

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
CALIFORNIA AMERICANS WITH DISABILITIES SMALL BUSINESS CAPITAL
ACCESS LOAN PROGRAM**

Meeting Date: June 21, 2016

***Briefing on the Development and Implementation of the California Americans with
Disabilities Act Small Business Capital Access Loan Program***

Information Item

Prepared by: Jason L. Bradley

Issue. Pursuant to Assembly Bill 1230 authored by Jimmy Gomez, the California Pollution Control Financing Authority (CPCFA or Authority) is developing the California Americans with Disabilities Act Small Business Capital Access Loan Program, also known as the CalCAP/ADA Financing Program, for the purpose of helping California small businesses comply with the requirements of the federal Americans with Disabilities Act of 1990 (ADA).

Background. CPCFA's mission is to promote access to capital through the delivery of diverse financing options to California. Given the success of our California Capital Access Programs, in 2015 Assembly Member Jimmy Gomez approached CPCFA to ask if CPCFA could create a loan loss reserve program specifically for very small businesses, to increase the physical access for disabled persons. By carrying out tenant improvements for ADA compliance in their place of business, business owners can help attract clients and customers who are disabled, and also avoid potential claims filed under the Americans with Disabilities Act by plaintiffs and high-frequency litigants.

Assembly Bill 1230, passed by the legislature and signed by Governor Brown in October 2015, provided CPCFA a one-time \$10 million appropriation to create the CalCAP/ADA Financing Program. Loans can be enrolled in the program to support physical alterations, retrofits, signage and other improvements to increase access and comply with the Americans with Disabilities Act.

The statute directs CPCFA to conduct rulemaking to establish specific program rules and procedures. The statute also directs CPCFA to create a sustainable, evergreen program and staff has designed a program feature that recaptures unclaimed funding to be used to support future loans beyond the \$10 million initially allocated.

In April staff launched the CalCAP/ADA Financing Program webpage and conducted a webinar for CalCAP participating lenders to introduce the sustainable loan loss reserve program which includes a recapture component. As proposed, the lender will contribute between two and three and one-half percent of the enrolled amount; the borrower's contribution will match the lender's contribution; and, the CPCFA contribution will equal four times the lender contribution. CPCFA will fund an additional amount equal to the lender's contribution for loans to small businesses in Severely Affected Communities (SAC). When a loan has been repaid or enrolled in the Program for five years, CPCFA will recapture the unclaimed contribution deposited from CalCAP/ADA Financing Program funds from the lenders' loan loss reserve account for that loan.

Staff has formed partnerships with the Division of State Architect, the California Commission on Disability Access and the Department of Rehabilitation, and has made significant progress in our

Agenda Item 5.

outreach and marketing efforts. On April 20, 2016 staff held a webinar for lenders interested in the Program. Also, on June 2, 2016, staff conducted a webinar for small business and disability access entities whose members can benefit from the Program. Staff will continue these outreach efforts throughout program development and the implementation phase

Next Steps. CPCFA staff continues to gather stakeholder input on Program design and feasibility. Toward this effort, staff will offer a second lender webinar in early July to update our existing lenders on the progress with program development and the rulemaking process.

Additionally, CPCFA staff is scheduling stakeholder meetings to begin in mid-July in Sacramento, the Central Valley, the Bay Area and Southern California to solicit input on proposed contribution rates, recapture provisions and draft regulations. The input staff receives at the public meetings will refine the regulations before entering into the formal emergency rulemaking process in August.

Also in July CPCFA staff will release a Request for Proposals solicitation for a third-party technical validator to ensure that loan proceeds enrolled in the Program are consistent with the Program's rules and regulations.