

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY**  
**California Recycle Underutilized Sites Remediation Program**  
**Meeting Date: August 16, 2016**

***Request for Approval of Amendment to the Interagency Agreement with the California Department of Housing and Community Development Regarding the CALReUSE Program to Implement Provisions of the Housing and Emergency Shelter Trust Fund Act (Proposition 1C)***

Prepared by: *Greg Martin, CPA*

**Summary.** Staff requests Authority approval to amend Interagency Agreement (“Agreement”) 07-1-016 between the California Pollution Control Financing Authority (“CPCFA” or “Authority”) and the California Department of Housing and Community Development (“HCD”). The amendment will extend the expiration date of the Agreement from January 1, 2018 to June 30, 2020 and extend the liquidation date of the initial \$60 million CALReUSE allocation to June 30, 2020.

**Background.** The California Recycle Underutilized Sites (“CALReUSE”) Remediation Program is a grant and loan program funded with \$60 million from Proposition 1C, the Housing and Emergency Shelter Trust Fund Act of 2006 (“the Act”), further defined by the Legislature in the 2007-08 Budget Act and trailer bill.<sup>1</sup> Administered by the Authority in consultation with the California Department of Housing and Community Development, the Remediation Program finances brownfield cleanup that promotes infill residential and mixed-use development, consistent with regional and local land use plans.

Of the \$60 million initial allocation, \$55 million was allocated to project costs and \$5 million was allocated to administrative costs. The \$5 million in administrative costs was split between CPCFA and HCD; CPCFA was allocated \$3.8 million for the administration of the Program and HCD retained \$1.2 million to cover statewide administrative costs. The Authority solicited grant and loan applications from potential development projects, in a single competitive round in November 2008. As a result of this solicitation, the Authority awarded \$55 million to projects; the Authority capped the funding award at \$5 million per project to ensure that more projects would receive the necessary funds for cleanup activities. Projects were evaluated and awarded funding according to the Program’s regulations, including factors such as the creation of affordable housing units, project readiness, and public benefits. By May 2009, all of the Authority’s funding was awarded. Of the 34 projects receiving awards, 30 projects executed agreements with the Authority. Four projects declined their awards, and the funds were redirected to an underfunded project on a waiting list. The \$55 million that was awarded will assist in the creation of 6,002 housing units, including 3,004 affordable housing units – a program investment of \$9,164 per unit.

In 2015, the Board approved a resolution to execute the second amendment to the Agreement. The second amendment specified two liquidation dates for Program funds, consistent with the statutory amendments to the authorizing legislation for Proposition 1C funding. Funds subject to the initial

---

<sup>1</sup> Senate Bills 77 and 86 of 2007 allocated \$60 million to CALReUSE to administer a program of “grants or loans... for the purpose of brownfield cleanup that promotes infill residential and mixed-use development, consistent with regional and local land use plans.”

allocation and encumbrances were given a liquidation date of June 30, 2017, pursuant to Chapter 26, Statutes of 2013 (AB 92), and newly allocated funds of \$1,356,403.64 were given a liquidation date of January 1, 2018, pursuant to Statutes 2012 (AB 1585). The newly allocated funds consisted of a Program loan repayment of \$356,403.64 and \$1,000,000 redirected to the CPCFA by HCD for administrative costs.

**Amendments to the Interagency Agreement.**

**Term of Agreement**

This amendment will extend the term of the Agreement to June 30, 2020, consistent with Chapter 23, Statutes of 2016 (SB 826) extending the encumbrance and liquidation dates under the Act.

**Liquidation Dates**

Funds subject to the initial allocation and encumbrances will have a liquidation date of June 30, 2020, pursuant to Chapter 23, Statutes of 2016 (SB 826).

**Staff Recommendation.** Staff recommends approval of the attached Resolution to authorize the Executive Director to execute the amended Interagency Agreement 07-1-016, extending the term of the Interagency Agreement and the liquidation date of the initial \$60 million through June 30, 2020.

**RESOLUTION OF THE CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY AUTHORIZING THE EXECUTIVE DIRECTOR TO SIGN THE AMENDMENT TO THE INTERAGENCY AGREEMENT WITH THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT REGARDING THE CALREUSE PROGRAM TO IMPLEMENT PROVISIONS OF THE HOUSING AND EMERGENCY SHELTER TRUST FUND ACT (PROPOSITION 1C)**

**August 16, 2016**

**WHEREAS**, the California Pollution Control Financing Authority (“Authority”) was created under the provisions of Section 44500 of the Health and Safety Code; and

**WHEREAS**, Section 44519 of the Health and Safety Code provides that the Authority is authorized to “delegate to one or more of its members, its executive director, or any other official or employee of the authority any powers and duties that it may deem proper, including, but not limited to, the power to enter into contracts on behalf of the authority”; and

**WHEREAS**, Section 53545(b)(2) and 53545.14 of the Health and Safety Code provides funding for brownfield cleanup that promotes infill housing development and other related infill development consistent with regional and local plans; and

**WHEREAS**, on January 1, 2008, the Authority entered into Interagency Agreement 07-1-016 with the California Department of Housing and Community Development (“Department”) to utilize \$60,000,000 from the funding for loans or grants under the California Recycle Underutilized Sites (CALReUSE) program; and

**WHEREAS**, the Department desires to extend the term of the Interagency Agreement and the liquidation date of the initial \$60 million through June 30, 2020.

**NOW THEREFORE BE IT RESOLVED**, that the Executive Director of the Authority is hereby authorized to execute Amendment 3 to Interagency Agreement 07-1-016 with the California Department of Housing and Community Development, the total amount of which will not exceed \$60,000,000.00.

**FURTHER**, that the Executive Director shall execute and submit the amended Interagency Agreement to the Department of General Services for approval.

Date of Adoption: August 16, 2016