

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**

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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~~ 12099) 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 ~~Initiative Program~~ within the Governor's Office of Business and Economic development. The ~~initiative program~~ would be governed by a ~~13 member Coordination and Oversight~~ 14 member California Community Investment Council 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, ~~and the Director of the Governor's Office of Business and Economic Development~~, as specified.

The ~~initiative 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 equity funds, establish overall triple bottom-line goals and standardized metrics for economic, social, and environmental outcomes to be accepted by eligible ~~equity~~ *investment* funds, survey counties and cities to identify and inventory local governments that want to partner with triple bottom-line ~~equity~~ *investment* funds to invest in low-income neighborhoods, establish and convene regular meetings of the California Community Investment Network comprised of organizations and institutions with expertise and resources to advise the ~~Coordination and Oversight California Community Investment Council~~ and eligible ~~equity~~ *investment* fund managers, and report ~~annually~~ *biannually* to the Legislature and the Governor on the status and progress of the California Community Investment Initiative and performance on goals and triple bottom-line outcomes, as specified.

This bill would also make legislative findings and declarations.

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 Initiative.
- 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*
- 6 *the United States Census Bureau’s new definition of poverty that*
- 7 *takes cost of living into consideration*, with nearly a quarter of its
- 8 residents living in poverty.
- 9 (b) In this era of public budget constraints, public sector dollars
- 10 are insufficient to solve the problems of low-income
- 11 neighborhoods. Therefore, private sector market forces need to be
- 12 engaged to make substantial investments that produce a risk
- 13 adjusted market rate of return.
- 14 (c) Low-income neighborhoods constitute domestic emerging
- 15 markets with significant purchasing power and location
- 16 efficiencies, but suffer from social, public safety, broadband, and
- 17 physical infrastructure problems that contribute to market
- 18 prejudices that lead to disinvestment.

1 (d) To overcome these problems and market prejudices,  
2 low-income neighborhoods need to become business, development,  
3 and investment-ready through a partnership of government, private  
4 sector, community, and ~~the~~ environmental leaders focused on  
5 generating coordinated, focused, effective human services, public  
6 safety, broadband, workforce, education, and physical  
7 infrastructure.

8 (e) A new class of real estate and business developments is  
9 emerging that actively pursues economically, socially, and  
10 environmentally responsible outcomes. These real estate and  
11 business developments often are the result of investments from  
12 private sector ~~equity investment~~ funds that generate market-rate  
13 returns to investors, but are also ~~legally~~ committed to improving  
14 *economic*, social, and environmental conditions and characteristics  
15 for the existing residents in these neighborhoods. These private  
16 sector investment mechanisms often are ~~refereed~~ *referred* to as  
17 “triple bottom-line” ~~equity investment~~ funds.

18 (f) Triple bottom-line ~~equity investment~~ funds and the real estate  
19 and business developments resulting from them are helping to  
20 reduce poverty and improve the social and environmental dynamics  
21 of low-income neighborhoods. Triple bottom-line ~~equity~~  
22 investments can be encouraged and the benefits from them can be  
23 enhanced and accelerated by coordinated assistance from existing  
24 State of California programs and funding resources.

25 (g) Many ~~of these~~ *low-income* neighborhoods are at transit hubs  
26 or have the transit and mixed-use characteristics in place to make  
27 development in them more climate friendly than development  
28 elsewhere.

29 (h) The State of California should encourage responsible  
30 businesses and real estate developments to locate and do business  
31 in business and development-ready low-income neighborhoods in  
32 ways that solve economic, social, and environmental problems  
33 rather than cause them.

34 (i) To accomplish this, the State of California intends to establish  
35 the California Community Investment Initiative to assist  
36 low-income neighborhoods by encouraging private sector  
37 investment consistent with the economic development and  
38 community improvement strategies of the cities, counties, and  
39 regions where they are located. It is the intent of the State of  
40 California that such private sector investment is accomplished

1 without permanent displacement of existing residents in  
2 low-income neighborhoods.

3 SEC. 3. Article 6 (commencing with Section ~~12099.1~~12099)  
4 is added to Chapter 1.6 of Part 2 of Division 3 of Title 2 of the  
5 Government Code, to read:

6

7 Article 6. California Community Investment Initiative

8

9 *12099. For the purposes of this article, the following definitions*  
10 *shall apply:*

11 (a) *“Poverty” means the supplemental poverty measure,*  
12 *established by the United States Census Bureau in 2013 to*  
13 *incorporate cost of living in the established rate of poverty.*

14 (b) *“Triple bottom-line investment funds” include, but are not*  
15 *limited to, equity and debt investment vehicles that pursue market*  
16 *and above market rates of financial return while at the same time*  
17 *producing good jobs, affordable housing, and other economic,*  
18 *social, and environmental benefits for the residents of the*  
19 *communities where the investments are made.*

20 12099.1. (a) The California Community Investment ~~Initiative~~  
21 *Program* is hereby established within the Governor’s Office of  
22 Business and Economic ~~Development to encourage~~ *Development.*

23 (b) *The program shall be under the direct authority of the*  
24 *director.*

25 (c) *The purpose of the program is to:*

26 (1) *Encourage private sector investment in low-income*  
27 *neighborhoods to improve the economic, environmental, and social*  
28 *conditions for the existing residents, thereby helping improve the*  
29 *overall economic, environmental, and social well-being for*  
30 *California. The*

31 (2) *Serve investors, employers, corporate executives, business*  
32 *owners, and site location consultants who are considering*  
33 *low-income neighborhoods for business investment and expansion.*

34 (3) *Coordinate state programs and funding resources that can*  
35 *be used to address poverty reduction in California and to assist*  
36 *low-income neighborhoods to become business, development, and*  
37 *investment ready.*

38 (d) *The California Community Investment ~~Initiative~~ Program*  
39 *shall be supported and staffed by the Governor’s Office of Business*  
40 *and Economic Development using existing resources.*

1 (e) *In implementing the program, the director shall establish*  
2 *and implement a process for establishing public education*  
3 *programs and providing technical assistance to private sector*  
4 *investors.*

5 (b)

6 (f) *The California Community Investment Initiative Program*  
7 *shall be governed by a 13 14 member Coordination and Oversight*  
8 *California Community Investment Council comprised of:*

9 (1) *Six persons appointed by the Governor, comprised of three*  
10 *citizens members with private sector business or investment*  
11 *expertise and three citizens, two members with community*  
12 *development expertise, and one representative of organized labor.*

13 (2) *Four members of the Legislature, two from the Senate*  
14 *appointed by the President pro Tempore of the Senate Committee*  
15 *on Rules, one from each of the two political parties with the most*  
16 *representatives in the Senate, and two from the Assembly appointed*  
17 *by the Speaker of the Assembly, one from each of the two political*  
18 *parties with the most representatives in the Assembly. The*  
19 *members shall have relevant program expertise to contribute to*  
20 *the initiative. The members shall be nonvoting members of the*  
21 *Coordination and Oversight California Community Investment*  
22 *Council and shall participate in the activities of the council only*  
23 *to the extent that their participation is compatible with their*  
24 *respective positions as Members of the Legislature.*

25 (3) *The Treasurer.*

26 (4) *The Controller.*

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

29 (6) *The Director of the Governor's Office of Business and*  
30 *Economic Development, shall serve as chair of the council.*

31 12099.2. *The California Community Investment Initiative*  
32 *Program shall do all of the following:*

33 (a) *Develop and annually update a database of low-income*  
34 *neighborhoods in California by county and city with relevant*  
35 *information about each neighborhood, including socioeconomic*  
36 *demographic data, descriptions of pertinent characteristics to*  
37 *inform private sector invests, investments, such as local land use*  
38 *plans and zoning or other development designations, and*  
39 *commitments from local governments to support private sector*  
40 *investments. These neighborhoods shall be known as California*

1 *Community Investment Neighborhoods. The ~~Coordination and~~*  
2 *~~Oversight~~ California Community Investment Council shall adopt*  
3 *criteria for whereby an eligible low-income neighborhood can*  
4 *become a California Community Investment Neighborhood.*

5 (b) Compile and maintain a current inventory of California  
6 public sector funding resources and financing mechanisms that  
7 may be allocated to or utilized in low-income neighborhoods with  
8 a description of the amount of available funding, criteria for  
9 allocation, and application and decisionmaking criteria. *In doing*  
10 *this, the California Community Investment Council shall use the*  
11 *inventory of business incentives, public sector funding resources,*  
12 *and financing mechanisms maintained by the Governor's Office*  
13 *of Business and Economic Development and included in the State*  
14 *of California Business Investment Guide. The inventory shall assess*  
15 *include, but not be limited to, an assessment of the role and impact*  
16 *of all of the following entities and programs on low-income*  
17 *neighborhoods:*

18 (1) California Department of ~~Insurance Organized Investment~~  
19 *Insurance's California Organized Investment Network.*

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

21 (3) California Alternative Energy and Advanced Transportation  
22 Financing Authority.

23 (4) California Pollution Control Financing Authority.

24 (5) California Transportation Financing Authority.

25 (6) Industrial Development Finance Authority.

26 (7) The California Infrastructure and Economic Development  
27 Bank.

28 (8) Health and Human Services Agency.

29 (9) State Department of Education.

30 (10) Natural Resources Agency.

31 (11) Energy Commission.

32 (12) Public Utilities Commission.

33 (13) Local transportation authorities and the Transportation  
34 Agency, including all transportation funding proposed by the  
35 Department of Transportation or allocated by the California  
36 Transportation Commission for expenditure by state or  
37 metropolitan planning organizations.

38 (14) *Greenhouse Gas Reduction Fund administered by the*  
39 *California Environmental Protection Agency.*

40 (15) *California Pollution Control Financing Authority.*

1 (16) Recycling Market Development Zone administered by  
2 CalRecycle.

3 (c) Coordinate public sector financial investment and public  
4 programs to assist low-income communities *that are eligible*  
5 *California Community Investment Neighborhoods* to become  
6 business, development, and investment ready ~~or complement~~ *and*  
7 *to attract* private sector triple bottom-line ~~equity~~ fund investments.  
8 These programs shall include ~~at least~~, *but not be limited to*, the  
9 following purposes:

10 (1) Economic development, including research and development,  
11 manufacturing, *small business, and entrepreneurship growth* and  
12 real estate development that generates in jobs.

13 (2) Housing rehabilitation and construction.

14 (3) School construction, education, and academic performance  
15 improvement.

16 (4) Workforce preparation and training.

17 (5) Public safety, community policing, crime prevention,  
18 rehabilitation, and probation.

19 (6) Public health, social services, and other human services.

20 (7) Mental health services.

21 (8) Alcohol and other drug abuse prevention and treatment.

22 (9) Recreation and community arts and music programs.

23 (10) Transportation and other mobility infrastructure, including  
24 public transit, walkways, and bicycle paths.

25 (11) Other infrastructure, including water, sewer, solid waste,  
26 recycling, and lighting.

27 (12) Broadband deployment for high-speed Internet access,  
28 other information technology infrastructure, and smart grid.

29 (13) Energy efficiency, weatherization, and renewable energy  
30 resources.

31 (14) Environmental quality, resource recycling, community  
32 gardens, and local food sourcing services.

33 (15) Homeless facilities and services.

34 (d) Develop and adopt criteria for *identifying* eligible triple  
35 bottom-line ~~equity investments~~ funds that *will serve as partners*  
36 *and* invest in enterprises and employers that generate permanent  
37 jobs, including investments to assist in starting-up, locating, and  
38 expanding employers in low-income neighborhoods. These criteria  
39 shall include the spirit and intent of the preponderance of the

- 1 following criteria as refined and adopted by the ~~Coordination and~~  
 2 ~~Oversight~~ *California Community Investment* Council:
- 3 (1) Commitment to locate investments in a low-income  
 4 neighborhood.
  - 5 (2) Generation of living wage jobs with benefits for low-income  
 6 residents.
  - 7 (3) Projected multiplier effect for generation of additional  
 8 employment.
  - 9 (4) Provision of employment benefits, such as health care,  
 10 retirement plans, profit sharing, and employee stock ownership.
  - 11 (5) Commitment to local hiring and job training.
  - 12 (6) Engagement of local, women, and minority business  
 13 enterprises as suppliers and contractors.
  - 14 (7) Development and sponsorship of employee training  
 15 programs, including job training and financial education.
  - 16 (8) Provision of onsite or nearby child care for children of  
 17 employees.
  - 18 (9) Use of green building design, construction, renovation, or  
 19 operations.
  - 20 (10) Implementation of energy and other resource efficiency,  
 21 recycling, or pollution prevention programs.
  - 22 (11) Deployment of broadband high-speed Internet access and  
 23 other information technologies to support and increase productivity  
 24 and reduce impacts on the environment.
  - 25 (12) Implementation of workplace safety or effective ergonomic  
 26 programs.
  - 27 (13) Engagement with the local community through volunteer  
 28 organizations, local school support programs, and other community  
 29 initiatives.
  - 30 (14) Production of economically, socially, or environmentally  
 31 beneficial products and services.
  - 32 (15) Receipt of green business certification.
  - 33 (16) Production of Corporate Social Responsibility (CSR),  
 34 Corporate Sustainability, and Creating Shared Value (CSV)  
 35 reporting.
  - 36 (e) Develop and adopt criteria for eligible triple bottom-line  
 37 ~~equity investment~~ funds that invest in real estate developments to  
 38 assist in constructing, expanding, renovating, and rehabilitating  
 39 buildings in low-income neighborhoods that accommodate all  
 40 allowed land use approved and permitted by the local government

1 land use regulations. The criteria shall include the spirit and intent  
2 *of the preponderance* of the following, as refined and adopted by  
3 ~~the Coordination and Oversight~~ *California Community Investment*  
4 Council:

5 (1) Commitment to locate investments in a low-income  
6 neighborhood *that benefit low-income residents*.

7 (2) Consistency of development with local government land  
8 use plans and alignment with local government priorities.

9 (3) Generation of construction jobs with living wages and  
10 benefits.

11 (4) Establishment of job training and apprentice programs for  
12 local residents.

13 (5) Ownership or equity participation by a local, woman, or  
14 minority developer or use of local, women, or minority business  
15 enterprises as contractors or subcontractors.

16 (6) Construction of affordable housing, especially as part of a  
17 larger mixed-income, mixed-use project to optimize synergies  
18 among land uses.

19 (7) Generation of permanent living wage jobs.

20 (8) Retention or generation of permanent living wage jobs.

21 (9) Use of green construction materials and practices.

22 (10) Incorporation of energy efficiencies, waste reduction, and  
23 renewable energy resources.

24 (11) Implementation of smart development practices deploying  
25 broadband for high-speed Internet access for smart infrastructure  
26 and smart buildings, optimizing the utility of a smart grid.

27 (12) Incorporation of a multimodal transportation system that  
28 optimizes walking, bicycling, public transit, and other strategies  
29 to reduce single-occupant vehicle trips.

30 (13) Design of development consistent with the concept and  
31 principles for livable communities.

32 (14) Accommodation of green and clean technology employers.

33 (15) Implementation of low-impact development practices  
34 incorporating native vegetation, soil preservation, water use  
35 conservation, recycling and other efficiencies, and pervious  
36 pavement.

37 (16) Incorporation of parks, recreational areas, open spaces, and  
38 other environmental amenities.

39 (17) Accommodation of locations for small and local businesses.

1 (18) Establishment of space for neighborhood organizations,  
2 community centers, child care centers, and other nonprofit  
3 community-based organizations.

4 (19) Use of bioregional development practices connecting local  
5 and regional sustainable food production with urban consumption.

6 (20) Acquisition of LEED certification for buildings and  
7 neighborhoods.

8 (f) Establish overall triple bottom-line goals and standardized  
9 metrics for economic, social, and environmental outcomes that  
10 shall be accepted by all eligible ~~equity~~ *investment* funds.

11 (g) Gather evidence and conduct public forums to identify a  
12 broad array of incentives that will encourage triple bottom-line  
13 ~~equity~~ fund investments in low-income neighborhoods and take  
14 the following actions:

15 (1) Prepare a report to the Legislature and Governor.

16 (2) Establish incentives for which there is existing legal and  
17 regulatory authority.

18 (3) Recommend appropriate amendments to existing laws and  
19 regulations and work with the Legislature and the Governor to  
20 secure adoption.

21 (h) Survey counties and cities to identify and inventory local  
22 governments that want to partner with triple bottom-line ~~equity~~  
23 *investment* funds to invest in low-income neighborhoods. This  
24 survey shall determine if the local government has done any of  
25 the following:

26 (1) Approved within the last 10 years a general plan, specific  
27 plan, or other land use plan or zoning regulation on which an  
28 investor can rely to govern and control development.

29 (2) Identified local public funding or other resources that have  
30 been or will be committed to the low-income neighborhood to  
31 complement a triple bottom-line ~~equity~~ fund investment.

32 (3) Designated a person to coordinate alignment of public  
33 resources and implementation of development plans with a fund  
34 manager.

35 (4) Established county and city school integrated human services  
36 teams to serve the low-income neighborhood with goals and  
37 accountability to increase employment, improve education, reduce  
38 poverty, reduce crime, and improve health status.

39 (5) Committed to cooperate in and assist with monitoring and  
40 tracking performance outcomes in the low-income neighborhoods.

1 (i) Establish and convene regular meetings of the California  
2 Community Investment Network comprised of organizations and  
3 institutions with expertise and resources to advise the ~~Coordination~~  
4 ~~and Oversight California Community Investment Council~~ and  
5 eligible ~~equity investment~~ fund managers.

6 (j) Report ~~annually~~ *biannually* to the Legislature and the  
7 Governor on the status and progress of the California Community  
8 Investment Initiative and performance on goals and triple  
9 bottom-line outcomes pursuant to subdivision (f).

10 12099.3. (a) The California Community Investment ~~Initiative~~  
11 *Program* shall encourage significant private sector commitment,  
12 cooperation, and collaboration to invest private capital in  
13 low-income neighborhoods through eligible triple bottom-line  
14 equity funds *with the goal of obtaining at least one billion dollars*  
15 *(\$1,000,000,000) of new investment by triple bottom-line*  
16 *investment funds in triple bottom-line real estate developments*  
17 *and businesses located in low-income California neighborhoods.*  
18 The California Community Investment ~~Initiative Program~~ shall  
19 give priority consideration for award of state assistance from public  
20 resources *and programs*, herein identified, to low-income  
21 neighborhoods ~~into which investments are being made by each~~  
22 ~~fund that is capitalized with at least one billion dollars~~  
23 ~~(\$1,000,000,000) in investment funds. The Coordination and~~  
24 ~~Oversight Council shall adopt criteria and a process for prioritizing~~  
25 ~~assistance to low-income neighborhoods into which investments~~  
26 ~~are being made by triple bottom-line equity funds that are~~  
27 ~~capitalized with less than one billion dollars (\$1,000,000,000) in~~  
28 ~~investment funds. that adopt and implement strategies to become~~  
29 ~~business, development, and investment ready and collaborate with~~  
30 ~~the California Community Investment Program to attract~~  
31 ~~investment by triple bottom-line funds.~~

32 (b) The ~~Coordination and Oversight California Community~~  
33 ~~Investment Council~~ shall adopt criteria for an eligible triple  
34 bottom-line equity fund that shall include at least the following:

35 (1) The fund shall be legally structured to comply with both the  
36 spirit and intent of the preponderance of the relevant criteria  
37 delineated in subdivisions (d) and (e) of Section 12099.2, as refined  
38 and adopted by the ~~Coordination and Oversight California~~  
39 ~~Community Investment Council~~, including triple bottom-line goals  
40 and outcomes with explicit metrics.

1 (2) The fund shall be managed by a reputable fund manager  
2 with a track record of experience and performance with triple  
3 bottom-line funds.

4 ~~(3) The fund shall be prepared by experienced personnel to lead  
5 and manage implementation of coordinated state and local  
6 government public funding or other resources. This shall be  
7 accomplished either by the fund manager or through a contractual  
8 relationship between the fund manager and an appropriate nonprofit  
9 organization.~~

10 *(3) The fund shall attain a scale of at least one hundred million  
11 dollars (\$100,000,000) in capital.*

12 (4) The fund shall be committed to working with relevant local  
13 government jurisdictions to optimize the alignment of state public  
14 funding and resources and local government funding and resources.

15 *(5) The fund shall include experienced personnel to manage  
16 coordination with appropriate state and local government public  
17 funding or other resources. This shall be accomplished either by  
18 the fund manager or through a contractual relationship between  
19 the fund manager and an appropriate nonprofit organization.*

20 ~~(5)~~

21 (6) The fund shall be organized to track performance and report  
22 metrics for triple bottom-line goals and outcomes.

23 ~~(e) If requested by a local jurisdiction, the California Community  
24 Investment Initiative shall provide technical assistance to review,  
25 refine, and advise on local land use plans and zoning to increase  
26 attraction of private investment by triple bottom-line equity funds.~~

27 *(c) The California Community Investment Program shall give  
28 priority consideration to working with triple bottom-line funds  
29 that meet the criteria established by the California Community  
30 Investment Council, with first attention to those funds with the  
31 largest amount of capital. The California Community Investment  
32 Program in the Governor’s Office of Business and Economic  
33 Development shall assist funds meeting these criteria to identify  
34 and make appropriate investments in investment ready low-income  
35 communities and shall work with these funds to coordinate all of  
36 the appropriate state and local financial and programmatic  
37 resources to assist these investments to succeed.*

O