

AMENDED IN SENATE JUNE 30, 2014
AMENDED IN ASSEMBLY JANUARY 23, 2014
AMENDED IN ASSEMBLY JANUARY 13, 2014
AMENDED IN ASSEMBLY JANUARY 6, 2014
AMENDED IN ASSEMBLY SEPTEMBER 3, 2013
AMENDED IN ASSEMBLY MARCH 21, 2013
CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 495

**Introduced by Assembly Member Campos
(Coauthor: Assembly Member Dickinson)**

February 20, 2013

An act to add Article 6.5 (commencing with Section 12099.20) to Chapter 1.6 of Part 2 of Division 3 of Title 2 to the Government Code, relating to community investment.

LEGISLATIVE COUNSEL'S DIGEST

AB 495, as amended, Campos. Community investment.

Existing law authorizes the Governor's Office of Business and Economic Development to, among other things, advance statewide economic goals.

This bill would establish the California Community Investment Program within the Governor's Office of Business and Economic ~~development~~ *Development*. The program would be governed by a ~~14~~ *10* member California Community Investment Council comprised of 6 citizens appointed by the Governor, ~~4 members of the Legislature~~, the Treasurer, the Controller, the Secretary of ~~the~~ Business, Consumer

Services, and Housing Agency, and the Director of the Governor’s Office of Business and Economic Development, as specified. *The bill would also establish an advisory committee to advise the California Community Investment Council composed solely of four members of the Legislature, as specified.*

The program would be required to create a database of low-income neighborhoods, compile and maintain an inventory of California public sector funding resources and financing mechanisms, coordinate public sector financial investment and public programs to assist low-income communities to become business, development, and investment ready, develop criteria for triple bottom-line investment funds, establish overall triple bottom-line goals and standardized metrics for economic, social, and environmental outcomes to be accepted by eligible investment funds, establish and convene regular meetings of the California Community Investment Network comprised of organizations and institutions with expertise and resources to advise the California Community Investment Council and eligible investment fund managers, and report biannually to the Legislature and the Governor on the status and progress of the California Community Investment Program and performance on goals and triple bottom-line outcomes, as specified.

The bill would require the program to encourage significant private sector commitment, cooperation, and collaboration to invest private capital in low-income neighborhoods through eligible triple bottom-line investment funds with the goal of obtaining, by January 1, 2019, at least \$1,000,000,000 of new investment by triple bottom-line investment funds in triple bottom-line real estate developments and businesses located in low-income California neighborhoods.

This

The bill would also make legislative findings and declarations in this regard.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. This act shall be known and may be cited as the
- 2 California Community Investment Program.
- 3 SEC. 2. The Legislature finds and declares all of the following:
- 4 (a) Despite having the largest state economy in the United States,
- 5 California has the highest poverty rate of any state, according to

1 the United States Census Bureau’s new definition of poverty that
2 takes cost of living into consideration, with nearly a quarter of its
3 residents living in poverty.

4 (b) In this era of public budget constraints, public sector dollars
5 are insufficient to solve the problems of low-income
6 neighborhoods. Therefore, private sector market forces need to be
7 engaged to make substantial investments that produce a risk
8 adjusted market rate of return.

9 (c) Low-income neighborhoods constitute domestic emerging
10 markets with significant purchasing power and location
11 efficiencies, but suffer from social, public safety, broadband, and
12 physical infrastructure problems that contribute to market
13 prejudices that lead to disinvestment.

14 (d) To overcome these problems and market prejudices,
15 low-income neighborhoods need to become business, development,
16 and investment-ready through a partnership of government, private
17 sector, community, and environmental leaders focused on
18 generating coordinated, focused, effective human services, public
19 safety, broadband, workforce, education, and physical
20 infrastructure.

21 (e) A new class of real estate and business developments is
22 emerging that actively pursues economically, socially, and
23 environmentally responsible outcomes. These real estate and
24 business developments often are the result of investments from
25 private sector investment funds that generate market-rate returns
26 to investors, but are also committed to improving economic, social,
27 and environmental conditions and characteristics for the existing
28 residents in these neighborhoods. These private sector investment
29 mechanisms often are referred to as “triple bottom-line” investment
30 funds.

31 (f) Triple bottom-line investment funds and the real estate and
32 business developments resulting from them are helping to reduce
33 poverty and improve the social and environmental dynamics of
34 low-income neighborhoods. Triple bottom-line investments can
35 be encouraged and the benefits from them can be enhanced and
36 accelerated by coordinated assistance from existing State of
37 California programs and funding resources.

38 (g) Many low-income neighborhoods are at transit hubs or have
39 the transit and mixed-use characteristics in place to make

1 development in them more climate friendly than development
2 elsewhere.

3 (h) The State of California should encourage responsible
4 businesses and real estate developments to locate and do business
5 in business and development-ready low-income neighborhoods in
6 ways that solve economic, social, and environmental problems
7 rather than cause them.

8 (i) To accomplish this, the State of California intends to establish
9 the California Community Investment Program to assist
10 low-income neighborhoods by encouraging private sector
11 investment consistent with the economic development and
12 community improvement strategies of the cities, counties, and
13 regions where they are located. It is the intent of the State of
14 California that such private sector investment is accomplished
15 without permanent displacement of existing residents in
16 low-income neighborhoods.

17 (j) It is the intent of the Legislature that state agencies cooperate
18 with the California Community Investment Program to align their
19 resources to transform low-income neighborhoods and to attract
20 private investments into these neighborhoods.

21 SEC. 3. Article 6.5 (commencing with Section 12099.20) is
22 added to Chapter 1.6 of Part 2 of Division 3 of Title 2 of the
23 Government Code, to read:

24

25 Article 6.5. California Community Investment Program

26

27 12099.20. For the purposes of this article, the following
28 definitions shall apply:

29 (a) "Poverty" means the supplemental poverty measure,
30 established by the United States Census Bureau in 2013 to
31 incorporate cost of living in the established rate of poverty.

32 (b) "Triple bottom-line investment funds" include, but are not
33 limited to, equity and debt investment vehicles that pursue market
34 and above market rates of financial return while at the same time
35 producing living wage jobs, affordable housing, and other
36 economic, social, and environmental benefits for the residents of
37 the communities where the investments are made.

38 (c) "Low-income" means households whose income does not
39 exceed 80 percent of area median income.

1 12099.22. (a) The California Community Investment Program
2 is hereby established within the Governor's Office of Business
3 and Economic Development.

4 (b) The program shall be under the direct authority of the
5 director.

6 (c) The purpose of the program is to:

7 (1) Encourage private sector investment in low-income
8 neighborhoods to improve the economic, environmental, and social
9 conditions for the existing residents, thereby helping improve the
10 overall economic, environmental, and social well-being for
11 California.

12 (2) Serve investors, employers, corporate executives, business
13 owners, and site location consultants who are considering
14 low-income neighborhoods for business investment and expansion.

15 (3) Coordinate state programs and funding resources that can
16 be used to address poverty reduction in California and to assist
17 low-income neighborhoods to become business, development, and
18 investment ready.

19 (d) The California Community Investment Program shall be
20 supported and staffed by the Governor's Office of Business and
21 Economic Development using existing resources.

22 (e) In implementing the program, the director shall establish
23 and implement a process for establishing public education programs
24 and providing technical assistance to private sector investors.

25 (f) The California Community Investment Program shall be
26 governed by a ~~14~~ 10 member California Community Investment
27 Council comprised of:

28 (1) Six persons appointed by the Governor, comprised of three
29 members with private sector business or investment expertise, two
30 members with community development expertise, and one
31 representative of organized labor.

32 ~~(2) Four members of the Legislature, two from the Senate~~
33 ~~appointed by the Senate Committee on Rules, one from each of~~
34 ~~the two political parties with the most representatives in the Senate,~~
35 ~~and two from the Assembly appointed by the Speaker of the~~
36 ~~Assembly, one from each of the two political parties with the most~~
37 ~~representatives in the Assembly. The members shall be nonvoting~~
38 ~~members of the California Community Investment Council and~~
39 ~~shall participate in the activities of the council only to the extent~~

1 that their participation is compatible with their respective positions
2 as Members of the Legislature.

3 ~~(3)~~

4 (2) The Treasurer.

5 ~~(4)~~

6 (3) The Controller.

7 ~~(5)~~

8 (4) The Secretary of the Business, Consumer Services, and
9 Housing Agency.

10 ~~(6)~~

11 (5) The Director of the Governor’s Office of Business and
12 Economic Development, shall serve as chair of the council.

13 (g) *There shall be an advisory committee to advise the California
14 Community Investment Council composed solely of four members
15 of the Legislature as follows:*

16 (1) *Two from the Senate appointed by the Senate Committee
17 on Rules with one from each of the two political parties with the
18 most representatives in the Senate.*

19 (2) *Two from the Assembly appointed by the Speaker of the
20 Assembly with one from each of the two political parties with the
21 most representatives in the Assembly.*

22 12099.24. The California Community Investment Program
23 shall do all of the following:

24 (a) Develop and annually update a database of low-income
25 neighborhoods in California by county and city with relevant
26 information about each neighborhood, including socioeconomic
27 demographic data, descriptions of pertinent characteristics to
28 inform private sector investments, such as local land use plans and
29 zoning or other development designations, and commitments from
30 local governments to support private sector investments. These
31 neighborhoods shall be known as California Community
32 Investment Neighborhoods. The California Community Investment
33 Council shall adopt criteria whereby an eligible low-income
34 neighborhood can become a California Community Investment
35 Neighborhood.

36 (b) Compile and maintain a current inventory of California
37 public sector funding resources and financing mechanisms that
38 may be allocated to or utilized in low-income neighborhoods.

39 (c) Coordinate public sector financial investment and public
40 programs to assist low-income communities that are eligible

1 California Community Investment Neighborhoods to become
2 business, development, and investment ready and to attract private
3 sector triple bottom-line fund investments.

4 (d) Develop and adopt criteria for identifying eligible triple
5 bottom-line investment funds that will serve as partners and invest
6 in enterprises and employers that generate permanent living wage
7 jobs, including investments to assist in ~~starting-up~~, *starting up*,
8 locating, and expanding employers in low-income neighborhoods.

9 (e) Develop and adopt criteria for eligible triple bottom-line
10 investment funds that invest in real estate developments to assist
11 in constructing, expanding, renovating, and rehabilitating buildings
12 in low-income neighborhoods that accommodate all allowed land
13 use approved and permitted by the local government land use
14 regulations.

15 (f) Establish overall triple bottom-line goals and standardized
16 metrics for economic, social, and environmental outcomes that
17 shall be accepted by all eligible investment funds.

18 (g) Gather evidence and conduct public forums to identify a
19 broad array of incentives that will encourage triple bottom-line
20 fund investments in low-income neighborhoods.

21 (h) Establish and convene regular meetings of the California
22 Community Investment Network comprised of organizations and
23 institutions with expertise and resources to advise the California
24 Community Investment Council and eligible investment fund
25 managers.

26 (i) Report biannually to the Legislature and the Governor on
27 the status and progress of the California Community Investment
28 Program and performance on goals and triple bottom-line outcomes
29 pursuant to subdivision (f).

30 ~~12099.26~~

31 *12099.26.* The California Community Investment Program
32 shall encourage significant private sector commitment, cooperation,
33 and collaboration to invest private capital in low-income
34 neighborhoods through eligible triple bottom-line investment funds
35 with the goal of obtaining, by January 1, 2019, at least one billion
36 dollars (\$1,000,000,000) of new investment by triple bottom-line
37 investment funds in triple bottom-line real estate developments
38 and businesses located in low-income California neighborhoods.

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