

AMENDED IN ASSEMBLY MARCH 21, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 495**

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**Introduced by Assembly Member Campos**

February 20, 2013

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*An act to add Article 6 (commencing with Section 12099.1) to Chapter 1.6 of Part 2 of Division 3 of Title 2 to the Government Code, relating to the California Fund Community investment.*

LEGISLATIVE COUNSEL'S DIGEST

AB 495, as amended, Campos. ~~The California Fund. 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 Initiative within the Governor's Office of Business and Economic development. The initiative would be governed by a 13 member oversight board comprised of 6 citizens appointed by the Governor, 4 members of the Legislature, the Treasurer, the Controller, and the Secretary of the Business, Consumer Services, and Housing Agency, as specified.*

*The initiative would be required to create an inventory of low-income neighborhoods, public interments, state and local programs, and sources of public-sector finance, coordinate public-sector financial investment and public programs to assist low-income communities to become business, development, and investment ready, develop criteria for determining the type of economically, socially, and environmentally responsible businesses and real estate developments to assist in starting-up, locating, and growing in low-income neighborhoods,*

*establish a broad array of incentives to encourage responsible businesses and real estate developments to grow in low income neighborhoods and to encourage investment in low income neighborhoods, assist with formulating Community Development Strategies with associated Zoning and Area Plans, report annually to the Legislature and the Governor on whether the initiative has met the criteria established for measuring the economic, social, and environmental returns, and establish the California Community Investment Network, as specified.*

*This bill would also make legislative findings and declarations.*

~~This bill would state the intent of the Legislature to establish the California Fund, a socially responsible investment fund sponsored by the state, to encourage investment in historically underserved communities and, via these investments, to further encourage additional development activities of scale within these communities.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-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 Initiative.*
- 3     *SEC. 2. The Legislature finds and declares all of the following:*
- 4     *(a) Despite having the largest state economy in the United*
- 5     *States, California has the highest poverty rate of any state, with*
- 6     *nearly a quarter of its residents living in poverty.*
- 7     *(b) In this era of public budget constraints, public-sector dollars*
- 8     *are insufficient to solve the problems of low-income neighborhoods.*
- 9     *Therefore, private-sector market forces need to be engaged to*
- 10    *make substantial investments that produce a risk adjusted market*
- 11    *rate of return.*
- 12    *(c) Low-income neighborhoods constitute domestic emerging*
- 13    *markets with significant purchasing power and location*
- 14    *efficiencies, but suffer from social, public safety, broadband, and*
- 15    *physical infrastructure problems that contribute to market*
- 16    *prejudices that lead to disinvestment.*
- 17    *(d) To overcome these problems and market prejudices,*
- 18    *low-income neighborhoods need to become business, development,*
- 19    *and investment-ready through a partnership of government,*
- 20    *private-sector, community, and the environmental leaders focused*

1 on generating coordinated, focused, effective human services,  
2 public safety, broadband, workforce, education, and physical  
3 infrastructure.

4 (e) A new class of business and real estate developments are  
5 emerging that are actively pursuing economically, socially, and  
6 environmentally responsible outcomes.

7 (f) Businesses and real estate developments of this type that are  
8 helping to reduce poverty and improve the social and  
9 environmental dynamics of low-income neighborhoods can benefit  
10 from coordinated state assistance.

11 (g) Many of these neighborhoods are at transit hubs or have  
12 the transit and mixed-use characteristics in place to make  
13 development in them more climate friendly than development  
14 elsewhere.

15 (h) The State of California should encourage responsible  
16 businesses and real estate developments to locate and do business  
17 in business and development-ready low-income neighborhoods in  
18 ways that solve economic, social, and environmental problems  
19 rather than causing them.

20 (i) To accomplish this, California needs a California Community  
21 Investment Initiative and regional Community Development  
22 Strategies to assist low-income neighborhoods and the cities,  
23 counties, and regions where they are located to become business,  
24 development, and investment-ready.

25 SEC. 3. Article 6 (commencing with Section 12099.1) is added  
26 to Chapter 1.6 of Part 2 of Division 3 of Title 2 of the Government  
27 Code, to read:

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29 Article 6. California Community Investment Initiative

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31 12099.1. (a) The California Community Investment Initiative  
32 is hereby created within the Governor's Office of Business and  
33 Economic Development. The California Community Investment  
34 Initiative shall be staffed by the Governor's Office of Business and  
35 Economic Development using existing resources.

36 (b) The California Community Investment Initiative shall be  
37 governed by a 13 member oversight board made up of:

38 (1) Six persons appointed by the Governor, comprised of three  
39 citizens with private-sector business or investment expertise and  
40 three citizens with community development expertise.

1 (2) *Four members of the Legislature, two from the Senate*  
 2 *appointed by the President pro Tempore of the Senate, one from*  
 3 *each of the two political parties with the most representatives in*  
 4 *the Senate, and two from the Assembly appointed by the Speaker*  
 5 *of the Assembly, one from each of the two political parties with*  
 6 *the most representatives in the Assembly. The members shall have*  
 7 *relevant program expertise to contribute to the initiative. The*  
 8 *members shall be nonvoting members of the oversight board and*  
 9 *shall participate in the activities of the board only to the extent*  
 10 *that their participation is compatible with their respective positions*  
 11 *as Members of the Legislature.*

12 (3) *The Treasurer.*

13 (4) *The Controller.*

14 (5) *The Secretary of the Business, Consumer Services, and*  
 15 *Housing Agency.*

16 12099.2. *The California Community Investment Initiative shall*  
 17 *do all of the following:*

18 (a) *Create an inventory of low-income neighborhoods, public*  
 19 *interments, state and local programs, and sources of public-sector*  
 20 *finance, including descriptions of asset size, underwriting criteria,*  
 21 *decisionmaking process, and other characteristics. The inventory*  
 22 *shall examine all of the following:*

23 (1) *California Department of Insurance Organized Investment.*

24 (2) *Federal and State Low-Income Housing Tax Credit Program.*

25 (3) *California Alternative Energy and Advanced Transportation*  
 26 *Financing Authority.*

27 (4) *California Pollution Control Financing Authority.*

28 (5) *California Transportation Financing Authority.*

29 (6) *Industrial Development Finance Authority.*

30 (7) *The California Infrastructure and Economic Development*  
 31 *Bank.*

32 (8) *Transportation funding through the Metropolitan Planning*  
 33 *Agencies.*

34 (b) *Coordinate public-sector financial investment and public*  
 35 *programs to assist low-income communities to become business,*  
 36 *development, and investment ready. These programs shall include:*

37 (1) \_\_\_\_\_.

38 (2) \_\_\_\_\_.

39 (c) *Develop criteria for determining the type of economically,*  
 40 *socially, and environmentally responsible businesses and real*

1 *estate developments to assist in starting-up, locating, and growing*  
2 *in low-income neighborhoods. These criteria shall include:*

3 (1) \_\_\_\_\_.

4 (2) \_\_\_\_\_.

5 (3) \_\_\_\_\_.

6 (d) *Establish a broad array of incentives to encourage*  
7 *responsible businesses and real estate developments to grow in*  
8 *low-income neighborhoods and to encourage investment in*  
9 *low-income neighborhoods. These incentives shall include:*

10 (1) *Environmental and entitlement regulatory incentives.*

11 (2) *Integrated public agency assistance incentives.*

12 (e) *Assist with formulating Community Development Strategies*  
13 *with associated Zoning and Area Plans that will help low income*  
14 *neighborhoods and the cities, counties, and regions where they*  
15 *are located to become business, development, and investment*  
16 *ready.*

17 (f) *Report annually to the Legislature and the Governor on*  
18 *whether the initiative has met the criteria established for measuring*  
19 *the economic, social, and environmental returns on the investments*  
20 *made pursuant to this article.*

21 12099.3. *The California Community Investment Initiative shall*  
22 *establish the California Community Investment Network. This*  
23 *network shall do all of the following:*

24 (a) *Establish the California Family of Funds. The California*  
25 *Family of Funds shall consist of venture funds and real estate*  
26 *funds.*

27 (b) *Invite top quartile investment fund managers to become the*  
28 *managing partners of the venture and real estate funds and to*  
29 *affiliate with a not-for-profit organization as a special limited*  
30 *partner.*

31 (c) *Provide assistance to the managing partners and the special*  
32 *limited partner in raising five hundred million dollars*  
33 *(\$500,000,000) in assets for the venture funds and five hundred*  
34 *million dollars (\$500,000,000) in assets for the real estate funds*  
35 *from private sector investors, institutional investors, and*  
36 *foundations.*

37 (d) *Fund managers, with assistance from the special limited*  
38 *partner, in turn, shall:*

39 (1) *Identify investment funds with a substantial positive,*  
40 *economic, social, and environmental impact on low income*

1 *individuals and communities and a financial return at or above*  
2 *market rate.*

3 *(2) Make investments in funds that meet the criteria set forth in*  
4 *subparagraph (1).*

5 *(3) Work with funds the initiative has invested in to assist them*  
6 *in accomplishing the stated objectives.*

7 ~~SECTION 1. (a) It is the intent of the Legislature to establish~~  
8 ~~the California Fund, a socially responsible investment fund~~  
9 ~~sponsored by the state to encourage investment in historically~~  
10 ~~underserved communities and, via these investments, to further~~  
11 ~~encourage additional development activities of scale within these~~  
12 ~~communities. The goal of the California Fund will be the~~  
13 ~~improvement of the economic conditions and the quality of life~~  
14 ~~for residents of historically underserved communities by providing~~  
15 ~~opportunities for professional success that may otherwise be out~~  
16 ~~of their reach due to their current socioeconomic conditions.~~

17 ~~(b) It is the intent of the Legislature that the California Fund be~~  
18 ~~modeled after successful regional funds throughout the state.~~