

Date of Hearing: April 2, 2019

ASSEMBLY COMMITTEE ON JOBS, ECONOMIC DEVELOPMENT, AND THE ECONOMY

Sabrina Cervantes, Chair

AB 742 (Cervantes) – As Introduced February 19, 2019

**SUBJECT:** Place-Based Economic Strategies Act

**POLICY FRAME:** While California is currently ranked as having the 5<sup>th</sup> largest economy in the world, there are certain areas of the state for which economic security remains out of reach. Addressing the systemic and complex challenges faced by these neighborhoods requires deep economic and community development work over a sustained period-of-time. Without strengthening community development capacity at local and regional levels, reinvestment opportunities could bypass historically underserved areas or result in gentrification that dislocates lower income residents and small businesses.

AB 742 calls for the establishment of new center at the Governor’s Office of Business and Economic Development (GO-Biz) who is specifically charged with assisting communities who have been federally designated as Opportunity Zones, Promise Zones, or other geographically targeted economic development areas. The new Office of Place-Based Economic Strategies will help these communities and neighborhoods access state resources that facilitate the implementation of locally developed economic and community development strategies.

The policy committee analysis includes information on the growing income inequality in California, the role place-based strategies can play in supporting inclusive economic growth, as well as information on GO-Biz, Opportunity Zones, and Promise Zones. Suggested amendments are included in Comment 10.

**SUMMARY:** AB 742 establishes the Office of Place-Based Economic Strategies within GO-Biz for the purpose of supporting local and regional economic development entities to access programs and implement place-based and other community- and neighborhood-level strategies. More specifically, **this bill:**

- 1) Establishes the Office of Place-Based Economic Strategies within the GO-Biz for the purposes of supporting place-based and other geographically targeted economic development programs, including, but not limited to, federally designated California Promise and California Opportunity Zones.
- 2) Specifies that the Office of Place-Based Economic Strategies is headed by a deputy director, which creates a new position at GO-Biz.
- 3) Requires the Office of Place-Based Economic Strategies to serve as a liaison between community and economic stakeholders and the state agencies that oversee programs and offer services that are intended to finance and support business and economic development needs, as specified.

**EXISTING LAW** establishes GO-Biz within the Governor’s Office for the purpose of serving as the lead state entity for economic strategy and marketing of California on issues relating to business development, private sector investment, and economic growth.

Among other activities, GO-Biz is required to convene, at least annually, representatives from various state and federal programs and agencies for the purpose of discussing how California can leverage Promise Zones and Opportunity Zones to meet state and local community and economic development needs. The convention topics are required to include, but not be limited to, discussions on enhanced

engagement opportunities and targeted outreach to assist designated areas in their efforts to access state resources and services.

**FISCAL EFFECT:** Unknown

**COMMENTS & CONTEXT:**

- 1) **Adding Economic Development to GO-Biz:** According to the author, there are two primary reasons to establish an Office of Place-Based Economic Strategies. First, the state currently lacks a central point of contact for local and regional economic developers to engage with the state. Second, and this is time sensitive, being competitive in attracting Opportunity Zone investments that benefit the state's lower income neighborhoods will require leadership or at least facilitation from the state.
- 2) **The Governor's Office of Business and Economic Development:** In April 2010, the Governor's Office of Economic Development was established to provide a one-stop-shop for serving the needs of businesses and economic developers. While initially established through Executive Order S-01-10, the office was later codified and renamed as GO-Biz. [*AB 29 (John A. Pérez), Chapter 475, Statutes of 2010*]

GO-Biz carries out its mission through six service units: California Business Investment Services (CalBiz), Permit Assistance, the Office of the Small Business Advocate, International Affairs and Business Development, the California Competes Tax Credit Program, and the Innovation and Entrepreneurship Program. Although GO-Biz provides a range of programs and services that support business development, there are no similar programs or services to support economic development.

Examples of these business development programs include permit assistance for new and expanding businesses, as well as assisting the state in building out its zero emission vehicle infrastructure. GO-Biz also oversees the China foreign trade office, the Buy California branding program, and the California Innovation Hub Program.

Under CalBiz, businesses interested in relocating to or expanding within California provide GO-Biz with a list of requirements and preferences. Based on this list, GO-Biz issues a request for information (RFI) to local governments and economic development entities serving areas of the state that meet those requirements. The RFI is confidential, meaning the local governments and economic development organizations responding to the RFI do not know the name of the company seeking the information.

This lack of an access point for economic developers and local communities was highlighted last year as the state was evaluating its role and potential opportunities within the newly authorized Opportunity Zone tax incentive. While the GO-Biz Director stepped up and fielded many calls from the economic development community, the economic development department for the 5<sup>th</sup> largest economy in the world should have a more robust administrative structure.

Many communities across the U.S. are strategizing on how Opportunity Zones can be leveraged to bring new investments to their often overlooked low-income neighborhoods. Historically, development in low-income areas has shown to be difficult, often including expensive and time-consuming surprises. Opportunity Fund investors are aware of these risks and will be choosing the "best" Opportunity Zone locations – those that can demonstrate funds that can be deployed in a timely fashion and remain deployed for the full 10-year term of the incentive.

With nearly 9,000 eligible Opportunity Zone designations across the U.S., California communities will need to act quickly to identify and remove, where possible, development impediments if they are to become competitive and investment ready.

Recently enacted legislation, SB 635 (Hueso), Chapter 888, Statutes of 2018, calls for the establishment of a California website to assist communities, investors, and community development partners. AB 742 expands on this bill by providing an actual access point for communities to engage with GO-Biz on how to use the resources on the website and by combining existing state and federal programs and services to become more investment ready.

- 3) **Growing Income Inequality:** While California’s dominance in innovation-based industries is unquestionable, the divide between the middle and lower income households and the top income earners is accelerating. Even as California’s unemployment is at historic lows, unemployment within certain geographic regions and population groups remains significantly higher, as does the number of people in the state who are not participating within the core economy.

According to the U.S. Census Bureau, California’s poverty rate is 14.3% as compared to a national rate of 13.4%. Using the federal Supplemental Poverty Measure, which accounts for geographic differences, transfer payments, and out-of-pocket expenses, 19% of California residents live in poverty, as compared to 14.1% nationally averaged from 2015 to 2017. Significant contributing factors to these poverty rates are education and basic skill deficits experienced by many Californians from rural and inner city areas and other historically underserved population groups, as well as those who are more recently encountering employment challenges, including returning veterans.

A review of the February 2019 unemployment numbers illustrates this expanding pattern of economic disparity between regions and population groups in California. *Chart 1 – Selected Data on Unemployment* shows unemployment-related information by selected counties and population groups.

Chart 1 – Selected Data on Unemployment					
	Unemployment Rate February 2019 (not seasonally adjusted)	Unemployment Rate February 2018 (not seasonally adjusted)		Unemployment Rate February 2019 (12-month moving average)	Unemployment Rate February 2018 (12-month moving average)
California	4.4%	4.6%	California	4.2%	4.7 %
Colusa County	20.5%	19.2%	Blacks	6.5%	6.8 %
Imperial County	17.4%	16.5%	Hispanics	5.1%	5.5%
Los Angeles County	4.2%	4.7%	Whites	4.1%	4.7 %
Riverside County	4.5%	4.6%	16 to 19 year olds	14.9%	17.3%
Sacramento County	4.1%	4.1%	20 to 24	7.4%	7.4 %

			year olds		
San Bernardino County	4.2%	4.3%	25 to 34 year olds	4.4%	5.0%
San Luis Obispo County	3.2%	3.2%	**The Employment Development Department reports a February 2019 labor participation rate (LPR) of 62.2%, representing 11.7 million people in California who were not participating in the workforce. The LPR for veterans is 44.9% vs. a nonveterans LPR of 66.0%.		
San Mateo County	2.3%	2.4%			
Tulare County	11.3%	11.4%			
Source: <a href="http://www.edd.ca.gov">www.edd.ca.gov</a>					

The data shows income disparities are increasing, which is impacting a range of economic and societal issues. California is not unique in experiencing a rise in income inequality. National data shows that while the top 1% of income households were significantly impacted by the recession, by 2017, annual revenues had risen to the highest levels ever. Between 1979 and 2017, the income for the top 1% of income households cumulatively rose by 157%.

In February 2019, California’s seasonally adjusted unemployment rate was 4.2%. For comparison purposes, Chart 1 uses not seasonally adjusted for county data and a 12-month moving average for demographic data. While the state’s not seasonally adjusted unemployment rate for February 2019 was 4.4%, some areas of the state had lower rates and others had considerably higher. San Mateo County recorded the lowest at 2.3%, while Colusa County experienced the highest unemployment rate at 20.5% and Imperial County the second highest at 17.4%. Under the provisions of the federal Workforce Innovation and Opportunity Act, an area of substantial unemployment is considered any contiguous area within a state with an unemployment rate above 6.5%. California had 23 counties which experienced unemployment rates at or above 6.5% in February 2019. There were four counties, all in the Bay Area, with unemployment rates below 3%.

Looking more specifically at different population groups, the data also shows the disparities between the statewide rate of 4.2% and the rates of key subgroups, including unemployment among Blacks and Hispanics being 6.5% and 5.1% respectively. For the youngest members of the workforce, obtaining quality jobs remains a significant issue, with unemployment among 16 to 19 year olds and 20 to 24 year olds being well above the state average, ranging from 14.9% to 7.4% respectively. According to the February 2019 figures, 11.7 million people in California are not participating in the labor force, an increase of 29,000 individuals during a 12-month period.

- 4) **Place-Based Models:** Promise Zones are one of many initiatives that use placed-based models to support economic and community development activities. Place-based models encourage collaborative and integrated approaches to make holistic improvements to the physical and civic/social environment. In contrast to traditional top-down program delivery models, place-based models use local facilitation to identify and bring resources to the entire community consistent with neighborhood-level priorities. While both models are useful, for individuals who live in lower income areas and need to address complex issues, such as business development, jobs creation, and affordable housing, place-based approaches have demonstrated to have certain advantages.

Another key component of a place-based model is that it builds upon the unique features of a community and existing physical and social assets. By strengthening an area’s local identity and

reinforcing cross-sector relationships, the capacity of the community to tackle the inevitable challenges to reaching goals is also improved.

Federal, state, and local governments have used place-based strategies for targeted resources for decades. In addition to federal Opportunity Zones and Promise Zones, these include: federal Empowerment Zones and Enterprise Communities; federal Strong Cities, Strong Communities (SC2); Strike Force for Rural Growth and Opportunity Initiative; and the private sector All-In Cities initiative.

- 5) **Opportunity Zones:** New tax provisions in the federal Tax Cuts and Jobs Act of 2017 (Federal Act) could provide an incentive for investors to deploy capital in lower income neighborhoods. Provisions in the Federal Act authorized the establishment of Opportunity Zones in low-income areas of a state for the purpose of attracting private investment capital. Governors were authorized to nominate up to 25% of their respective states' eligible low-income census tracts for designation. Up to 5% of the 25% of the nominated census tracts could be from census tracts adjacent to the eligible low-income census tracts. Once approved by the U.S. Treasury, census tracts remain designated for a term of 10 years.
- **Eligible Census Tracts:** An Opportunity Zone is defined as any census tract that has either: (1) a poverty rate of at least 20%, or (2) a median family income that does not exceed 80% of statewide median income.
  - **California Eligible Areas:** Based on guidance from the U.S. Treasury, California had 3,516 eligible low-income census tracts, meaning California was able to nominate up to 879 census tracts. As census tracts are designed to capture geographic areas of approximately 4,000 people, more than 3 million Californians are potentially living within an Opportunity Zone. Link to online resources related to designated census tracts:  
[http://www.dof.ca.gov/Forecasting/Demographics/opportunity\\_zones/index.html](http://www.dof.ca.gov/Forecasting/Demographics/opportunity_zones/index.html)

Federal law authorizes a broad range of business investments, including investments in stock, partnership interest, and business property. A qualified Opportunity Zone business property investment may include new and substantially improved tangible property, including commercial buildings, equipment, and multifamily housing complexes. The essential eligibility requirement of the tax incentive is that the investment must be made through a qualified Opportunity Fund. For investors who properly place moneys in a qualified Opportunity Fund, they will receive:

- A temporary deferral of inclusion in taxable income for capital gains reinvested in an Opportunity Fund. The deferred gain must be recognized on December 31, 2026, or earlier if the opportunity zone investment is disposed;
- A step-up in basis for capital gains reinvested in an Opportunity Fund. The basis is increased by 10% if the investment in the Opportunity Fund is held by the taxpayer for at least five years and by an additional 5% if held for at least seven years, thereby excluding up to 15% of the original gain from taxation; and
- A permanent exclusion from taxable income of capital gains from the sale or exchange of an investment in an Opportunity Fund if the investment is held for at least 10 years. This exclusion only applies to gains accrued after an investment in an Opportunity Fund.

Recently enacted legislation, SB 635 (Hueso), Chapter 888, Statutes of 2018, calls for the establishment of a California website to assist communities, investors, and community development

partners: <https://opzones.ca.gov/>. AB 742 expands on this bill by providing an actual access point for communities to engage with GO-Biz on how to use the resources on the website and by combining existing state programs and services to become more investment ready.

- 6) **Community Conversations Around Opportunity Zones:** Opportunity Funds represent a new community reinvestment opportunity for California lower income neighborhoods. As such, they are sparking conversations and collaborative engagements between economic and business development professionals. California Forward, who serves as the secretariat for the California Economic Summit, is a lead partner in several of these conversations, as well as organizations like the Milken Institute's Center for Regional Economics. The Assembly Committee on Jobs, Economic Development, and the Economy (JEDE) has both attended and hosted a number of these events. JEDE has also dedicated committee-sponsored web pages to facilitate discussions among the members and staff of the Legislature, as well as stakeholder groups: <https://ajed.assembly.ca.gov/content/opportunity-zones>.

The primary focus of these conversations has been on how California can maximize the use of the Opportunity Zone to direct private capital investment into lower income communities across the state. Also of importance has been discussions on how to assist communities with practical ways to protect themselves from investments that may lead to development inconsistent with the neighborhoods' or communities' interests.

While the Opportunity Zone tax incentive has no mandate for community benefits, communities can use their existing authorities and resources to identify priority projects, remove regulatory impediments, and potentially provide local incentives to be more attractive to investors, such as permit streamlining, approvals of master land use plans, and dedicating community development funds. Below is a short overview of the top-five recommendations from the California Forward-facilitated discussions, based on notes from a meeting hosted by the Bay Area Council and which reflect contributions from numerous meetings around the state.

1. State programs and resources should be reviewed and made ready for layering with Opportunity Zone investments in order to bolster their effectiveness in achieving community benefits. [*This is a potential key outcome from the enactment of AB 742 and the credit enhancement proposed in AB 1479 will further reduce project risk.*]
2. State tax laws should be amended to conform with the new federal capital gains rules to meet state policy objectives. It is reported that 34 other states have revised their tax structures to conform their treatment of capital gains to the new federal rules. [*This is a focus of Administration discussions with the Legislature related to the budget.*]
3. State financial assistance is needed for local capacity building in order for communities to be "Opportunity Zone Ready." [*Small-size local planning grants are being discussed – most likely a potential 2018-19 budget discussion.*]
4. Where possible, state and local regulatory processes should be streamlined, as well as other actions to create a short pathway to project implementation. [*GO-Biz's Office of Permit Assistance already has a track record for effectively working with regions and locals on similar project issues.*]
5. Results should be measured using performance-based models so that outcomes can be tracked over time to ensure new investments are actually improving local conditions. [*One possibility, and also a major recommendation from the 2018 Economic Summit, is to continue to move*

*forward on the [California] Dream Index, an interactive index for tracking key indicators related to upward mobility and inclusive economic growth.]*

The Milken Institute, a nonprofit nonpartisan economic think tank, is known for developing financial innovations, also believes that states can play a vital role in the deployment of Opportunity Fund moneys within their respective states. While investors are already seeking deals, it is in the best interest of states to “align incentives for the spectrum of deals (e.g., mixed-use real estate, new business formation) in order to structure deal flow with smart exits. In doing so, states are building community benefit prerequisites into the process, creating a mechanism that retains the intended tangible benefits of the investment.” Ideally, according to Milken, states will benefit from having a pipeline of shovel-ready projects. One component of that is having a state framework to direct Opportunity Zone investments to high value projects and develop ways to de-risk projects.

- 7) **The Existing Tools in the Community Development Toolbox:** Opportunity Zones represent a possible new community development tool to attract new investors to historically underserved areas of the state. As referenced previously, the state already has a range of resources that could help meet the needs of local and regional public and private entities who are dedicated to undertaking community and economic development activities that support upward mobility, economic security, and inclusive economic development.

California’s challenge is that there is a lack of coordination and interoperability between the programs, circumstances which require the expertise for understanding how programs fit together to be relegated to the applicant, i.e. lower income communities. In the case of Opportunity Zones, California is trying to attract what some optimistically estimate to be as much as \$6 trillion in Opportunity Fund moneys. Investment managers will be looking for areas and projects that can demonstrate an ease of development, which correlates to lower risk. This is why one of the primary recommendations from the stakeholder conversations (described in Comment 6) is to consider ways to better coordinate and deliver projects if California wants to be truly competitive with other states that have designated Opportunity Zones.

An Office of Place-Based Economic Strategies could help connect the dots for local communities and investors, as well as facilitate the state’s engagement. Examples of useful programs offered through the state include, but are not limited to:

- a) GO-Biz’s programs and services, including the California Competes Tax Credit and the Small Business Technical Assistance Enhancement Program.
- b) The California Workforce Development Board’s (CWDB’s) technical assistance and grant programs, including the Supervised Population Workforce Training Grant Program; the Pre-Apprenticeship Support, Training, and Placement Grant 2.0; Regional Clusters of Opportunity Grants; Slingshot: Accelerating Income Mobility Through Regional Collaboration, Equity, Climate, and Jobs; Model High Road Training Partnerships; and the Workforce Accelerator Fund.
- c) The Employment Training Panel’s funding to employers to assist in upgrading the skills of their workers through training that leads to well-paying and long-term jobs.
- d) Federal Workforce Innovation and Opportunity Act recipients, including one-stop career centers now called America’s Job Centers, Adult Education Programs, and local workforce boards.
- e) The Department of Parks and Recreation’s resources and programs, including the Habitat Conservation Fund, the Land and Water Conservation Fund Act of 1965, the California Youth

Soccer and Recreation Development Program, and the Outdoor Environmental Education Facilities Grant Program.

- f) The Department of Housing and Community Development’s (*budgeted \$948 million in local assistance for 2018-19*) housing finance, economic development, and community development programs including the Affordable Housing and Sustainable Communities Program, and the federal State Community Development Block Grant Program.
- g) The Strategic Growth Council’s (*awarded nearly \$550 million in 2017-18*) resources and programs, including Transformative Climate Communities, the Climate Change Research Program, Affordable Housing and Sustainable Communities, Sustainable Agricultural Lands Conservation, and the California Climate Investments Technical Assistance Program.

The author states that the Office of Place-Based Economic Strategies can play an important role in working with local and regional communities, as well as neighborhoods, to transform a catalog of state programs into a new way of thinking and doing.

- 8) **Promise Zones:** The federal Promise Zone Program was established in 2014 as a strategy for communities impacted by high poverty to access public and private resources that could be used to increase economic activity, improve educational opportunities, leverage private investment, reduce violent crime, enhance public health, and address other priorities identified by the community.

To qualify to apply for federal Promise Zone designation, the proposed Promise Zone must be comprised of one contiguous area with a population between 10,000 and 200,000 and have a poverty rate or an “extremely low income” rate of at least 32%. Promise Zones were selected through three rounds of national competition, in which an applicant demonstrated a consensus vision for their community and its residents, the capacity to carry out that vision, and a shared commitment to specific, measurable results.

There are 22 urban, rural, and tribal Promise Zones in the U.S., including **four in California:** Los Angeles, South Los Angeles, San Diego, and Sacramento. The Promise Zone program is administered through HUD for urban communities and the U.S. Department of Agriculture (USDA) for rural and tribal communities. Designations are for 10 years, and, during this time, AmeriCorps VISTA members are annually assigned to assist stakeholders and community leaders in accomplishing their locally developed goals.

In addition to the state’s four Promise Zones, the 16 California applicants have also committed to a comprehensive place-based economic and community development strategy. Below is a chart of prior applicants from Promise Zone designation rounds two and three. Applicants from round one were not available online. AB 742 would support these communities in advancing their local and regional economic development priorities.

<b>Promise Zone Applicants from Second and Third Rounds of Federal Designations</b>	
<b>Lead Applicant</b>	<b>Lead Applicant City</b> <i>(not necessarily Zone location)</i>
City of Compton	Compton
City of Desert Hot Springs	Desert Hot Spring
City of Hayward	Hayward
City of Long Beach	Long Beach
City of Oakland	Oakland
City of Pomona	Pomona



City of Salinas	Salinas
City of Santa Ana	Santa Ana
City of Stockton	Stockton
Los Angeles Trade Technical College	Los Angeles
Reading and Beyond	Fresno
Riverside County Economic Development Agency	Riverside
San Bernardino County	San Bernardino
South Bay Community Services	Chula Vista
Torres Martinez Desert Cahuilla Indians	Thermal
Tulare County Economic Development Corporation	Tulare
*No information available through website as to which California communities applied in first round.	
Source: <a href="http://www.hudexchange.info/programs/promise-zones/third-round-promise-zones-applicants">www.hudexchange.info/programs/promise-zones/third-round-promise-zones-applicants</a>	

The Office of Place-Based Economic Strategies, proposed in AB 742, would work with Promise Zones, as well as Opportunity Zones and other communities that are deploying geographically targeted economic strategies.

- 9) **Uncoordinated State Action Usually Doesn't Work:** In 2016, the Senate passed SCR 158 (Pan and De León), which encouraged the California Department of Education, the Department of Housing and Community Development, the Department of Justice, and the Department of Food and Agriculture to give federally designated Promise Zones priority consideration for state funding, resources, and programs.

A review of state websites, including news releases, found no tangible actions were taken by these agencies.

- 10) **Proposed Amendments:** Below is a list of amendments the committee members may wish to review when considering the bill.
- a) Modify the legislative intent to clarify the challenges facing local communities.
  - b) Require the Office of Place-Based Economic Strategies to establish a process for engaging with economic and community development stakeholders on potential governmental and nongovernmental impediments to Opportunity Zone investments.
  - c) Require the Office of Place-Based Economic Strategies to establish a process for identifying and publicizing public and private resources that are available to support Opportunity Zone investments that result in upward mobility and inclusive economic growth for residents and businesses of the Opportunity Zone.

- 11) **Related Legislation:** Below is a list of bills from the current and prior sessions.

- a) Bills from the current session:
  - i) **AB 791 (Gabriel) Housing in Opportunity Zones:** This bill authorizes additional Low Income Housing Tax Credits and allows transferability of those credits under certain specific conditions when those housing units are located within Opportunity Zones. Status: Pending in the Assembly Committee on Revenue and Taxation.
  - ii) **AB 1479 (Cervantes) Credit Enhancements Opportunity Zones:** Requires the California Infrastructure and Economic Development Bank (IBank) to provide credit enhancements to projects that support the development of an economic development facility, as defined, within

a federally designated Opportunity Zone. Status: Pending in the Assembly Committee on Jobs, Economic Development, and the Economy.

- iii) ***SB 25 (Caballero and Glazer) Opportunity Zone and Environmental Permitting:*** This bill establishes specified procedures for the administrative and judicial reviews under the California Environmental Quality Act that are funded, in whole or in part, by specified public funds or public agencies for projects located with a qualified Opportunity Zone. Status: Pending in the Senate Committee on Environmental Quality.
- iv) ***SB 315 (Hertzberg) Reporting Framework:*** This bill establishes a comprehensive reporting framework for investments in Opportunity Zones and Promise Zones. Any taxpayer who seeks a deferral or reduction of any tax liability for capital gains pursuant to a provision of the 2019-20 budget, as specified, is required to comply with this reporting framework. This applies to any deferral or reduction of tax liability under the personal income tax or corporate tax. Status: Pending in the Senate Committee on Business, Professions, and Economic Development.
- v) ***SB 635 (Hueso) Opportunity Zone Tax Conformity:*** This bill conforms the Personal Income Tax Law and the Corporation Tax Law to provisions of the Internal Revenue Code that allow for specified tax treatment for income derived from activities within a qualified Opportunity Zone, including the deferral of a capital gain. Status: Pending in the Senate Committee on Rules.

b) Bills from prior sessions

- i) ***AB 358 (Greyson) Regional Economic Development Areas:*** This bill enacts the Regional Economic Development Area Act for the purpose of certifying regional economic development areas that include, but are not limited to, active and inactive military bases. Status: Died without action in Assembly Committee on Jobs, Economic Development, and the Economy, 2018.
- ii) ***AB 1178 (Bocanegra) Promise Neighborhoods:*** This bill would have established the California Promise Neighborhood Initiative to develop a system of 40 promise neighborhoods throughout California to support children's development from cradle to career. California Promise Neighborhoods were intended to foster a community focused on revitalization through the establishment of a cradle-to-career network of services aimed at improving the health, safety, education, and economic development of the defined area. Status: Held on the Suspense File of the Assembly Committee on Appropriations, 2014.
- iii) ***AB 1445 (Reyes) Opportunity Zone Reporting:*** Requires a qualified Opportunity Fund to provide specified information when engaging in any transaction for the sale or lease of a qualified Opportunity Zone business property which is owned by the city or county that is located within a designated qualified Opportunity Zone. This information includes:
  - (1) A timeline for completion of the investment activity on the property;
  - (2) An estimation of the number of jobs that will be created as a result of the investment activity on the property; and
  - (3) A summary of local workforce utilization strategies that will be employed as part of the investment activity on the property.Status: Signed by the Governor, Chapter 380, Statutes of 2018.
- iv) ***AB 3030 (Caballero) CEQA Exemption for Opportunity Fund Investment:*** This bill would have exempted certain residential and mixed-use projects from the California Environmental

Quality Act. In order to qualify, the project would have needed to be comprised of at least 50% affordable housing, be financed by a “qualified opportunity fund,” and meet other additional specified requirements, including that it be consistent with the local land use plan, development of the project meet prevailing wage requirements, and the project not have any significant impacts that have not been publicly disclosed, analyzed, and mitigated. Status: Died in the Senate Committee on Appropriations, 2017-18 Session.

- v) ***SB 635 (Hueso) Governor’s Office of Business and Economic Development: Office of the Promise Zone Coordinator:*** This bill authorizes the Governor’s Office of Business and Economic Development (GO-Biz) to develop and post information on its website, as well as undertake other outreach activities, which support Promise Zones and Opportunity Zones, as specified. This bill also requires GO-Biz to convene representatives from various state and federal programs to discuss how California can leverage the federal Promise Zones or Opportunity Zones to meet state and local community and economic development needs, as specified. Status: Signed by the Governor, Chapter 888, Statutes of 2018.
- vi) ***SCR 158 (Pan and De León) Promise Zone Preferences:*** This resolution encourages the California Department of Education, the Department of Housing and Community Development, the Department of Justice, and the Department of Food and Agriculture to give a federally designated Promise Zone priority consideration for, preferred access to, and competitive preferences for state funding, resources, and programs. The resolution also urged California to explore implementation of models developed by federal programs that give preferences to Promise Zones. Status: Adopted by the Senate, 2016.

12) **Double Referral:** The Assembly Committee on Rules has referred this measure to the Assembly Committee on Jobs, Economic Development, and the Economy and to the Assembly Committee on Revenue and Taxation (R&T). Should this measure pass the committee, it will be referred to R&T for further policy consideration.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

None on File

**Opposition**

None on File

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