

Date of Hearing: June 22, 2026

ASSEMBLY COMMITTEE ON BANKING AND FINANCE  
Avelino Valencia, Chair  
SB 700 (Grayson) – As Amended June 4, 2026

**SENATE VOTE:** 39-0

**SUBJECT:** Capital Programs and Climate Financing Authority Act: California Investment and Innovation Program

**SUMMARY:** The Capital Programs and Climate Financing Authority Act establishes the Capital Programs and Climate Financing Authority (“Authority”), consisting of the Director of Finance, the Treasurer, and the Controller. This bill would authorize the Authority to establish one or more small business assistance funds to fund a grant program for community development financial assistance pursuant to the California Investment and Innovation Program (Cal IIP). The bill would include in the list of allowed financial assistance that the authority may provide under the Act grants made to community development financial institutions (CDFIs) in furtherance of that program.

Specifically, **this bill:**

- 1) Adds CDFIs to the existing list of small business assistance funds the Authority may establish.
- 2) Adds CDFIs to the existing list of permissible forms of financial assistance the Authority may provide under Cal IIP.

**EXISTING LAW:**

- 1) Establishes the Capital Programs and Climate Financing Authority (Authority). Health and Safety Code (HSC) Section 44504.
- 2) Establishes the California Investment and Innovation Program (Cal IIP) in the State Treasury for the purpose of providing grants to enhance the capacity of community development financial institutions (CFDIs) to provide technical assistance and capital access to economically disadvantaged communities in this state. HSC Section 44558.1(b).
- 3) Defines “Community development financial institution” to mean any community development financial institution certified by the federal Community Development Financial Institutions Fund under Part 1805 (commencing with Section 1805.100) of Chapter XVIII of Title 12 of the Code of Federal Regulations. HSC Section 44558(d).
- 4) Provides the Authority the ability to establish small business assistance funds (SBAF) in order to:
  - a) Assist small businesses to achieve financing of pollution control facilities.
  - b) Assist with the financing of the costs of, among other things, assessment, remedial planning and reporting, technical assistance, cleanup, remediation, and development of brownfield sites, and with other similar or related costs, by providing loans. Or

c) Fund a capital access program for small businesses. HSC Section 44548(a)(1).

**FISCAL EFFECT: Unknown. This bill is keyed Fiscal by Legislative Counsel.**

**COMMENTS:**

**1) Purpose**

*According to the Author*

SB 700 is an important measure to show the state's continued support for Cal IIP – an effective and efficient program that leverages the knowledge, skills, and abilities of community development financial institutions (CDFIs) to achieve outcomes that the State would struggle to realize through existing public institutions. CDFIs help reach underserved communities and markets to deliver affordable housing financing, small business support, and loans to consumers who are overlooked by the traditional financial system. SB 700 helps to keep Cal IIP going at a time when budgetary resources are constrained.

**2) Background**

In 2023, the California Investment and Innovation Program (Cal IIP) was established with an initial \$50 million allocation over the last three years. It is administered by the State Treasurer's Office and serves as a statewide program to advance economic development financing. According to the California Coalition for Community Investment, Cal IIP stretches public dollars by pairing state investment with private capital to deliver outsized returns for California's economy.

While proponents have sought additional funding through the budget process, the initial funding provided to Cal IIP in 2023 is running out and the flexibility provided by SB 700 will help smooth the gap for the Cal IIP program to continue funding the work of CDFIs.

**3) What the bill does**

SB 700 allows the Small Business Assistance Fund (SBAF) to be used to fund a grant program for CDFIs pursuant to Cal IIP. The Small Business Assistance Fund is funded through fees associated with the Capital Programs and Climate Financing Authority Tax-Exempt Bond Program. Historically, when fund balances have exceeded anticipated demand for their primary purpose, those dollars have been used to support other Treasurer-administered economic development programs, including programs such as CalCAP, CalReUse, and the Sustainable Communities initiatives. SB 700 follows that same precedent.

**4) What the bill does not do**

SB 700 does not change the primary purpose of the small business assistance funds, which remains supporting small businesses that utilize the Capital Programs and Climate Financing Authority Tax-Exempt Bond Program. It merely adds Cal IIP as another eligible recipient if excess funds are available. The bill does not create a new program nor does it require a General Fund appropriation. Instead, it simply authorizes the Treasurer's Office to use available revenues from the Small Business Assistance Fund, when available, to support Cal IIP.

## 5) Arguments in support

“California families face significant affordability challenges, from rising housing and childcare costs to increasing barriers to accessing capital. CDFIs help address these challenges by providing responsible, flexible financing that supports affordable housing, small businesses, community facilities, and other local investments that improve quality of life and create economic opportunities. Cal IIP has proven to be an effective investment in California communities by strengthening the capacity of CDFIs to deploy capital where it is needed most. The program has helped community lenders expand financing for businesses, housing, community facilities, and other projects that support economic development across the state.

Since 1989, CCRC [California Community Reinvestment Corporation] has funded over \$2.4 billion in permanent mortgages for over 51,000 units of affordable multifamily housing. CCRC has used Cal IIP funding to overhaul its data and impact reporting infrastructure. Rather than tracking units financed alone, CCRC now collects and analyzes data on how affordable housing directly affects the families residing in those units. Cal IIP funding enabled CCRC's lending team to upgrade its underwriting and due diligence collection platform, integrating new data capabilities that will strengthen both reporting and future lending decisions. CCRC also developed a dashboard tool to easily access and review operating trends from its portfolio of over 420 funded loans, enhancing underwriting accuracy and leading to a more proactive approach in addressing challenges facing underperforming properties. We have shared our analyses and insights with government lenders, policymakers, and the broader affordable housing community to support improved underwriting practices and inform policy development.

Cal IIP grant funds additionally supported a comprehensive analysis of energy retrofit candidate properties across California. The tools, framework, and analytical processes developed through this work have since been integrated into CCRC's ongoing business operations, strengthening its long-term capacity to identify, evaluate, and track lending opportunities.

As demand for affordable capital continues to grow, it's important that California maintain tools that help CDFIs meet community needs. SB 700 provides a practical solution to ensure continued support for Cal IIP and the communities that depend on CDFI financing.”—*California Community Reinvestment Corporation*

## 6) Arguments in Opposition

None Received. Last Verified 6/19/2026.

### REGISTERED SUPPORT / OPPOSITION:

#### Support Last Verified 6/19/2026

3core  
 Access Plus Capital  
 Altcapcalifornia  
 Ampac Business Capital  
 Bay Area Lisc  
 Beneficial State Bank  
 California Capital Financial Development Corporation  
 California Coalition for Community Investment

California Community Reinvestment Corporation  
California Farmlink  
Cameo Network  
Century Housing Corporation  
Civic Community Partners  
Clearinghouse Cdfi  
Community Vision Capital and Consulting  
Excite Credit Union  
Five Rivers Loan Fund, INC.  
Genesis LA  
Global Finance Cdfi LLC  
Housing Trust Fund Ventura County  
Housing Trust Silicon Valley  
Inclusive Action for the City  
Lendistry  
Low Income Investment Fund  
Main Street Launch  
Neighborhood Partnership Housing Services, INC.  
Nonprofit Finance Fund (NFF)  
North Edge Business Financing and Community Development  
Pacific Community Ventures  
Pcr Business Finance  
The Alliance Cdfi  
Working Solutions

**Opposition Last Verified 6/19/2026**

None received.

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