

AMENDED IN ASSEMBLY MARCH 28, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2283

Introduced by Assembly Member Calderon

February 18, 2016

An act to add Section 22357 to the Education Code, and to add Section 20201.5 to the Government Code, relating to the public retirement systems investments.

LEGISLATIVE COUNSEL'S DIGEST

AB 2283, as amended, Calderon. Public retirement system: investments: securitized rental homes.

Existing law creates the State Teachers' Retirement System (STRS) and the Public Employees' Retirement System (PERS) for the purpose of providing pension and other benefits to teachers and public employees. These systems are funded by employee and employer contributions, investment returns and, in the case of STRS, additional state contributions. The California Constitution authorizes the Legislature to prohibit certain investments by a retirement board if doing so is in the public interest and satisfies the standards of fiduciary care and loyalty required of a retirement board. The California Constitution commits to the retirement board of a public pension or retirement system plenary authority and fiduciary responsibility for investment of moneys and administration of the system.

This bill would require the Teachers' Retirement Board and the Board of Administration of the Public Employees' Retirement System, *before either board chooses to invest in new securitized home rental properties or reinvest in an existing investment in securitized home rental properties* and consistent with their fiduciary duties, ~~on and after January~~

~~1, 2017, to cease investing in securitized home rental properties. to evaluate their investment in securitized home rental properties and ensure certain requirements are met, including that the property management group is in compliance with fair housing laws, as specified. The bill would define securitized home rental properties as single-family homes in California used as rental properties that are aggregated, either with properties in California or elsewhere, with the resulting income from the properties funding publicly traded investment products. The bill would also require the board, consistent with its fiduciary duties, on or before January 1, 2018, to liquidate investments in securitized home rental properties. The bill would also require each board to appoint an independent ombudsman to implement a system of oversight and enforcement of these provisions.~~

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. Section 22357 is added to the Education Code,
2 to read:
3 22357. (a) For purposes of this section, “securitized home
4 rental properties” means single-family homes in California used
5 as rental properties that are aggregated, either with properties in
6 California or elsewhere, with the resulting income from the
7 properties funding publicly traded investment products.
8 ~~(b) On and after January 1, 2017, the board, consistent with its~~
9 ~~fiduciary duties, shall not make new or additional investments in~~
10 ~~securitized rental home properties.~~
11 ~~(c) On or before January 1, 2018, the board, consistent with its~~
12 ~~fiduciary duties, shall liquidate its investments in securitized rental~~
13 ~~home properties.~~
14 (b) Before the board chooses to invest in new securitized home
15 rental properties or reinvest in an existing investment in securitized
16 home rental properties, the board shall evaluate those investments
17 and ensure all of the following:
18 (1) That the property management group is in compliance with
19 fair housing laws that prohibit discrimination against renters
20 based on race, national origin, sex, familial composition, or
21 disability.

1 (2) *That rents are not increased to a level that is inconsistent*
2 *with the surrounding rental market, that an unreasonable financial*
3 *burden is not placed on the tenant through unjustly raising rents,*
4 *and that rents are kept affordable.*

5 (3) *That securitized home rental properties are in compliance*
6 *with lawful eviction notice guidelines to ensure renters are not*
7 *unjustly evicted from the property.*

8 (4) *That adequate maintenance of the investment properties is*
9 *being conducted.*

10 (c) *The board shall appoint an independent ombudsman to*
11 *implement a system of oversight and enforcement of subdivision*
12 *(b).*

13 (d) This section shall not require the board to take any action
14 unless the board determines in good faith that the action described
15 in this section is consistent with the fiduciary responsibilities of
16 the board described in Section 17 of Article XVI of the California
17 Constitution.

18 SEC. 2. Section 20201.5 is added to the Government Code, to
19 read:

20 20201.5. (a) For purposes of this section, “securitized home
21 rental properties” means single-family homes in California used
22 as rental properties that are aggregated, either with properties in
23 California or elsewhere, with the resulting income from the
24 properties funding publicly traded investment products.

25 ~~(b) On and after January 1, 2017, the board, consistent with its~~
26 ~~fiduciary duties, shall not make new or additional investments in~~
27 ~~securitized rental home properties.~~

28 ~~(c) On or before January 1, 2018, the board, consistent with its~~
29 ~~fiduciary duties, shall liquidate its investments in securitized rental~~
30 ~~home properties.~~

31 (b) *Before the board chooses to invest in new securitized home*
32 *rental properties or reinvest in an existing investment in securitized*
33 *home rental properties, the board shall evaluate those investments*
34 *and ensure all of the following:*

35 (1) *That the property management group is in compliance with*
36 *fair housing laws that prohibit discrimination against renters*
37 *based on race, national origin, sex, familial composition, or*
38 *disability.*

39 (2) *That rents are not increased to a level that is inconsistent*
40 *with the surrounding rental market, that an unreasonable financial*

1 *burden is not placed on the tenant through unjustly raising rents,*
2 *and that rents are kept affordable.*

3 *(3) That securitized home rental properties are in compliance*
4 *with lawful eviction notice guidelines to ensure renters are not*
5 *unjustly evicted from the property.*

6 *(4) That adequate maintenance of the investment properties is*
7 *being conducted.*

8 *(c) The board shall appoint an independent ombudsman to*
9 *implement a system of oversight and enforcement of subdivision*
10 *(b).*

11 (d) This section shall not require the board to take any action
12 unless the board determines in good faith that the action described
13 in this section is consistent with the fiduciary responsibilities of
14 the board described in Section 17 of Article XVI of the California
15 Constitution.