Strategic Partner funds and promote an alignment of interest with CPCFA/Strategic Partner.

### Project Feasibility

- Projects most likely to move forward in the development process (e.g., attract capital or potential buyers) if the site is proven economically feasible.
- Projects supported by a quality development entity with a proven track record.
- Projects that absent CALReUSE resources would most likely not move forward.

## **REMEDIATION PROGRAM**

### **PROGRAM GOAL**

The CALReUSE Remediation Program's goal is to spur the cleanup and redevelopment of brownfields for residential and mixed-use development within California's infill areas. Both the priority and competitive criteria favor projects with the most public benefits, and the deepest depth and duration of affordability.

The Remediation Program provides grants as well as very low interest loans. This two-tiered structure enables the program to absorb much of the inherent risk that impedes the redevelopment of brownfields. The number of redeveloped sites, housing units, and affordable housing units are measures of the Remediation Program's success.

### **BACKGROUND AND PROGRAM DEVELOPMENT**

The CALReUSE Remediation Program is a grant and loan program funded by the Housing and Emergency Shelter Trust Fund Act of 2006 (Proposition 1C). Of the total \$2.85 billion in general obligation bonds approved under Proposition 1C, \$850 million was slated for the *Regional Planning, Housing and Infill Incentives Account*, which includes a provision for *brownfield cleanup that promotes infill housing development and other related infill development consistent with regional and local plans*. In 2007, \$60 million of these monies was allocated to CALReUSE, in consultation with the Department of Housing and Community Development (HCD), for the purpose of *brownfield cleanup that promotes infill residential and mixed-used development, consistent with regional and local land use plans* (SB 86, 2007).

CPCFA conducted a nine-month public participation process across the state that included consultation with HCD and other state agencies, brownfield development practitioners, housing developers, affordable housing advocates, local redevelopment agencies, environmental justice and social justice advocates, environmental attorneys, financiers, and other stakeholders. Through this process, CPCFA staff gained a strong understanding of the program's mandate, California's housing need, and program structuring concerns. The CALReUSE Remediation Program appropriately balances programmatic, legal, and public policy considerations. The collaborative process resulted in the development of an innovative

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brownfield cleanup program that offers grants and loans up to \$5 million<sup>6</sup> for brownfield cleanup that will produce residential and mixed-use development in California's infill areas to create housing opportunities for working families. CPCFA undertook an emergency regulation process that was completed in February 2008, while simultaneously navigating the permanent rulemaking process. The permanent rulemaking process was completed in February 2009.

In spring 2008, staff developed the competitive criteria for selecting Strategic Partners for the program and navigated through the State contracting process. Upon evaluation of the proposals that responded to the Authority's competitive bidding process, the Authority selected two Local Strategic Partners – the City of Oakland and the Targhee Consulting Team – and two Statewide Strategic Partners – the Center for Creative Land Recycling (CCLR) and the National Brownfields Association (NBA) CALReUSE Project Team.

Strategic Partners provide a vital service under the Remediation Program as they have a unique blend of experience and knowledge of both the intricacies of the brownfield cleanup and real estate development processes. Within program guidelines established by CPCFA, a Strategic Partner makes applications available and accepts applications for projects; evaluates and recommends Brownfield Infill Projects to CPCFA for financing; provides technical assistance to applicants, borrowers and grantees; facilitates the execution of Infill Grant Agreements and Infill Loan Agreements; reviews fund disbursement requests for eligible costs and consistency with the Cleanup Plan for the Brownfield Infill Project, and when appropriate recommends payment of fund disbursement requests; assists in administering and marketing the Program across the State; and provides reports to the Authority pursuant to the Regulations.

As noted above, while Strategic Partners play a vital role under the Remediation Program, all decision making authority – from the approval of projects to disbursement requests – is retained by the Authority. The Program structure enables the state to retain control and authority over general bond expenditures, and assist in the assurance of transparency and accountability.

In August 2008, the CPCFA Board determined it would make funding available on a continuous basis. The Authority's objective was to adopt a financing method that balances multiple policy goals, which included: fair and equitable distribution of program funds; financing projects with the most public benefits; and financing projects in a timely manner. This method has been highly effective for the applicant/user, targets projects that clearly meet readiness criteria, and enables the Authority to timely finance projects. Moreover, this method creates consistency between the Assessment and Remediation Programs by the fact that both programs will finance projects when they meet the appropriate readiness criteria.

On September 3, 2008, the Authority noticed all interested parties that applications were available through Strategic Partners and, consistent with Program Regulations, recommended applications would be considered by the Authority on a rolling basis beginning on November 19, 2008. Strategic Partners worked with applicants in understanding the program's eligibility

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<sup>6</sup> Maximum award may be waived by the Board upon a finding that it is in the public interest and advances the purposes of the program (Sec. 8102.4(a) of the Regulations).

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and regulatory requirements, conducted both financial and technical underwriting, and recommended projects that met the Program's eligibility criteria.

Strategic Partners worked diligently with applicants and recommended 32 applications requesting nearly \$82 million in funding in the first month applications were considered by Authority. Authority staff reviewed the applications to ensure they met specific Program requirements, including project readiness, geographical targets, and scoring criteria, in accordance with the Regulations. The CPCFA Board approved funding awards of \$53,854,235 in November 2008. Two more projects and the remaining \$1.5 million were approved by the Board in May 2009.<sup>7</sup>

### **PROGRAM ADMINISTRATION AND METHOD OF DISTRIBUTION**

As noted above, Strategic Partners assist the Authority in administering the CALReUSE Remediation Program. Strategic Partners work with applicants in understanding the program's eligibility and regulatory requirements, conduct both financial and technical underwriting, and recommend projects that meet the Program's eligibility criteria.

Applications are made available through Strategic Partners. Strategic Partners have up to 45 days to review a completed application and make a recommendation to the Authority. Recommended applications must be submitted at least 30 calendar days prior to the regularly scheduled monthly Authority meeting for consideration. Upon receipt of a recommended application, Authority staff review the applications to ensure program requirements are met, including project readiness, geographical targets, and scoring criteria, in accordance with the Regulations.<sup>8</sup> An application will be considered by the Authority's Board based upon the Program's regulations, including the following criteria:

- Availability of funds.
- Priority to sites that are not listed on the National Priority List<sup>9</sup> with a viable responsible party.
- Public Benefits of the projects, including the benefits quantified in the scoring criteria.
- Geographical Targets.

If a project is awarded funding, a Strategic Partner will continue to work with the applicant in executing loan or grant documents, reviewing requests for disbursements, and providing regular project reports to the Authority and technical assistance to awardees.

### **GRANT AND LOAN TERMS**

- Financing available from \$50,000 to \$5 million for brownfield cleanup (maximum and minimum award amount may be waived by the CPCFA Authority upon a finding that it

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<sup>7</sup> Of the \$60 million allocated to CALReUSE, staff estimates that 5% (\$3 million) of the funds will be used by CPCFA to administer the funds over the life of the bonds coupled with the additional 2% (\$1.2 million) that has been earmarked for HCD to cover the additional administrative costs it will incur for the Program. Staff estimates that \$55 million of this initial \$60 million will be available to finance individual projects.

<sup>8</sup> California Code of Regulations, Title 4, Division 11, Article 9, Sections 8090, 8102 through 8102.15.

<sup>9</sup> 42 U.S.C Section 9605(a)(8)(B)

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- is in the public interest and advances the purposes of the program).
- Grant and Loans available.
  - Grant Eligibility:
    - At least 15% of the Development Project must create affordable housing.<sup>10</sup>
    - Project must meet the State's density requirements.
  - Loans:
    - Interest Rate of Six-Month LIBOR fixed for the term of the loan (no less than 2%).
  - Six years to cleanup the site and complete the development project.
  - Eligible costs include:
    - Cleanup, mitigation, remediation, mid-project assessment and characterization, and other costs, including development costs as required by the Oversight Agency;
    - The Costs of the Oversight Agency and other Governmental oversight incurred by the Borrower and/or Grantee that is associated with the Remedial Actions related to the Brownfield Infill Project;
    - No more than twenty percent (20%) of the requested Infill Loan or Infill Grant amount may be spent on environmental insurance premiums;
    - Planning, construction, equipment and installation that may require operation and maintenance, beyond the term of the Infill Loan or Infill Grant.

### **PROJECT CRITERIA**

#### The Proposed Project

- Must create or promote residential or mixed-use development.
- Be located in an Infill Area.
- Be consistent with regional and local land use plans.
- Have a Cleanup Plan approved by an Oversight Agency prior to funding.

### **PROJECT PRIORITY**

- Priority is given to sites that are not listed on the National Priority List and have viable responsible parties.
- Established scoring criteria award points for the following:
  - Readiness to Proceed.
  - Local government and community support.
  - Location within an economically distressed area.
  - Percentage of affordable housing.
  - Depth of affordable housing.
  - Utilization of green building methods.
  - Leveraging of the award (number of housing units created per award).
- Geographical targets

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<sup>10</sup> *Affordable* is defined as units restricted to 60% of the Area Median Income restricted for 55 years for rental units or ownership units restricted to 120% or less of AMI for 30 years.