



California Pollution Control Financing Authority

# **CPCFA: Stimulating Environmental Cleanup and Economic Development in California Communities Since 1973**

Elena M. Miller  
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Los Angeles, CA

## History of CPCFA

- **California Pollution Control Financing Authority (CPCFA)** is a financing authority within the State Treasurer's Office with a core mission of stimulating environmental cleanup, economic development and job growth throughout the State via tax-exempt bonds, credit enhancements and grants
- CPCFA originated as a conduit issuer of tax-exempt bonds
- Fees assessed on bond issuances to large businesses established the Small Business Assistance Fund (SBAF) enabling CPCFA to create additional innovative financing programs including:
  - The **California Capital Access Program (CalCAP)**, established in 1994 to establish loan loss reserve accounts for participating lenders; and
  - The **CALReUSE Program** for grant and loan funding for assessment and remediation of brownfield and infill development sites



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# Private Activity Tax-Exempt Bonds

- CPCFA offers tax-exempt financing as a conduit issuer for private pollution control facilities serving a public benefit
- CPCFA uses its SBAF to help pay for the costs of issuance of tax-exempt bonds issued to reduce the net cost of financing to small businesses
- Federal tax law provides that a project may involve:
  - ✓ acquisition of land
  - ✓ construction of a new facility
  - ✓ expansion of an existing facility
  - ✓ rehabilitation or replacement of all or part of an existing facility
  - ✓ new equipment acquisition and installation



# CalCAP Loan Loss Reserve Program

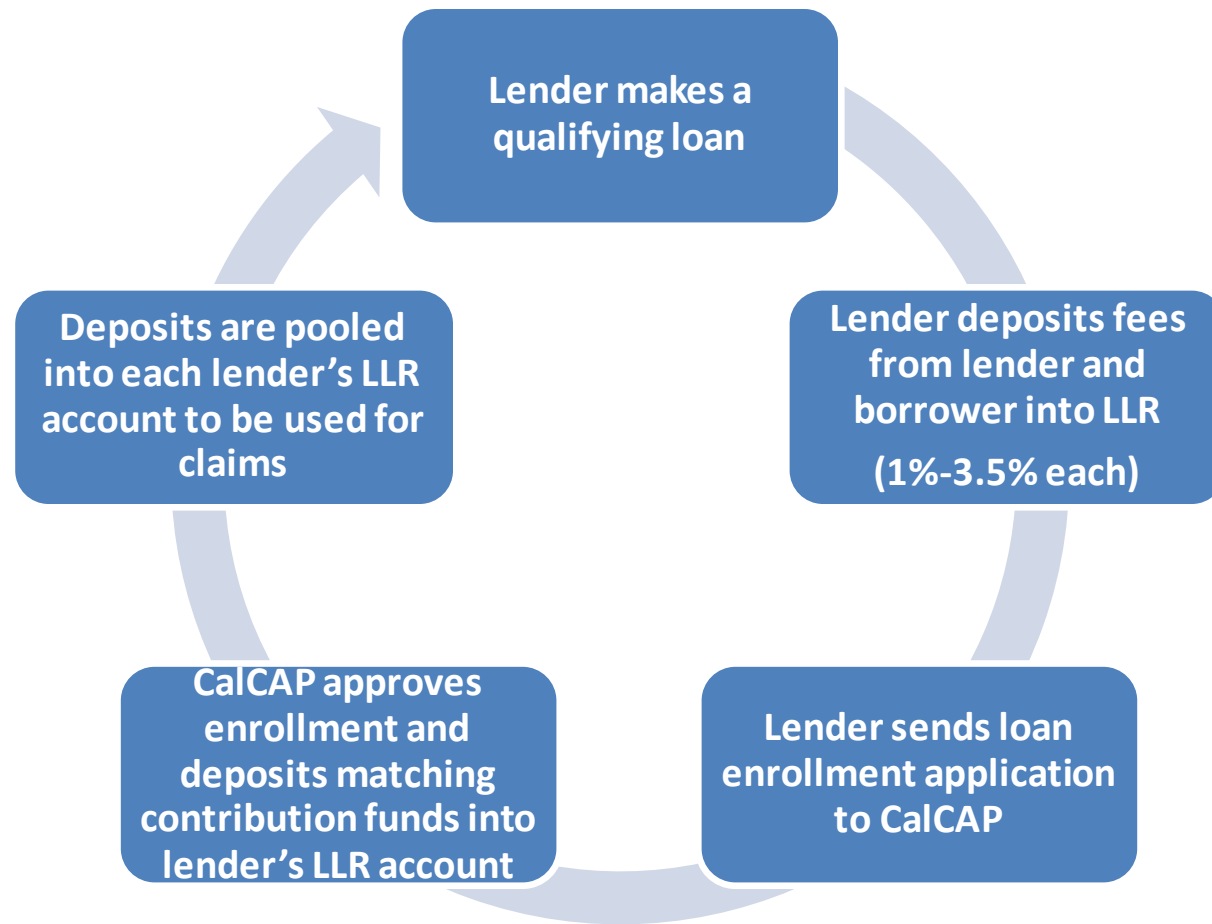
- CalCAP encourages financial institutions to make loans to small businesses that fall just outside their conventional underwriting standards
- The pooled fees and contributions in each participating lender's loan loss reserve account creates loan portfolio confidence for lenders of up to 100% coverage on certain losses if a loan defaults
  - **Borrowers benefit!** Small business owners who cannot obtain financing under conventional underwriting may qualify for a CalCAP loan through a participating CalCAP lender at better terms
  - **Lenders benefit!** Loan loss reserve funds can be used by participating lenders to repay certain losses on CalCAP enrolled loans



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# CalCAP – How does it Work?



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# CalCAP Seismic Safety Loan Program

- CalCAP Seismic Safety incentivizes private loans to **residential property owners** and **small businesses** to support seismic safety retrofits. Lender enrollment to participate in the program is easy, simply submit the 1-page application
- For this program, **the maximum enrolled loan amount is \$250,000**
  - While a loan can exceed the cost of items identified in the cost estimate; the amount enrolled in the Program is limited to eligible costs for seismic retrofit construction and **cannot exceed \$250,000 per borrower**
- Qualified loans are enrolled for no more than **ten years** and the program further incentivizes loans with coverage terms of 5 years or less
- Lenders set all of the terms and conditions of their loans pursuant to the lender's usual underwriting policies
- Loans can be short or long-term, have fixed or variable rates and bear any type of amortization schedule



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# CalCAP/Seismic Safety Loan Fees/Contribution Rates

*(When the enrolled loan term is 60 months or less)*

Fees & LLR Contribution	
2%-3.5%	Lender fee
2%-3.5%	Borrower fee – matches lender fee
8%-14%	CalCAP/Seismic Contribution is <b>4 times</b> lender fee
4%-7%	Severely Affected Community (SAC) Contribution is <b>2 times</b> lender's fee
16%-28%	Maximum Total Contribution deposited into Loan Loss Reserve account
12%-21%	CalCAP/Seismic Safety recapture at maturity or 60 months whichever is first
4%-7%	Amount remaining in lender's Loan Loss Reserve account after recapture



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# CalCAP Programs

- ❖ **CalCAP Seismic Safety Loan Program:** For small businesses and building owners to upgrade the seismic safety of their residential and commercial real estate.
- ❖ **CalCAP for Small Business:** Perfect for working capital, start-up costs, and other typical credit needs including construction or renovation of buildings.
- ❖ **CalCAP Americans with Disabilities Act Financing Program:** For mom-and-pop businesses to make accessibility retrofits.
- ❖ **CalCAP Electric Vehicle Charging Station Financing Program:** For businesses wanting to install EV chargers for their employees or customers. Borrowers may be eligible for a rebate after 48 months.
- ❖ **Collateral Support Program:** Provides a different kind of credit enhancement for borrowers with strong business plans who lack sufficient collateral.
- ❖ **CalCAP Air Resources Board (ARB) On-Road Heavy-Duty Vehicle Air Quality Loan Program:** For owners of small fleets to finance the purchase or retrofit of heavy-duty diesel trucks driven primarily in California to comply with the State's engine emission standards.



***\*Fees & Contribution Rates Vary Across Programs***

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## **Additional Information or Questions?**

**Visit CalCAP/Seismic Safety webpage at:**

<http://www.treasurer.ca.gov/cpcfa/calcap/seismic/summary.asp>

**Visit CalCAP webpage at:**

<http://www.treasurer.ca.gov/cpcfa/calcap/index.asp>

**Visit CPCFA webpage at:**

<http://www.treasurer.ca.gov/cpcfa/>

**Please send all questions to CalCAP Inbox at:**

[CalCAP@treasurer.ca.gov](mailto:CalCAP@treasurer.ca.gov)

**Thank You.**



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