



June 4, 2021

The Honorable Gavin Newsom
Governor, State of California
State Capitol, First Floor
Sacramento, CA 95814

The Honorable Toni Atkins
Senate President pro Tempore
State Capitol, Room 205
Sacramento, CA 95814

The Honorable Anthony Rendon
Speaker of the Assembly
State Capitol, Room 219
Sacramento, CA 95814

The Honorable Nancy Skinner, Chair
Senate Committee on Budget and Fiscal Review
State Capitol, Room 5094
Sacramento, CA 95814

The Honorable Phil Ting, Chair
Assembly Committee on Budget
State Capitol, Room 6026
Sacramento, CA 95814

Re: Support for \$130 Million Budget Allocation to Enhance Equitable Recovery

Dear Governor Newsom, Pro Tem Atkins, Speaker Rendon, Senator Skinner, and Assemblymember Ting:

The California Coalition for Community Development (CCCI), a coalition of over 30 Community Development Financial Institutions (CDFIs) working throughout the state, are writing in support of three provisions in the Legislature's proposed budget plan and urge that the final budget compromise include these critical program investments. **These include funding for the California Investment and Innovation Program, the Golden State Acquisition Fund, and the Financial Empowerment Fund.** Together these investments will spur an equitable recovery for all Californians, particularly those in underserved and overlooked communities.

The following investments will make that possible by allowing CDFIs already working in and alongside underserved communities in California to expand the reach of this critical work.

The California Investment and Innovation Program - \$70 Million

Modeled on the successful federal CDFI Fund, the program proposed to be created by SB 625 (Caballero and Limón) would create a flexible grant program within IBank. This one-time investment, deployed through CDFIs and other mission-driven entities, will help leverage additional private and federal dollars; spur an equitable recovery that brings jobs, responsible capital, affordable housing, and other critical services to those most affected by the economic impact of the COVID-19 pandemic; and enable California to quickly distribute critical resources to communities in need.

Through this fund, the state will not only provide an economic jumpstart for struggling communities, but also establish a ready repository for current and future emergency or stimulus funding streams to be administered efficiently and effectively by CDFIs, solidifying the state's successful partnership with CDFIs and the communities they serve. This investment will provide CDFIs with much needed equity in the form of grants, which will result in a minimum 4:1 leveraging of additional investment, and the opportunity for recycling and reinvestment of capital.

The Golden State Acquisition Fund - \$50 Million

Established and funded with revenue from the voter-approved Prop 1C housing bond in 2008, GSAF has been a successful model of partnership between CDFIs and the state. The fund is managed and administered by a consortium of seven CDFIs and provides quick access to capital for acquisition of property for affordable housing. Since its inception, the fund has helped to produce more than 10,000 units of affordable rental housing and leveraged more than \$321M in additional resources for housing, more than 10 times the original investment of \$23M. Currently, the program is oversubscribed, leading to a backlog of potential affordable housing projects.

Financial Empowerment Fund - \$10 Million

SB 455 (Bradford, 2019) created the Financial Empowerment Fund to support financial education and financial empowerment programs and services for unbanked and underbanked communities. Additional funding would help fund financial education and empowerment content, free financial education, and the development of consumer-friendly financial products to help unbanked and underbanked consumers.

Thank you for considering these important investments. Please reach out to Brian Augusta at baugusta@piadvocates.org if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Noni Ramos". The signature is written in a cursive, flowing style.

Noni Ramos
Executive Committee Chair
California Coalition for Community Investment