



Physical Address:
901 P Street
Sacramento, CA 95814

Mailing Address:
P.O. Box 942809
Sacramento, CA 94209
p (916) 654-5610
f (916) 589-2805
cpcfa@treasurer.ca.gov
www.treasurer.ca.gov/cpcfa

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Executive Director

August 11, 2023

**California Pollution Control Financing Authority
California Investment & Innovation Program
Notice of Emergency Regulations**

The California Pollution Control Financing Authority (CPCFA) organized and operating pursuant to Sections 44500 through 44563 of the California Health and Safety Code proposes to adopt the proposed regulations after considering all comments, objections, and recommendations regarding the proposed action.

CPCFA proposes to adopt Article 13 Sections 8140-8148, of Title 4, Division 11 of the California Code of Regulations (the “Proposed Regulations”) concerning the California Investment & Innovation Program (Cal IIP) to be administered by the California Pollution Control Financing Authority. These regulations are anticipated to be adopted by the Office of Administrative Law on an emergency basis by September 1, 2023.

Government Code Section 11346.1(a)(2) requires that, at least five (5) working days prior to submission of the proposed emergency regulation action to the Office of Administrative Law (OAL), the adopting agency provide a notice of the proposed emergency action to every person who has filed a request for notice of regulatory action with the agency. After submission of the proposed emergency regulations to the Office of Administrative Law, the Office of Administrative Law shall allow interested persons five (5) calendar days to submit comments on the proposed emergency regulations as set forth in Government Code Section 11349.6. Upon filing, OAL will have ten (10) calendar days within which to review and make a decision on the proposed emergency action. If approved, OAL will file the regulations with the Secretary of State, and the emergency regulations will become effective for one hundred and eighty (180) days. Within the 180-day effective period, CPCFA will

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proceed with a regular rulemaking action, including a public comment period. The emergency regulations will remain in effect during this rulemaking action.

In accordance with its authority under Health and Safety Code Section 44520(b), the California Pollution Control Financing Authority is proposing to adopt the regulations as emergency regulations. Attached to this Notice is the specific regulatory language of CPCFA's proposed emergency action and Finding of Emergency. You may also review the proposed regulatory language and Finding of Emergency on CPCFA's website at the following address:
<https://www.treasurer.ca.gov/cpcfa/caliip/statues.asp>.

If you prefer to receive a hard copy of the proposed emergency regulation, please contact Andrea Gonzalez at (916) 651-7284 and a copy will be provided at no cost.

The proposed emergency regulations will be heard by the CPCFA Board at a public hearing on August 15, 2023, at 10:30 A.M. in Room 102 at 901 P Street, Sacramento, California 95814.

Sincerely,



Shela Tobias-Daniels
Executive Director

Enclosure(s): Proposed Text of Regulations
Finding of Emergency

cc: Christina Sarron, Deputy Executive Director
Spencer Walker, CPCFA Legal Counsel

ST: ag

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY

TITLE 4. BUSINESS REGULATIONS

DIVISION 11. CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY

ARTICLE 13. CALIFORNIA INVESTMENT AND INNOVATION PROGRAM

TEXT OF PROPOSED REGULATIONS

§ 8140. Definitions.

The following definitions shall apply wherever the terms are used throughout this Article.

(a) “CDFI” means community development financial institution, as defined in Health and Safety Code section 44458, subdivision (d).

(b) “Eligible Activities” means activities that serve the purposes of Health and Safety Code section 44558.3, subdivision (b).

(c) “Grant” means an award of funds made by the Authority to the Grantee to support the Project, as authorized by Health and Safety Code section 44558.1 and this Article.

(d) “Grant Agreement” means the written agreement between the Authority and a Grantee, setting forth the terms and conditions of the use of the Grant.

(e) “Grantee” means an Applicant whose Grant has been approved and has executed a Grant Agreement.

(f) “Project” means the activities to be accomplished through Grant funding.

Note: Authority cited: Sections 44520 and 44558.4, Health & Safety Code. Reference: Sections 44558 and 44558.1, Health & Safety Code.

§ 8141. Eligibility Requirements.

(a) Grants shall only be awarded to Applicants that meet the eligibility requirements in Health and Safety Code section 44558, subdivision (f).

(b) Applicants that are a party to an existing or prior Grant Agreement may only apply in a future funding round if at least 50% of the previously awarded Grant funds have been spent on the Project.

Note: Authority cited: Sections 44520 and 44558.4, Health & Safety Code. Reference: Sections 44558 and 44558.2, Health & Safety Code.

§ 8142. Approved Grant Uses.

Grants shall be awarded for Eligible Activities.

Note: Authority cited: Sections 44520 and 44558.4, Health & Safety Code. Reference: Section 44558.3, Health & Safety Code.

§ 8143. Application Requirements.

When funding is available, the Authority shall post to its website a Notice of Funding Availability at least 30 days in advance of the application deadline. The Notice shall provide a link to the application requirements. An application shall include the following:

(a) Applicant Information.

(1) The legal name of the CDFI applying for a grant, address of the principal office, phone number, website, Employer Identification Number (EIN) or Taxpayer Identification Number (TIN);

(2) Financial institution type (e.g., bank or thrift-state chartered, loan fund, credit union, bank holding, bank or thrift, venture capitalist), date of incorporation, financial activities start date, and total asset size;

(3) Name of authorized representative(s), title and e-mail address for authorized representative(s), name, phone number, and e-mail address for primary point of contact;

(4) Applicant's geographic markets and target areas;

(5) The grant amount sought, not to exceed the applicable maximum eligible amount in section 8144;

(6) Applicant's fiscal year;

(7) A narrative of previous Grants awarded by the Authority, if applicable, and how previously awarded Grant funds were spent; and

(8) Indicate if Applicant is a small and emerging CDFI.

(b) Project Information.

- (1) Detailed narrative that includes a discussion of the Applicants mission, organization infrastructure and resources to support ongoing activities, management team, and strategic plans;
- (2) Explanation of how the Grant will support the Applicant's mission;
- (3) Description of the proposed Eligible Activities that will be performed with the Grant;
- (4) List of current markets served;
- (5) List of targeted regions and client types;
- (6) Identification of any proposed new target markets and target populations that will be served by the Grant;
- (7) Identification of any proposed new financial activities and services that will be undertaken with the Grant; and
- (8) Description of the level of distress of the impacted community or new market that is being served. Include indicators to help quantify the level of distress that underserved communities are experiencing, such as geography, unemployment rate, poverty rate, industries impacted, number of businesses licenses issued, and fiscal stress.

(c) Attachments.

- (1) Attachment A: Current federal certification as described in Health and Safety Code section 44558, subdivision (f)(1);
- (2) Attachment B: Financial statements for the past three years; and
- (3) Attachment C: Loan Portfolio.

Note: Authority cited: Sections 44520 and 44558.4, Health & Safety Code. Reference: Section 44558.2, Health & Safety Code.

§ 8144. Grant Awards.

- (a) Grants are awarded once per calendar year, provided funding is available. Each eligible Applicant that submits a timely and complete application shall receive an award in an amount consistent with this section.
- (b) Authority shall set aside 20 percent of any amount made available in a Program funding round for small and emerging CDFIs, as defined in Health and Safety Code section 44558,

subdivision (l). This funding will be divided equally among all eligible Applicants that are small and emerging CDFIs.

(c) The size of grant awards shall be based on the total amount of loans closed by the Applicant in the most recently completed fiscal year. Funding shall be awarded based on the following tier system:

(1) Tier 1: All eligible Applicants will receive up to \$100,000.

(2) Tier 2: Applicants with a minimum of 10 loans in the most recently completed fiscal year or Applicants that have provided financing assistance in the state totaling \$10 million or more in the last three fiscal years will receive up to \$100,000 in additional funding. The maximum grant award for a Tier 2 Grantee is \$200,000.

The final funding amounts per tier may be less than the maximum grant award depending on the funding available and the total number of eligible Applicants.

Note: Authority cited: Sections 44520 and 44558.4, Health & Safety Code. Reference: Sections 44558.2, Health & Safety Code.

§ 8145. Authority Approval.

(a) The Executive Director will determine which Projects to recommend to the Authority for Grant funding pursuant to section 8144. The Authority's selections are final and not subject to administrative appeal.

(b) The Authority shall notify each Applicant whether or not its Application has been approved for funding.

Note: Authority cited: Sections 44520 and 44558.4, Health & Safety Code. Reference: Sections 44558.2, Health & Safety Code.

§ 8146. Grant Agreements.

The terms and conditions of a Grant shall be set forth in a Grant Agreement entered into by the Authority and the Grantee. A Grantee has the sole responsibility for the fiscal management of Grant funds, recordkeeping, reporting, performance of the Project, and all other aspects of

compliance with this Article and the Grant Agreement. The Grant Agreement shall include the following:

(a) Grant amount.

(b) Grantee contact information.

(c) Grant duration.

(d) Description of the Project funded by the Grant award.

(e) Agreement that, during the duration of the Grant, the Grant shall only be used to support the Project:

(f) Agreement to comply with the Program statutes and regulations;

(g) Agreement that Grantee is ineligible for future Grants if they violate any Program statute or regulation, or fail to comply with the Grant Agreement;

(h) Agreement that if Grantee loses its federal certification described in Health and Safety Code section 44558, subdivision (f)(1), the Grant shall be forfeited and returned, in total, to the Authority;

(i) Agreement that the Grantee shall comply with Health and Safety Code section 44558.5, subdivision (a)(5), where applicable.

(j) Agreement that the Grantee will defend, indemnify and hold harmless the Authority and the State, and all officers, trustees, agents and employees of the same, from and against any and all claims, losses, costs, damages, or liabilities of any kind or nature, whether direct or indirect, arising from or relating to the Grant, the Project, or this Program;

(k) Agreement to comply with laws outlawing discrimination including, but not limited to those prohibiting discrimination because of sex, race, color, ancestry, religion, creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer or genetic characteristics), sexual orientation, political affiliation, position in a labor dispute, age, marital status, and denial of statutorily-required employment-related leave;

(l) Agreement that continued compliance with Program requirements is the Grantee's responsibility; and

(m) Any other provision agreed to by the parties.

Note: Authority cited: Sections 44520 and 44558.4, Health & Safety Code. Reference: Sections 44558.3, Health & Safety Code.

§ 8147. Annual Reporting.

No later than 180 days after the end of the fiscal year following the receipt of funds, a Grantee shall provide an annual status report to the Authority that includes:

(a) A description of the activities completed with Grant funds during the reporting period;

(b) The amount of Grant funds spent throughout the reporting period;

(c) An annual financial statement; and

(d) Information provided by businesses to the Grantee pursuant to Health and Safety Code section 44558.5, subdivision (a)(5).

Note: Authority cited: Sections 44520 and 44558.4, Health & Safety Code. Reference: Section 44558.5, Health & Safety Code.

§ 8148. Record Retention

Grantees shall retain all Program and financial data necessary to substantiate the purposes for which the Grant funds were spent for a period of three years after the end of the Grant term.

Grantees shall provide supporting documentation (e.g. progress reports, project work plan, Program budget, receipts, etc.) upon request to the Authority.

Note: Authority cited: Sections 44520 and 44558.4, Health & Safety Code. Reference: Section 44558.5, Health & Safety Code.

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY

TITLE 4. BUSINESS REGULATIONS

DIVISION 11. CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY

ARTICLE 13. CALIFORNIA INVESTMENT AND INNOVATION PROGRAM

AUGUST 11, 2023

FINDING OF EMERGENCY

Pursuant to the requirements of Government Code section 11346.1, subdivision (a)(1), the California Pollution Control Financing Authority (CPCFA) is providing notice of proposed emergency adoption of regulations regarding the California Investment and Innovation Program (Cal IIP). CPCFA finds that an emergency exists, and that the immediate adoption of sections 8140, 8141, 8142, 8143, 8144, 8145, 8146, 8147, and 8148 of Title 4, Division 11 of the California Code of Regulations is necessary to avoid serious harm to the public peace, health and safety, and general welfare.

SUBMISSION OF COMMENTS

Government Code section 11346.1, subdivision (a)(2), requires that, at least five (5) working days prior to the submission of the proposed emergency action to the Office of Administrative Law (OAL), CPCFA provide a notice of proposed emergency action (Finding of Emergency and Proposed Text) to every person who has filed a request for notice of regulatory action with CPCFA. After submission of the proposed emergency regulation to OAL, OAL shall allow interested persons five (5) calendar days to submit comments on the proposed emergency regulation as set forth in Government Code section 11349.6.

The Proposed Text of the emergency regulations and the Finding of Emergency are posted on CPCFA's website at <https://www.treasurer.ca.gov/cpcfa/caliip/statues.asp>.

CPCFA plans to file the emergency rulemaking package with OAL at least five (5) working days from the date provided at the top of this notice. If you would like to comment on the Finding of Emergency or the Proposed Text, those comments must be made in writing only, must contain a notation that identifies the emergency regulation to which they relate, and must be received by both CPCFA and OAL within five (5) calendar days of CFCFA's filing with OAL. CPCFA may respond to comments at its discretion.

Send comments simultaneously to:

California Pollution Control Financing Authority

Cal IIP

P.O. Box 942809

Sacramento, CA 94209-0001

caliip@treasurer.ca.gov

and

Office of Administrative Law
300 Capitol Mall, Suite 1250
Sacramento, CA 95814

EXPRESS STATEMENT OF EMERGENCY

The proposed regulations are, by legislative mandate, necessary for the immediate preservation of the public peace, health and safety, and general welfare within the meaning or purposes of Government Code section 11346.1. CPCFA’s proposed regulations relate to small businesses and are therefore deemed necessary for the immediate preservation of the public peace, health and safety, and general welfare. (HSC, § 44520, subd. (b).)¹

In addition, immediate action is necessary to avoid serious harm to the public peace, health and safety, and general welfare because Cal IIP will deploy resources to communities in need and establish an equitable economic recovery that benefits low-income communities and communities of color that have been disproportionately impacted by the economic fallout of the COVID–19 pandemic and by historical and ongoing disinvestment. The timely allocation of these funds will address this economic crisis. CPCFA must award the first round of funding by February 1, 2024. (HSC § 44558.2, subd. (b)(2).)

SPECIFIC FACTS DEMONSTRATING NEED FOR IMMEDIATE ACTION

Purpose and Necessity of Each Provision

§ 8140. Definitions.

This section defines six key terms that are used in the proposed regulations. The definitions are necessary to avoid any confusion that might result if these terms were not defined and to ensure uniform application throughout the regulations.

Subdivision (a) defines “CDFI” as a community development financial institution. “Community development financial institution” is defined in Health and Safety Code section 44458, subdivision (d). Creating an abbreviation for this term makes the regulations easier to read.

Subdivision (b) defines “Eligible Activities” as activities that serve the purposes of Health and Safety Code section 44558.3, subdivision (b). Creating a term for the authorized uses of grant funds makes the regulations easier to read.

Subdivision (c) defines “Grant.” This definition is necessary to establish common terms of reference and provide clarification of the language used in these regulations.

Subdivision (d) defines “Grant Agreement.” This definition is necessary to establish common terms of reference and provide clarification of the language used in these regulations.

¹ All references are to the Health and Safety Code unless otherwise indicated.

Subdivision (e) defines “Grantee.” This definition is necessary to establish common terms of reference and provide clarification of the language used in these regulations.

Subdivision (f) defines “Project.” This definition is necessary to establish common terms of reference and provide clarification of the language used in these regulations.

§ 8141. Eligibility Requirements.

Section 8141 explains that Grants shall only be awarded to Applicants² that meet the eligibility requirements in Health and Safety Code section 44558, subdivision (f). Including this statutory requirement in the regulations is necessary for clarity so that all procedures are in one place. This also eliminates confusion and reduces the likelihood an ineligible Applicant will apply for a Grant.

Health and Safety Code section 44558.3, subdivision (c)(3), provides, “After receiving a grant in one year, an eligible applicant may apply in a future funding round if the eligible applicant has made reasonable progress in deploying the previously awarded grant funding.” However, “reasonable progress” is not defined. Section 8141 explains that Applicants that are a party to an existing or prior Grant Agreement may only apply in a future funding round if at least 50% of the previously awarded Grant funds have been spent on the Project. This ensures that Grantees deploy funds to communities in need.

§ 8142. Approved Grant Uses.

Section 8142 explains that Grants shall be awarded for Eligible Activities. Health and Safety Code section 44558.3, subdivision (b), requires Grantees to use funds for certain purposes. Including this statutory requirement in the regulations is necessary for clarity so that all procedures are in one place.

§ 8143. Application Requirements.

Section 8143 lists the application requirements. The Authority will post to its website a Notice of Funding Availability at least 30 days in advance of the application deadline. The Notice will provide a link to the application requirements contained in section 8143.

Subdivision (a) requires applications to include information about the Applicant. This is necessary to ensure CPCFA has sufficient information to confirm an Applicant’s eligibility and determine the level of funding that will be provided to the Applicant.

Subdivision (b) requires applications to include information about the Project. Although funding is eligibility-based and not merit-based, Applicants must provide information about the Project so that the CPCFA can prepare the annual public report required by Health and Safety Code section 44558.5, subdivision (b). The required Project information will help the CPCFA

² “Applicant” is defined in Health and Safety Code section 44458, subdivision (b).

describe the results of Cal IIP, make recommendations for improving the effectiveness of Cal IIP, and increase transparency and accountability of public funds.

Health and Safety Code section 44558, subdivision (f)(1), requires Applicants to have a current certification pursuant to Section 1805 of Title 12 of the Code of Federal Regulations. Health and Safety Code section 44558, subdivision (f)(2), requires Applicants to have a minimum net worth of twenty-five thousand dollars (\$25,000) as indicated on its financial statements prepared in accordance with generally accepted accounting principles. Subdivision (c) requires Applicants to provide their current federal certification and financial statements for the past three years. Requiring Applicants to provide a copy of these documents is necessary for CPCFA to verify the Applicant's financial eligibility.

Subdivision (c) also requires Applicants to provide their loan portfolio. The loan portfolio helps CPCFA evaluate the Applicant's record of lending in this state.

§ 8144. Grant Awards.

CPCFA must make Grants available in one or more rounds of funding availability, not to exceed fifteen million dollars (\$15,000,000) in total Grants in any calendar year. (§ 44558.2, subd. (b)(1).) Subdivision (a) explains that Grants are awarded once per calendar year, subject to available funding. Awarding Grants once per calendar year will streamline the process, reduce administrative burden, and help Applicants financially plan for the year. Grants will be awarded to all eligible Applicants that submit a timely and complete application. This statutory requirement is included for clarity so that all procedures are in one place. (§ 44558.2, subd. (c)(1).)

CPCFA must set aside at least 20 percent of any amount made available in a program funding round for eligible applicants that are small and emerging CDFIs. (§ 44558.2, subd. (a)(2).) Subdivision (b) requires CPCFA to set aside 20 percent of any amount made available in a program funding round for small and emerging CDFIs. This funding will be divided equally among all eligible Applicants that are small and emerging CDFIs. CPCFA selected 20 percent based on public comment feedback. Dividing this funding equally among all eligible small and emerging CDFIs supports the greatest amount of Projects.

Subdivision (c) requires CPCFA to award Grants based on the total amount of loans closed by the Applicant in the most recently completed fiscal year. This statutory requirement is included for clarity so that all procedures are in one place. (§ 44558.2, subd. (c)(2).) Tier 1 Grantees will be awarded up to \$100,000. This figure was selected based on public comment feedback. Applicants with a minimum of 10 loans in the most recently completed fiscal year and Applicants that have provided financing assistance in the state totaling \$10 million or more in the last three fiscal years will receive up to \$100,000 in additional funding. This criteria was selected based on public comment feedback. This subdivision provides a fair and clear grant process, promotes program transparency, and ensures procedures are consistent for all Applicants. CPCFA must be able to adjust funding awards per tier to ensure a maximum number of Grants are awarded to provide the largest impact to low income communities.

§ 8145. Authority Approval.

Subdivision (a) explains that the Executive Director will determine which Projects to recommend to CPCFA for Grant funding pursuant to section 8144. CPCFA's selections are final and not subject to administrative appeal. This is necessary to provide for consistent and timely disbursement of Grant funds and ensure the grant decision is final for all parties. Allowing an Applicant to appeal a decision administratively may delay grant funding for all Applicants in the cycle until the appeal is resolved because a decision subject to appeal has the potential to impact the amounts available for other Applicants. This added delay in the award process would negatively impact the other Grantees and further delay economic development.

Subdivision (b) explains that CPCFA shall notify each Applicant whether or not its Application has been approved for funding. This is necessary so that an Applicant can start planning next steps.

§ 8146. Grant Agreements.

Section 8146 establishes the minimum terms and conditions of the Grant Agreement. It also explains that the Grantee is responsible for all aspects of compliance with the Grant Agreement. These provisions are necessary to ensure fiscal accountability for the Project.

§ 8147. Annual Reporting.

Section 8147 requires Grantees to provide an annual status report to CPCFA no later than 180 days after the end of the fiscal year following the receipt of funds. This deadline aligns with the reporting period covered by the federal CDFI Program, as mandated by Health and Safety Code section 44558.5, subdivision (a). (https://www.cdfifund.gov/sites/cdfi/files/2022-12/ACR_ClearedVersion_11292022.pdf.) The information provided by Grantees helps CPCFA prepare the annual public report required by Health and Safety Code section 44558.5, subdivision (b).

Subdivision (a) requires the annual report to include a description of the activities completed with Grant funds during the reporting period. This statutory requirement is included for clarity so that all procedures are in one place. (§ 44558.5, subd. (a)(1).)

Subdivision (b) requires the annual report to include the amount of Grant funds expended throughout the report period. This is necessary to help CPCFA track funds and evaluate Grantee progress toward completing the Project.

Subdivision (c) requires the annual report to include an annual financial statement. This statutory requirement is included for clarity so that all procedures are in one place. (§ 44558.5, subd. (a)(2).)

Subdivision (d) requires the annual report to include information provided to the Grantees by businesses served by the Grant. This statutory requirement is included for clarity so that all procedures are in one place. (§ 44558.5, subd. (a)(5).)

§ 8148. Record Retention

Section 8148 requires Grantees to retain all program and financial data necessary to substantiate the purposes for which the Grant funds were spent for a period of three years after the end of the Grant term. This ensures necessary information is documented and retained by the Grantee for any future audits. This requirement helps CPCFA enforce the proposed regulations, conduct audits, and prevent diversion and other fraudulent activity.

Grantees must provide supporting documentation (e.g. progress reports, project work plan, Program budget, receipts, etc.) to CPCFA upon request. This is necessary to ensure fiscal accountability and guard against diversion of funds or other activities outside the objectives of Cal IIP.

Explanation of Failure to Adopt Nonemergency Regulations

These regulations implement new legislation. The intent of the new legislation is to commence the first funding round for eligible Projects as soon as practicable.

DOCUMENTS RELIED ON

Written public comments submitted by:

1. California Association for Micro Enterprise Opportunity (CAMEO); and
2. California Coalition for Community Investment (CCCI).

AUTHORITY AND REFERENCE CITATIONS

Authority: Sections 44520 and 44558.4, Health and Safety Code.

Reference: Sections 44558, 44558.1, 44558.2, 44558.3, and 44558.5, Health and Safety Code.

INFORMATION DIGEST/POLICY STATEMENT OVERVIEW

Summary of Existing Laws and Regulations:

Cal IIP provides grants to enhance the capacity of community development financial institutions that provide technical assistance and capital access to economically disadvantaged communities in this state. (§ 44558.1, subd. (a)(1).) CDFIs are a critical partner of the state in addressing short-term and long-term needs of low- and moderate-income communities in the areas of affordable housing, health care, small business lending, economic development, and more. (Sen. Bill No. 193 (2021-2022 Reg. Sess.), § 1(a).) As mission-driven lenders, grantors, and providers of technical assistance, CDFIs have proven that they can play a valuable role in helping to deploy and leverage public investment quickly and efficiently. (SB 193, § 1(b).)

Effect of the Proposed Rulemaking:

The proposed regulations create a fair, efficient, and equitable administration of Cal IIP.

Anticipated Benefits of the Proposed Regulations:

Cal IIP creates an ongoing partnership with CDFIs to assist the state in efficiently deploying resources to communities in need and establishing an equitable economic recovery that benefits low-income communities and communities of color that have been disproportionately impacted by the economic fallout of the COVID–19 pandemic and by historical and ongoing disinvestment. (SB 193, § 1(c).) In addition to providing an economic jumpstart for those communities through immediate investment, Cal IIP will serve as a potential repository for current and future emergency or stimulus funding streams that would otherwise require the state to start up new programs, thereby slowing the delivery of these funds to those most in need. (SB 193, § 1(d).)

Comparable Federal Regulations:

Existing federal law establishes the Capital Magnet Fund and makes moneys in that fund available to the United States Secretary of the Treasury to carry out a competitive grant program to attract private capital for, and increase investment in, certain affordable housing and economic development projects by providing grants to Treasury-certified CDFIs or nonprofit organizations that meet specified criteria. (12 U.S.C. § 4569; 12 C.F.R. § 1807.)

Existing federal law establishes the Community Development Financial Institutions Fund to fund the Community Development Financial Institutions Program, which offers both financial and technical assistance awards to CDFIs to promote economic revitalization and community development. (12 U.S.C. § 4703; 12 C.F.R. § 1805.101.) All financial assistance awarded must be matched with funds from sources other than the Federal government. (12 C.F.R. § 1805.500.)

Determination of Inconsistency/Incompatibility with Existing State Regulations:

CPCFA has determined that the proposed regulations are not inconsistent or incompatible with existing state regulations. After conducting a review for any regulations that would relate to or affect this area, CPCFA has concluded that these are the only regulations that govern Cal IIP.

Forms Incorporated by Reference:

None.

Other Statutory Requirements: None. On July 5, 2023, CPCFA issued an invitation for comments as part of its preliminary rulemaking activities under Government Code section 11346, subdivision (b). CPCFA also held a public forum on July 25, 2023.

DISCLOSURES REGARDING THE PROPOSED ACTION

CPCFA has made the following initial determinations:

Mandate on local agencies and school districts: None.

Cost or savings to any state agency: None. Cal IIP is fully funded by the California Investment and Innovation Fund. (§ 44558.1.)

Cost to any local agency or school district which must be reimbursed in accordance with Government Code sections 17500 through 17630: None.

Other non-discretionary costs or savings imposed on local agencies: None.

Cost or savings in federal funding to the state: None.