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**CALIFORNIA HEALTHY FOOD FINANCING INITIATIVE COUNCIL (CHFFIC)**

**MEMORANDUM**

**Date:** December 4, 2012

**To:** Council Members

**From:** Najia Rosales, Acting Executive Director

**Subject:** **Agenda Item 3: Assembly Bill 581 and 2246 (Information Item)**

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**SUMMARY**

This agenda item provides the California Healthy Food Financing Initiative Council (CHFFIC) an overview of Assembly Bill (AB) 581 and 2246. CHFFIC was created to increase access to healthy foods in underserved communities and inspire innovation in healthy food retailing. Presenter will be John A. Pérez, Speaker of the Assembly.

**BACKGROUND**

CHFFIC was established in October 2010 when Governor Brown signed Assembly Bill 581 (Pérez, D-Los Angeles). The CHFFIC Fund within the State Treasurer's Office is comprised of federal, state, philanthropic, and private funds. These funds will provide financing for grocery stores and other forms of healthy food retail and distribution by providing capital to eligible applicants. Additionally, the program is aimed to receive federal dollars as part of President Barack Obama's Healthy Food Financing Initiative (HFFI) – a partnership between the U.S. Departments of Agriculture, Health and Human Services, and Treasury. In his fiscal year 2012 budget proposal, President Obama called for a \$345 million investment in HFFI.

Communities without access to affordable, quality, and nutritious foods are known as *food deserts*. Studies have shown that there are few supermarkets and other retail outlets selling affordable, nutritious food in low-income communities. Lack of access to healthy, affordable food items may result in higher levels of obesity and other diet-related diseases. The problem goes beyond health; poor communities are cut off from the economic development opportunities that arise from a local grocery.

The Council's duties are to develop financing options using public or private moneys and resources; develop program parameters, such as establish minimum and maximum levels of

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financial assistance; and partner with federal, state, or local government agencies, nonprofit organizations, and philanthropic programs.

The Treasurer supports an initiative with a return of investment that creates new jobs and opportunities, boosts a community's physical health and well-being, attracts other small businesses, and supports surrounding residential real estate values. CHFFIC provides a scalable solution to the problem of food deserts in California that will improve the health of Californians, spark economic development, and help transform underserved communities into communities of opportunity.

**ATTACHMENTS**

Attachment 1: AB 581 – Chaptered by Secretary of State, Chapter 505, Statutes of 2011

Attachment 2: AB 2246 – Chaptered by Secretary of State, Chapter 446, Statutes of 2012

**ATTACHMENT 1**

**BILL NUMBER: AB 581 CHAPTERED**  
BILL TEXT

CHAPTER 505  
FILED WITH SECRETARY OF STATE OCTOBER 6, 2011  
APPROVED BY GOVERNOR OCTOBER 5, 2011  
PASSED THE SENATE AUGUST 31, 2011  
PASSED THE ASSEMBLY SEPTEMBER 6, 2011  
AMENDED IN SENATE AUGUST 30, 2011  
AMENDED IN SENATE JULY 11, 2011  
AMENDED IN ASSEMBLY MAY 27, 2011

INTRODUCED BY Assembly Member John A. Pérez  
(Principal coauthors: Assembly Members Galgiani and Mitchell)  
(Principal coauthor: Senator Alquist)  
(Coauthors: Assembly Members Achadjian, Alejo, Allen, Ammiano,  
Atkins, Beall, Block, Blumenfield, Bonilla, Bradford, Buchanan,  
Butler, Campos, Carter, Cedillo, Chesbro, Davis, Dickinson, Eng,  
Fletcher, Fong, Fuentes, Gordon, Hall, Hayashi, Hueso, Lara, Ma,  
Mansoor, Monning, Pan, Perea, V. Manuel Pérez, Portantino, Skinner,  
Solorio, Swanson, Wieckowski, Williams, and Yamada)

FEBRUARY 16, 2011

An act to add and repeal Article 3 (commencing with Section 104660) of Chapter 2 of Part 3 of Division 103 of the Health and Safety Code, relating to public health.

LEGISLATIVE COUNSEL'S DIGEST

AB 581, John A. Pérez. Public health: food access.

Existing law requires the Department of Food and Agriculture, headed by the Secretary of Food and Agriculture, to promote and protect the agricultural industry of the state.

This bill would, until July 1, 2017, create the California Healthy Food Financing Initiative. It would require, by July 1, 2012, the Secretary of Food and Agriculture to prepare recommendations, to be presented upon request to the Legislature, regarding actions that

need to be taken to promote food access in the state. The bill would establish the California Healthy Food Financing Initiative Council and would require the council to implement the initiative, as specified. The bill would require the department to establish an advisory group, as specified.

The bill would create the California Healthy Food Financing Initiative Fund in the State Treasury, to be comprised of federal, state, philanthropic, and private funds, for the purpose of expanding access to healthy foods in underserved communities and, to the extent practicable, to leverage other funding, as specified. Moneys in the fund would be expended upon appropriation by the Legislature.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. The Legislature hereby finds and declares all of the following:

(a) California has some of the most productive farmlands in the world. California's farmlands produce more than 350 commodities and food items.

(b) Access to healthy food items is a basic human right. Lack of access to healthy, affordable food items may result in higher levels of obesity and other diet-related diseases. Communities without access to affordable, quality, and nutritious foods are known as food deserts.

(c) Opportunities for increasing the number of grocery stores, urban and rural farm stands, farmers' markets, community gardens, direct farm to institution, and direct farmer to consumer marketing activities in underserved communities should be actively pursued and fostered to ensure that all Californians have access to healthy foods.

(d) Ensuring access to nutritional foods for Californians who currently reside in food desert communities means improved economic health as well as boosting a community's physical health and well-being. Increasing access to healthy foods means new jobs and opportunities in the areas of food distribution, retail sales, and store management.

SEC. 2. Article 3 (commencing with Section 104660) is added to Chapter 2 of Part 3 of Division 103 of the Health and Safety Code, to

read:

Article 3. California Healthy Food Financing Initiative

104660. This article shall be known, and may be cited, as the California Healthy Food Financing Initiative.

104661. (a) There is hereby created the California Healthy Food Financing Initiative Council, within the office of the Treasurer which shall consist of the following members:

- (1) The Treasurer or his or her designee.
- (2) The Secretary of Food and Agriculture or his or her designee.
- (3) The Secretary of California Health and Human Services or his or her designee.
- (4) The Secretary of Labor and Workforce Development or his or her designee.

(b) The council shall implement the California Healthy Food Financing Initiative (CHFFI) and shall be chaired by the Treasurer or his or her designee. This initiative is intended to expand access to nutritious foods in underserved, urban, and rural communities and to eliminate food deserts in California.

(c) The council shall have all of the following duties:

- (1) Developing financing options using public or private moneys and resources, to support access to healthy foods for all Californians.
- (2) Developing program parameters, including, but not limited to, all of the following:
  - (A) Defining eligible entities for participation.
  - (B) Developing minimum eligibility thresholds for participation.
  - (C) Establishing minimum and maximum levels of financial assistance.

(3) Partnering with federal, state, or local government agencies, nonprofit organizations, and philanthropic programs to further the purposes of the initiative.

(4) Reviewing recommendations of the advisory group, established pursuant to Section 104662.

(5) Providing updates to the Legislature as requested.

(d) The council shall adopt all rules and regulations necessary to implement the initiative.

104662. (a) By July 1, 2012, the Secretary of Food and Agriculture shall prepare recommendations, to be presented upon

request of the Legislature, regarding actions that need to be taken to promote food access in the state.

(b) The Secretary of Food and Agriculture may establish an advisory group, not to exceed 21 members, to assist the agencies in complying with the requirements of subdivision (a). If established, the advisory group shall consist of representatives from the Legislature, food policy advocates, representatives from the grocery industry and financial institutions, food systems researchers, representatives from the agricultural industry, representatives from underserved communities, representatives from nonprofit and philanthropic organizations with expertise in this area, representatives of health care providers, and others.

104663. (a) There is hereby established in the State Treasury the California Healthy Food Financing Initiative Fund, which shall be comprised of federal, state, philanthropic, and private funds for the purpose of expanding access to healthy foods in underserved communities.

(b) Moneys in the fund shall be expended upon appropriation by the Legislature, and shall be used, to the extent practicable, to leverage other funding, including, but not limited to, new markets tax credits, federal and foundation grant programs, incentives available to designated enterprise zones, the federal Specialty Crop Block Grant Program, and funding from private sector financial institutions pursuant to the federal Community Reinvestment Act.

104664. This article shall remain in effect only until July 1, 2017, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2018, deletes or extends that date.

**ATTACHMENT 2**  
**BILL NUMBER: AB 2246 CHAPTERED**  
BILL TEXT

CHAPTER 446  
FILED WITH SECRETARY OF STATE SEPTEMBER 22, 2012  
APPROVED BY GOVERNOR SEPTEMBER 22, 2012  
PASSED THE SENATE AUGUST 20, 2012  
PASSED THE ASSEMBLY MAY 25, 2012  
AMENDED IN ASSEMBLY APRIL 23, 2012  
AMENDED IN ASSEMBLY APRIL 16, 2012  
AMENDED IN ASSEMBLY MARCH 29, 2012

INTRODUCED BY Assembly Member John A. Pérez

FEBRUARY 24, 2012

An act to amend Section 104661 of the Health and Safety Code,  
relating to public health.

LEGISLATIVE COUNSEL'S DIGEST

AB 2246, John A. Pérez. Public health: food access.

Existing law establishes, until July 1, 2017, the California Healthy Food Financing Initiative to expand access to nutritious foods in underserved, urban, and rural communities. Existing law establishes the California Healthy Food Financing Initiative Council and requires the council to implement the initiative. Existing law requires the council, among other things, to develop financing options using public or private moneys and resources to support access to healthy foods.

This bill would require the council to establish and maintain an Internet Web site. This bill would require the Internet Web site, by March 31, 2013, to include, but not be limited to, prescribed information, including information on actions that the council has taken and funding sources that are available to support access to healthy foods.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 104661 of the Health and Safety Code is amended to read:

104661. (a) There is hereby created the California Healthy Food Financing Initiative Council, within the office of the Treasurer, which shall consist of the following members:

- (1) The Treasurer or his or her designee.
- (2) The Secretary of Food and Agriculture or his or her designee.
- (3) The Secretary of California Health and Human Services or his or her designee.
- (4) The Secretary of Labor and Workforce Development or his or her designee.

(b) The council shall implement the California Healthy Food Financing Initiative (CHFFI) and shall be chaired by the Treasurer or his or her designee. This initiative is intended to expand access to nutritious foods in underserved, urban, and rural communities and to eliminate food deserts in California.

(c) The council shall have all of the following duties:

(1) Developing financing options, using public or private moneys and resources, to support access to healthy foods for all Californians.

(2) Developing program parameters, including, but not limited to, all of the following:

- (A) Defining eligible entities for participation.
- (B) Developing minimum eligibility thresholds for participation.
- (C) Establishing minimum and maximum levels of financial assistance.

(3) Partnering with federal, state, or local government agencies, nonprofit organizations, and philanthropic programs to further the purposes of the initiative.

(4) Reviewing recommendations of the advisory group established pursuant to Section 104662.

(5) Providing updates to the Legislature as requested.

(d) The council shall adopt all rules and regulations necessary to implement the initiative.

(e) The council shall establish and maintain an Internet Web site. The Internet Web site shall, by March 31, 2013, include, but not be limited to, the following information:

- (1) Actions taken by the council.



(2) Funding sources that are available to support access to healthy foods, including loans and grants from public, private, or philanthropic sources, and how to obtain these sources of funding.

(3) Interagency activities among the office of the Treasurer, the Department of Food and Agriculture, the California Health and Human Services Agency, and the Labor and Workforce Development Agency that focus on benefiting underserved communities and increasing access to healthy foods.

(4) Resources and links to other Internet Web sites with information on food deserts and increasing access to healthy foods.