



March 23, 2021

Senator Anna Caballero
California State Senate
State Capitol, Room 5052
Sacramento, CA 95814

RE: SB 625 (Caballero) – Sponsor

Dear Senator Caballero,

On behalf of the California Coalition for Community Investment (CCCI), we are pleased to sponsor SB 625, which would establish the California Investment and Innovation Fund to create a mechanism for Community Development Financial Institutions (CDFIs) to support the state in efficiently deploying resources to communities in need. The California Investment and Innovation Fund will help support an equitable economic recovery that benefits low-income communities and BIPOC communities that have been disproportionately impacted by the economic fallout of the COVID-19 pandemic, as well as by historical and ongoing disinvestment.

CCCI is a statewide coalition of more than 30 CDFIs. CCCI brings together diverse leaders that advocate for CDFIs working across the state to ensure California communities are resilient against crisis, are healthy and housed and have access to economic opportunities. CCCI coalition members provide financing, technical assistance and other support services focused on underserved markets.

The state of California is home to nearly 100 CDFIs which play a critical role in creating jobs, financing affordable housing, ensuring financial health for underserved communities, and providing a path to financial and economic justice and opportunity for all Californians. These CDFIs touch almost every corner of California's diverse state, bringing resources to urban, rural and Native communities.

The program is modeled on the federal CDFI Fund at the U.S. Treasury, which has been a tremendous success, allowing CDFIs to provide critical investments to low-income communities in housing, small business, health care, healthy foods and more. In 2019, CDFIs originated more than 772,000 loans and invested more than \$21 billion nationwide. These

loans and investments were used to help finance more than 51,300 affordable housing units and invest in more than 19,000 small businesses.¹

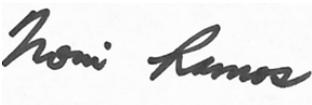
While the federal CDFI Fund has been a tremendous success for decades, it is simply not enough. The level of demand for CDFI Fund awards as well as the significant increase in CDFI lending and investment activities underscores the need for state support. In addition to the vast need for more funding to be deployed, not every CDFI is able to compete for federal awards due to the CDFI Fund's application, which can be burdensome and arduous for smaller and emerging CDFIs to compete. A state level grant program such as SB 625 proposes could provide resources to these CDFIs to ensure investment into some of the hardest to reach communities.

SB 625 will allow those of us already working in and alongside underserved communities in California as CDFIs to expand our reach of this critical work. The CDFI model aggregates and leverages capital from a variety of sources, public and private, to be leveraged for the benefit of individuals and communities that historically lack access to affordable investment. The California Investment and Innovation Fund will provide CDFIs with much needed equity in the form of grants which will result in a minimum 4:1 leverage and the opportunity for recycling and reinvestment of capital.

Throughout the state, urban, rural and Native communities continue to struggle through this pandemic and CDFIs are on the front lines using every resource available to provide critical access to credit for businesses, affordable and supportive housing, non-profits, healthcare facilities and individuals. SB 625 would support CDFIs critical work as they support and help California communities respond to the ongoing economic crisis.

Thank you for authoring this important legislation. If we can be of any assistance, please contact Brian Augusta, at baugusta@piadvocates.org

Sincerely,



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Chair, CCCI

¹ The CDFI Fund, "Expanding Opportunity: The CDFI Fund's FY 2019 Year In Review." *The CDFI Fund*, Washington, D.C., 2020, p.3, https://www.cdfifund.gov/sites/cdfi/files/documents/cdfi_annual-report-2019_final-3.30.20_508_final.pdf, (accessed 17 March 2021).