



**California Pollution Control  
Financing Authority**

**CALIFORNIA RECYCLE  
UNDERUTILIZED SITES  
(CALReUSE) PROGRAM**

**REVITALIZING  
CALIFORNIA  
COMMUNITIES**

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**Annual Report to the  
California State Legislature  
Fiscal Year 2022-2023**

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**June 2024**

**Fiona Ma, CPA, Chair  
State Treasurer**

**Malia M. Cohen  
State Controller**

**Joe Stephenshaw  
Director of Finance**

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# About the California Pollution Control Financing Authority

Created in 1972, the California Pollution Control Financing Authority's (CPCFA or "Authority") original purpose was to provide access to the tax-exempt bond market for private companies serving a public purpose in the pollution control sector. Over the years CPCFA has evolved to provide businesses access to capital from a variety of sources and through numerous financing mechanisms. The programs administering these financing tools include:

- **Tax-Exempt Bond Program** – Assists businesses large and small to provide financing for solid waste, recycling, water furnishing and wastewater treatment projects as a conduit issuer of tax-exempt bonds.
- **California Capital Access Program (CalCAP)** – Through the use of loan loss reserve accounts and collateral support, CalCAP works with lenders to fill the "credit gap" for small businesses assisting them in obtaining loans for business start-up, expansion, and/or working capital.
- **Heavy-Duty Vehicle Air Quality Loan Program** – In collaboration with the California Air Resources Board (CARB) this program provides lenders with loan loss reserve accounts to finance new, cleaner-burning heavy-duty diesel trucks and buses for small businesses.
- **California Investment & Innovation Program (Cal IIP)** – This new (as of 2023) grant program enhances the capacity of Community Development Financial Institutions (CDFIs) to provide technical assistance and capital access to economically-disadvantaged communities in California; and
- **California Recycle Underutilized Sites Program (CALReUSE)** – Provided grants to assist in the transformation of contaminated sites into vibrant housing and infill developments that enhance communities.

**Mission Statement:** As public servants, we are committed to promoting broad and equitable access to private capital through the delivery of diverse financing options to California businesses and environmental industries by being:

- A driving force of public and private partnerships that create jobs and support vibrant economic development especially in disadvantaged and underserved communities.
- A leader in offering innovative and prudent financial risk mitigation tools, embracing new financing technologies.
- At the forefront of community-driven projects that restore the environment, protect public health, and promote economic independence and climate resilience; and
- A statewide flag bearer in the issuance of green bonds and new technologies for solid waste, wastewater, recycling, and water furnishing projects.

This annual report to the Legislature describing the CALReUSE Program is prepared pursuant to CPCFA's statute, Health and Safety Code Section 44525.7, and the Proposition 1C Housing and Emergency Shelter Trust Fund Act of 2006 statute, Health and Safety Code Section 53545.14(b).

CPCFA Board consists of: Fiona Ma, CPA, Chair, State Treasurer; Malia Cohen, State Controller; and Joe Stephenshaw, Director, Department of Finance.

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## Program Summary

The initial legislation enacted in 2000, Senate Bill 1986 (Chapter 915, Statutes of 2000), authorized the CPCFA to administer the CALReUSE Assessment Program to provide forgivable loans to finance the cost of brownfield site assessments, technical assistance, and other specified activities to assist in the reuse and redevelopment of underutilized properties with real or perceived contamination.

In response to the demand for the CALReUSE Assessment Program, the legislature directed bond proceeds from Proposition 1C, the Housing and Energy Shelter Trust Fund Act of 2006 approved by the voters at the November 7, 2006, election, be used for brownfield cleanup projects that promote infill residential and mixed-use development. Through an interagency agreement with the Department of Housing and Community Development (HCD), CPCFA used the funds to expand the scope of CALReUSE to include the CALReUSE Remediation Program, which administered grants and/or loans for the financing of brownfield remediation.

Projects financed by CALReUSE are located throughout California, from Humboldt to San Diego counties. CPCFA worked directly with each awardee through assessment, remediation, and as-needed monitoring, and consulted with the California Department of Toxic Substances Control (DTSC) for technical assistance through an interagency agreement.

The CALReUSE Assessment and Remediation Programs piloted the alignment of three public policy goals: 1) increase housing production, 2) improve the environment, and 3) improve quality of life in California communities. Identifying and cleaning up contamination improves the environment and increases the number of sites available for housing production. In turn, new development of brownfield sites improves quality of life in California communities by replacing underutilized or blighted sites with purposeful projects. The Assessment Program has no outstanding loans or funding available, and all Remediation Program funds have been disbursed. Although funding for the assessment and remediation programs has been exhausted CPCFA believes the CALReUSE program could provide a benefit by supporting these public policy goals by assisting local governments in identifying and addressing contamination as part of the housing element sites inventory process.

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# CALReUSE Assessment Program

## History & Overview

The Legislature approved the CALReUSE Assessment Program in Fiscal Year (FY) 2001-2002, using funds derived from the CPCFA's bond issuance fees.<sup>1</sup> CPCFA allocated \$10 million for the program and made available a total of \$6.4 million for borrowers. The Assessment Program provided low-interest loans, initially up to \$125,000, however that was increased to \$500,000 in FY 2008-2009, to help finance the cost of contaminated site assessment, technical assistance, and remedial action planning.

CPCFA designed the Assessment Program to mitigate financial risks associated with site assessments and redevelopment on contaminated sites. In those instances, when a borrower completed the environmental site assessment but then determined that a development project was unfeasible, the borrower could receive loan forgiveness. Should the borrower later move forward with development activities or transfer the property within 25 years, the forgiven loan must be repaid.

Between FY 2001-2002 and FY 2011-2012, CPCFA entered into loan agreements for 44 projects totaling more than \$3.5 million, resulting in the assessment of 221 brownfield acres. Of the 44 loan agreements, 25 loans totaling \$1.78 million have been repaid and 19 loans totaling \$1.79 million remain forgiven. Funding available for loans was expended in 2016. The Assessment Program has zero outstanding loans and zero current funding available for new loans.

CPCFA staff continues to monitor the compliance of the 19 projects that received loan forgiveness. For a complete listing of awards, please see the CALReUSE Assessment Program Portfolio (Attachment A).

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<sup>1</sup> Established pursuant to Subarticle 1 (commencing with Section 8090) of Article 9 of Division 11 of Title 4 of the California Code of Regulations.

# CALReUSE Assessment Program Accomplishments

## CALReUSE Assessment Brings Valuable Information to Communities.

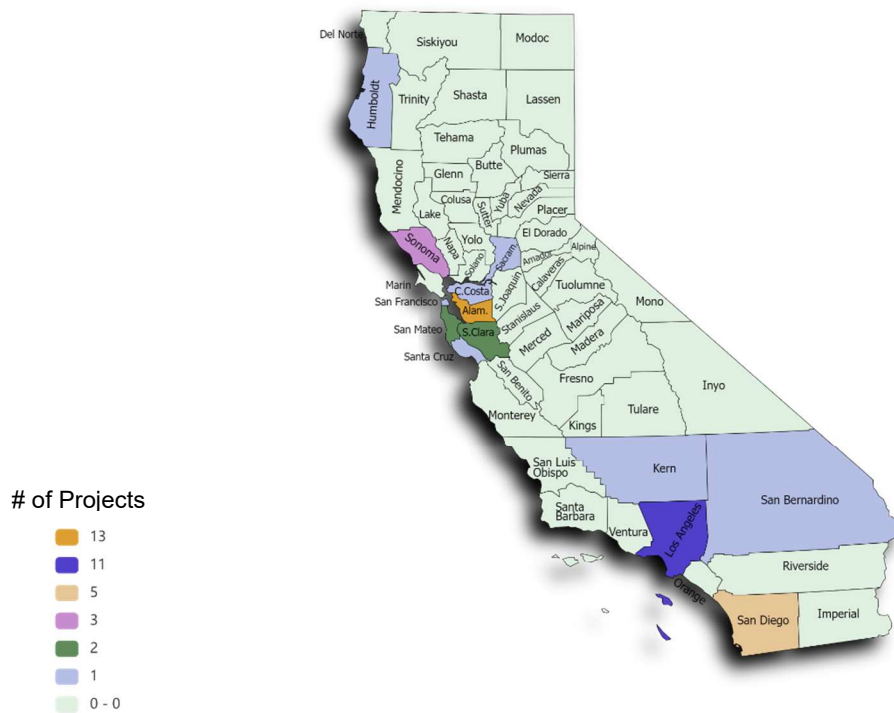
Throughout FY 2022-2023, 21 development projects were completed on Assessment Program loan sites. These projects resulted in 1,781 new housing units, of which 903 or 50% are affordable, as well as new commercial and retail space.

Funding from the Assessment Program brought about valuable information regarding the conditions of contaminated sites for community decision makers. This increased knowledge gained through assessments enables private developers and local entities to evaluate the best use of each site.

Illustrating that point, Sacramento's World of Good Taste site, which was initially intended to be developed as mixed-use (commercial and residential). However, using funding from the Assessment Program, the site was assessed and DTSC subsequently placed land use restrictions on the site. The land use restrictions resulted in the site being developed as commercial only.

As demonstrated in the map below, all but one of the CALReUSE Assessment loans were for projects located in economically distressed communities<sup>2</sup>. This reflects how lack of investment to revitalize brownfields can result in communities living beside underutilized and blighted sites.

**CALReUSE Assessment Program Projects  
Economically Distressed Communities by County**



Created with paintmaps.com

<sup>2</sup> Economically distressed as defined in Section 8090 (i) of Article 9 of Division 11 of Title 4 of the California Code of Regulations.

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# CALReUSE Remediation Program

## History & Overview

As described above in the Program Summary, the Legislature funded the CALReUSE Remediation Program with \$60 million in general obligation bond proceeds allocated from the 2006 Proposition 1C and further defined by the Legislature in the 2007-2008 Budget Act and trailer bill.<sup>3</sup>

The Remediation Program awarded grants and loans to finance cleanup activities on contaminated sites meeting government regulations to allow for infrastructure development and construction of housing.

During the rulemaking process, CPCFA designed the Remediation Program's housing guidelines to require that grant-funded projects provide California communities with housing developments that include at least 15% affordable units,<sup>4</sup> with loans available to those projects that did not meet the minimum percentage of affordable housing.

The bulk of awards were approved during FY 2008-2009. After the original awards, four projects returned their awards, and the funds were redirected to the Miramar Village project in Los Angeles County. In addition, the Sacramento Railyards project was allocated additional funds from loans that were repaid and grants that were not fully expended, increasing the Remediation Program's total contribution to projects to \$56 million. The Remediation program awarded 30 grants totaling \$56,061,028.

As of June 30, 2021, all available funds were awarded and expended. A list of all Remediation Program grants is attached (Attachment B). CPCFA staff continues to monitor 7 outstanding grant awards (see Attachment B, pgs.9-12).

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<sup>3</sup> Senate Bill 77 (Chapter 171, Statutes of 2007) and Senate Bill 86 (Chapter 179, Statutes of 2007).

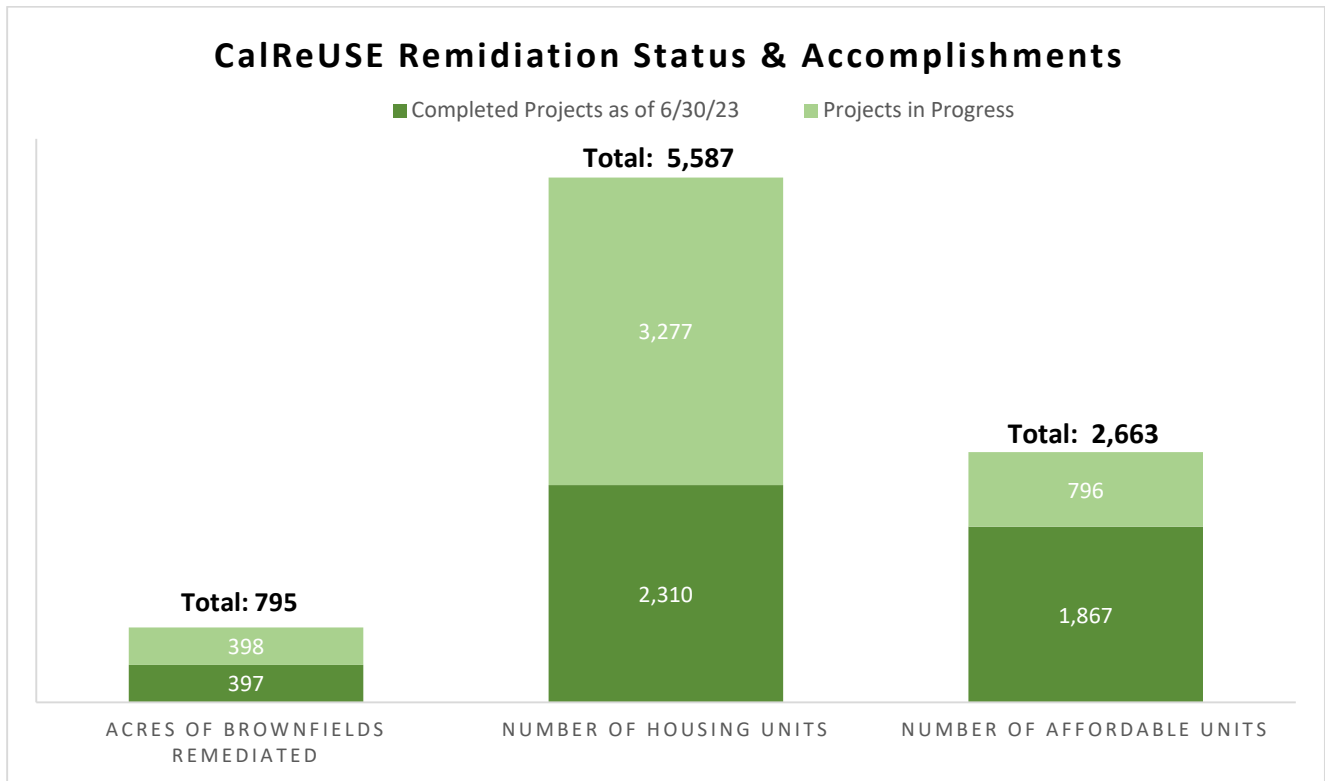
<sup>4</sup> Affordable unit as defined by Health and Safety Code section 53545.13.

# CALReUSE Remediation Program

Accomplishments – Structured to promote housing production.

The CALReUSE Remediation Program reduced contamination in disadvantaged and low-income communities by revitalizing brownfields and adding new housing with features such as support services and access to transit. To date, CALReUSE Remediation Program funding has resulted in the production of 2,310 new housing units among 22 projects, of which 1,867 or 80%, are available as affordable for sale or rental housing units.

The following charts outlines the impacts of the CALReUSE Remediation Program.





## Completed CALReUSE Remediation Project Characteristics

Project Name and City (In alphanumeric order)	Number of Units	Number of Affordable Units	Support Services <sup>5</sup>	Mixed-Use <sup>6</sup>	Transit Served <sup>7</sup>
1345 Turk St., San Francisco	32	32			Y
15th and Commercial, San Diego	140	139	Y		
2235 Third Street, San Francisco	196	39			
3rd Street, San Jose	37	36			
64th and Christie Site, Emeryville	190	29			Y
Bay Avenue, Capitola	109	102	Y		
Carson City Senior Housing, Carson	86	85		Y	
Cedar Gateway, San Diego	65	63			Y
COMM22, San Diego	206	197	Y		Y
Curtis Park Village	91	90			Y
Fourth Street Apartments, San Jose	100	99	Y		Y
Lampwork Lofts, Oakland	92	0			
La Valentina, Sacramento	81	80		Y	Y
Lillie Mae Jones Plaza, Richmond	26	25	Y		Y
Lorena Apartments, Los Angeles	112	111			
Miramar Village, Los Angeles	114	113			
Octavia Court, San Francisco	15	14	Y		Y
PWC Family Housing, Los Angeles	45	44	Y		Y
St. Joseph's, Oakland	84	83	Y	Y	Y
Studio 15, San Diego	275	273			Y
The Crossings on 29th, Los Angeles	34	33	Y		Y
Township 9, Sacramento	180	180		Y	Y
<b>Totals</b>	<b>2,310</b>	<b>1,867</b>	<b>9</b>	<b>4</b>	<b>14</b>

<sup>5</sup> The support services provided were self-reported by each awardee in the completed Infill Development Report.

<sup>6</sup> Defined as the specific building associated with the CALReUSE grant being mixed-use, as self-reported by each awardee. Single-purpose buildings that are part of a larger mixed-use development were not counted.

<sup>7</sup> Defined as located within a half-mile of a transit stop, as self-reported by each awardee.