CC 04-16-2024

#11

Service-Level Reductions

Presentation

Fiscal Year 2024-25 Potential Service-Level Reductions

April 16, 2024

CITY OF CUPERTINO

Background

- On January 17, 2024, staff sought Council direction on potential service-level reductions to help resolve the City's structural deficit.
- Council provided feedback and directed staff to provide additional information on some items.

Objective

Asking for Council confirmation on potential service level reductions for FY 2024-25

Staff will use the feedback from both meetings to develop the FY 2024-25 Proposed Budget, which will be presented for discussion in May and adoption in June

Updated Service-Level Reductions

Operations and Maintenance

Changes from 1/17/2024

Proposed Service-Level Reduction 1/17/2024	Estimated Budget Reduction1/17/2024	Updated Proposed Service-Level Reduction 4/16/2024	Updated Estimated Budget Reduction 4/16/2024	Difference
Reduce Crossing Guard Services	$50,000	This reduction has been eliminated.	$0	$(50,000) Crossing guard funding will be retained in the budget per Council direction.
Reduce Budget for Internal Audit	$70,000	Reduce Budget for Internal Audit	$40,000	$(30,000) Added back one audit. Total budgeted cost is $60,000, down from FY 2023-24 cost of $100,000

Infrastructure

Changes from 1/17/2024

Proposed Service-Level Reduction 1/17/2024	Estimated Budget Reduction 1/17/2024	Updated Proposed Service-Level Reduction 4/16/2024	Updated Estimated Budget Reduction 4/16/2024	Difference
Shift School District Grounds Maintenance to School District	$737,394	This reduction has been eliminated.	$0	$(737,394) This reduction has been eliminated for FY 2024-25.
Shift Street Tree Maintenance to Property Owners	$455,008	Maintenance of Trees and Medians Service Level Reduction	$200,000	$(255,008) City would continue to maintain street trees. New SLR will lengthen tree trimming cycle from 7 to 10 years and reduce frequency of median maintenance.
Shift Sidewalk Maintenance to Property Owners	$1,000,000	Maintenance of Sidewalk, Curb and Gutter Service Level Reduction	$600,000	$(400,000) City would continue to maintain sidewalks. New SLR will shift the sidewalk maintenance focus from removal and replacement to grinding of tripping hazards, except in extreme situations.

Potential Service-Level Reductions

Grouping	Reductions 1/17/2024	Updated Reductions 4/15/2024
Operations and Maintenance Reduce sidewalk, curb, and gutter. Move some Public Works contract services in-house, extending maintenance timelines. Reduce Public Works PT staffing. Shift credit card fees to customers. Remove library extra hours from the base due to available State funding to cover these costs. Various other reductions.	3,080,725	3,000,725
Infrastructure Reduce funding to CIP of $2M annually for the first 5 years of the forecast. Will utilize the existing fund balance to cover these costs. Lengthen tree trimming cycle, reduce frequency of median maintenance, shift focus of sidewalk maintenance	4,372,402	2,980,000
Fiscal Accountability Align law enforcement costs with prior year actual hours. Reduce applications used in the City, extend tech refresh cycles, and remove the new Enterprise Resource Planning (ERP) software from the budget.	2,555,421	2,555,421
Community Benefit Reduce 4th of July Event, partnerships, City events/outreach, paid events, concerts and movies, select City Work Program projects.	463,690	463,690
Total	**$10,472,238**	**$8,999,836**

Recommendation and Next Steps

Roadmap to FY 2024-25 Budget Adoption and Balancing

October 2023

- **Budget Update**
  - -Audit Update
  - -Committed Reserve
- **City Hall & Blackberry Farm Update**
- **Labor Contracts**

November 2023

- **Budget Update**
  - 1st Quarter Report

December 2023

- **Revenue Tax Measures**

January 2024

- **Budget Update**
  - Service Level Reduction (SLR) Preview

February 2024

- **Budget Update**
  - Capital Improvement Plan (CIP)
- **Commission/ Committee Feedback**
- **Community Budget Meeting #1**
- **Budget Update**
  - Mid-Year Report
- **Fee Study and Revenue Tax Measures**

March 2024

- **Council Goal Setting/ Work Program**

April 2024

- **Community Budget Meeting #2**
- **Budget Update**
  - -SLR Review #2
  - -Community Meeting Updates

May 2024

- **Budget Update**
  - 3rd Quarter Report
- **FY 2024-25 Proposed Budget**
  - -Community Funding
  - -Festivals & Fee Waivers

June 2024

- **FY 2024-25 Adopted Budget**

Last Updated 4.12.2024

Recommendation

Provide confirmation on potential service-level reductions for the FY 2024-25 Proposed and Final Budgets

Questions?

CC 04-16-2024

#12

6th Cycle Housing Element Update

Updated Presentation

6th Cycle Housing Element Update

City Council
April 16, 2024

CUPERTINO

1

Agenda

- Background
- Current Status – ***Conditional Certification Letter received from HCD (April 10)***
- RHNA/Priority Sites
- Policies and Strategies
- Timeline and next steps

CUPERTINO HOUSING ELEMENT

2

Background

- What is a Housing Element?
  - State-mandated Element of City's General Plan
- Why update it now?
  - Unlike other General Plan Elements required by State law to be updated every 8 years
- Purpose of the Update:
  - Study and plan for housing needs in the community, across all income levels

CUPERTINO HOUSING ELEMENT

3

Background

- What does State law require?
  - Public Participation
  - Needs Analysis
  - Review of prior Housing Element policies/programs
  - Develop policies/programs to address current needs
  - Housing Sites Inventory
- Who reviews and certifies compliance with State law?
  - CA Department of Housing and Community Development (HCD)

CUPERTINO HOUSING ELEMENT

4

Related Updates

- Conforming changes:
  - Other General Plan Elements – Land Use, Transportation, Specific Plans and appendices
  - **Rezoning** – map and text
- State law requirements:
  - Health and Safety Element
  - Zoning amendments (emergency shelters etc.)
- Other – necessary to implement HE programs (e.g. Objective design standards for housing developments)

CUPERTINO HOUSING ELEMENT

5

Background

- 6th Cycle Housing Element update covers 2023 – 2031 Planning Period.
- Certification deadline: January 31, 2023 (passed).
- Six jurisdictions in Santa Clara County (15 cities/1 county) still do not have compliant Housing Elements
  - 38 of 109 ABAG jurisdictions not in compliance
  - 58 of 197 SCAG jurisdictions still out of compliance

CUPERTINO HOUSING ELEMENT

6

ABAG RHNA

- State-wide Housing Needs Determination made by HCD for each region within State
  - Cupertino in 9 County ABAG region

ABAG Regional Housing Needs Determination from HCD

Income Category	Percent	Housing Unit Need
Very Low	25.9%	114,442
Low	14.9%	65,892
Moderate	16.5%	72,712
Above Moderate	42.6%	188,130
Total	100%	441,176

CUPERTINO HOUSING ELEMENT

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Cupertino's 6th Cycle RHNA

Income Group	Units	% of total
Very Low Income (<50% of AMI)	**1,193**	**26.0**
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Total	**4,588**	**100**

Affordable Units = 2,635

Buffer ~ 25 - 35% particularly for lower income levels recommended to ensure city does not have to update sites inventory before next HE update for "no net loss" purposes. RHNA + Buffer accommodates over 6,200 units.

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Background: 6th Cycle vs. 5th Cycle

- RHNA 4x higher in Cupertino--4,588 vs. 1,064
- Few remaining undeveloped sites, reliance on redevelopment to meet RHNA
- 62 properties, 36 development sites
- 70% of properties 50 units/acre or more
- New legislation adds requirements in:
  - Developing policies/programs
  - Greater accountability to produce housing
  - Site selection
  - Less discretion approving housing developments
  - Affirmatively Furthering Fair Housing (AFFH)
  - More outreach and inclusion

CUPERTINO HOUSING ELEMENT

9

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- What can happen if City does not have a certified Housing Element?
  - Loss of local land use and zoning control – Builder's Remedy projects
  - Lawsuits and attorney fees
  - Ineligibility for grant funding
  - Financial penalties, court issued fines
  - Streamlined ministerial approval of projects
  - Court receivership appointing an agent to bring City's Housing Element into compliance

CUPERTINO HOUSING ELEMENT

10

Affirmatively Furthering Fair Housing (AFFH) - Cupertino

- City is designated High or Highest Resource regarding Access to Opportunities
- Housing anywhere in City would regionally Affirmatively Further Fair Housing
- City must look to accommodate persons who currently do not reside here
- Meeting RHNA alone does not equate to satisfying AFFH (Missing Middle Strategy)

CUPERTINO HOUSING ELEMENT

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What's happened so far?

2021

- Comm. Mtgs (Aug & Dec)
- Jt. Study Sessions (Apr & May)
- CC Mtg (Sept)
- HC Mtg (Dec)

Jan – Jun 2022

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- Revised 3rd Draft to HCD (3/28)
- Conditional Certification letter from HCD (4/10)

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Sites Inventory: Pre-HE Submittal

- Robust discussions in 2022 at Housing and Planning Commissions and City Council
- Started with all potential sites throughout the City which:
  - Met HCD size criteria: 0.5 – 10 acres
  - Indicated owner interest
  - Outside of fire hazard and geologic and other hazard zones – *more environmental impacts*

CUPERTINO HOUSING ELEMENT

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Sites Inventory:
Direction Pre-HE submittal

- More interest in accommodating housing west of De Anza Blvd and south of 85
- Less interest in accommodating housing east of De Anza Blvd
- Locate housing sites to counteract declining school enrollment
- Avoid displacement of existing residents through redevelopment of residential properties

CUPERTINO HOUSING ELEMENT

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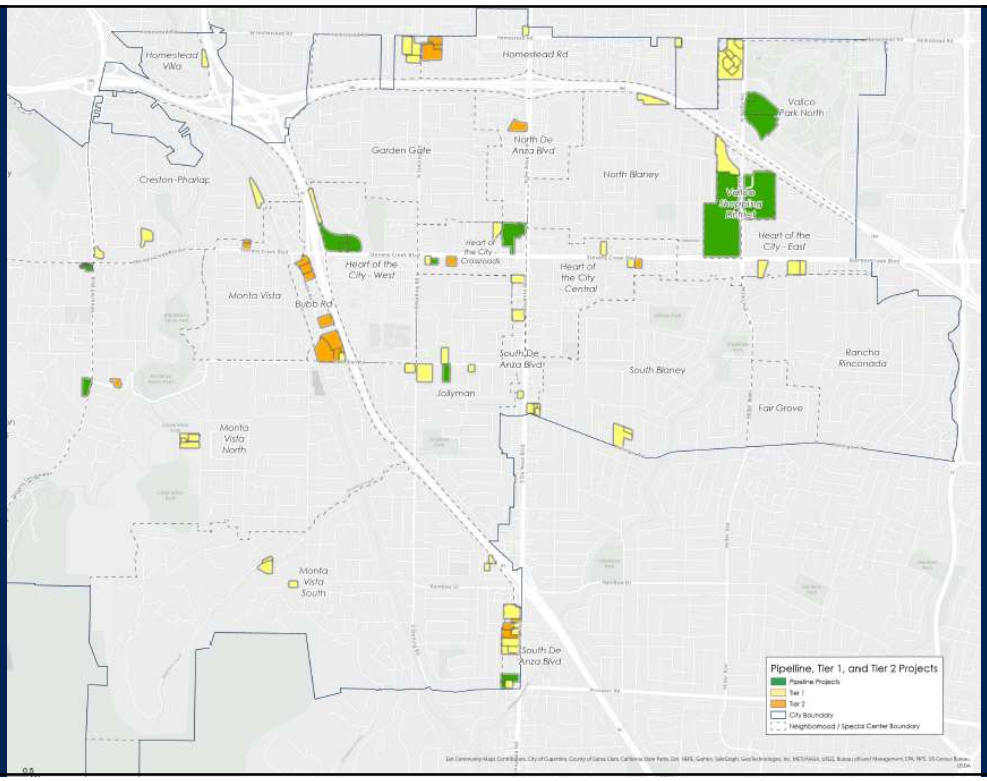
Sites - August 2022



CUPERTINO HOUSING ELEMENT

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Policy Framework

- State laws: link land use and transportation (AB 32 and SB 375)
- Regional plans (Plan Bay Area 2050 and Regional Transportation Plan) align with state law
- AB 2011 (*eff. July 1, 2023*): Allows Residential development on Commercial-Office Corridors regardless of Zoning:
  - Density and building height varies depending on lot size and width of transportation corridor
  - Identifies min. development standards
  - Ministerial, exempt from CEQA

CUPERTINO HOUSING ELEMENT

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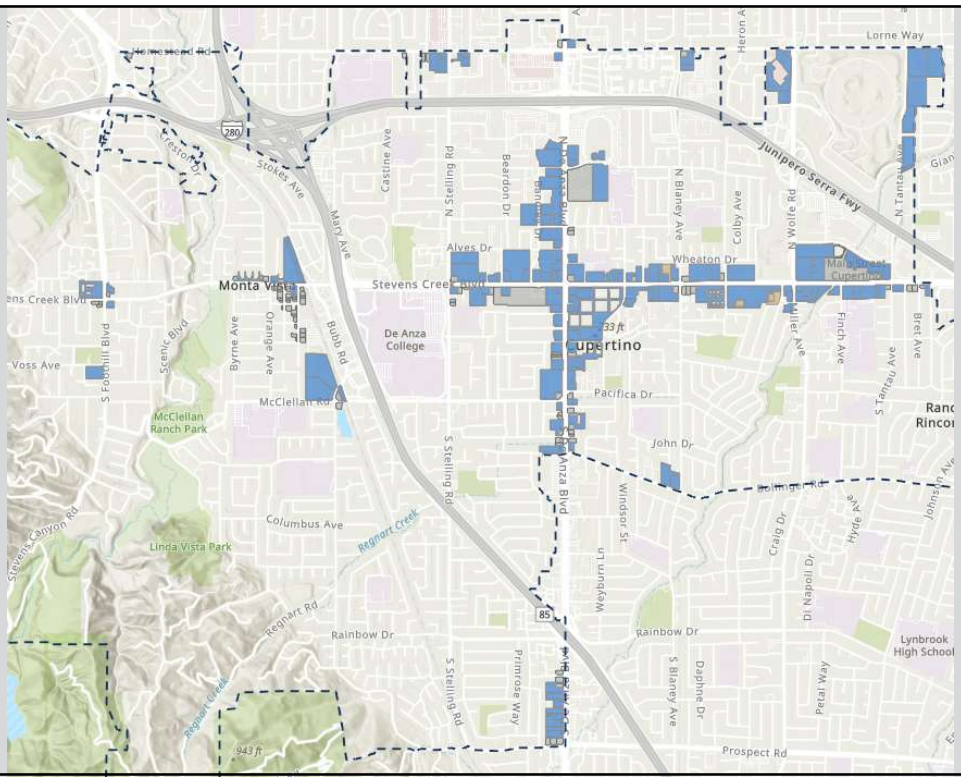
AB2011 with HCD size criteria

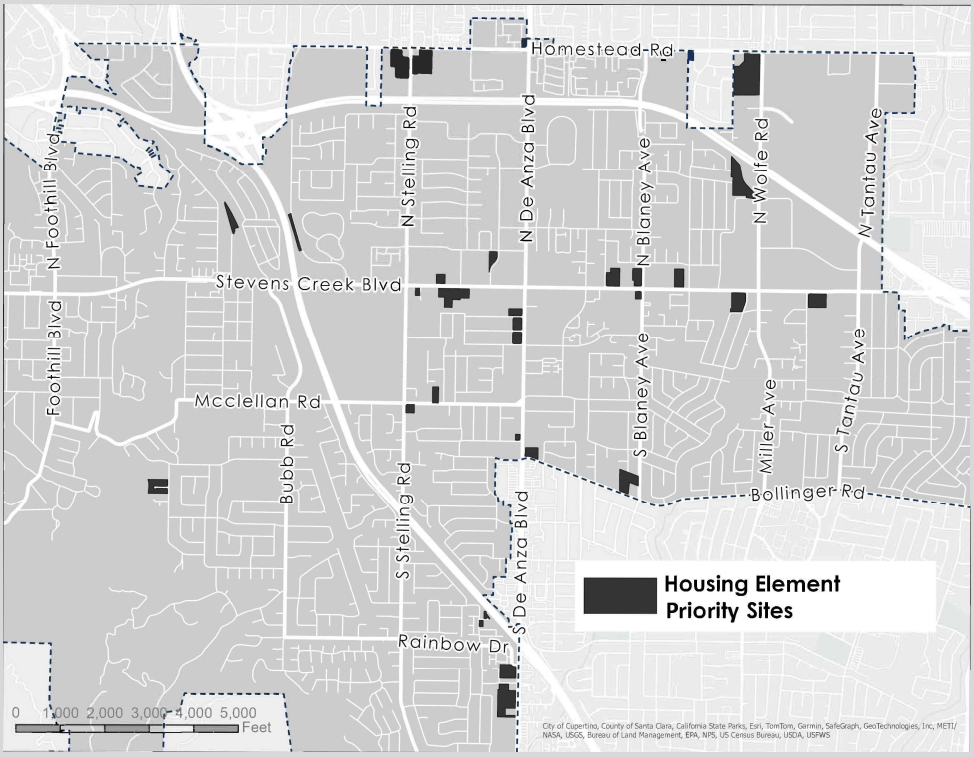


Current Site selection strategy

With Council direction in July 2023, site selection strategy adjusted based on:

- New State law realities – AB 2011/SB6
- Proximity to transportation – AB32/SB375
- Aligning with regional plans – PBA2050 & RTP
- City's existing policies – LU-1.1 & CAP
- Consultant experience based on likelihood of site acceptance by HCD
- Development potential of site
- Size of sites – 0.5 acres (min.) to 10 acres (max.)

Current Housing Element Priority Housing Sites



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Goals / Policies / Programs

CUPERTINO

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Required Programs and Policies

- Programs to provide **Adequate Housing Sites**
- Programs to **Assist Lower-Income Housing Development**
- Programs to Address Housing **Constraints**
- Programs to **Conserve and Improve the Housing Stock**
- Programs to **Affirmatively Further Fair Housing**
- Programs to **Preserve "at risk" Units**
- Programs for **ADUs/Second Units**

CUPERTINO HOUSING ELEMENT

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Housing Policy Areas

- Programs to **Assist Lower-Income Housing Development –**
  - Support Grant applications;
  - Provide technical support;
  - Issue NOFA for BMR Affordable Housing Funds
- Programs to Address Housing **Constraints –**
  - Adopt Objective standards,
  - Continue fee waivers for affordable units and/or 100% affordable projects;
  - Evaluate Parking standards

CUPERTINO HOUSING ELEMENT

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Housing Policy Areas (cont.)

- Programs to **Conserve, Improve and Expand City Housing Stock –**
  - Requiring replacement of at least as many units as exist on a site;
  - Disallow conversion of multi-family units to Single Family;
  - CDBG funds for conservation/ improvements

CUPERTINO HOUSING ELEMENT

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Housing Policy Areas (cont.)

- Programs to **Affirmatively Further Fair Housing –**
  - Upzone sites adequately to allow accommodation of RHNA;
  - Support teacher housing and ELI projects;
  - Continue to support the development of ADUs and adopt "missing middle" housing policies, which offer opportunities with modest increases in density (**HE Strategy1-3-6**)

CUPERTINO HOUSING ELEMENT

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Housing Policy Areas (cont.)

- Programs to **Preserve "at risk" Units –**
  - Programs to meet with affordable housing operators annually.
- Programs for **ADUs/Second Units –**
  - Continue to offer streamlined pre-approved plans;
  - Evaluate and participate in local and regional efforts on ADU programs.

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HOUSING ELEMENT

25

HCD Review

CUPERTINO

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Initial HCD comments

- Received May 4, 2023
- General in nature, but comprehensive
- Asks for more analysis in several areas
- Some comments do not apply to City (e.g. manufactured homes/ADUs)
- No specific feedback on Sites Inventory, except pipeline (*discussed earlier*)

CUPERTINO HOUSING ELEMENT

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Second Draft HCD comments

- Received December 15, 2023
- Fewer comments and more specific in nature
- Still asks for more analysis in a few areas, particularly regarding sites' development potential within 6th Cycle timeframe
- Some feedback on Sites Inventory, other than pipeline

CUPERTINO HOUSING ELEMENT

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Recent informal comments from HCD

- Strengthen Missing Middle Policies for Fair Housing purposes (Strategy HE 1-3-6)
- Provide additional site analysis-Improvement to Land Value and support for sites where redevelopment is less certain
- Continue to streamline and promote development of ADUs
- Take more proactive approach to ensure housing is produced

CUPERTINO HOUSING ELEMENT

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Settlement/Environmental Assessment

- **February 2023:** California Housing Defense Fund/YIMBY Law sue City for noncompliant HE by adoption deadline
- **January 2024:** Stipulated Judgment entered into - establishing schedule to complete HE update in compliance with State law
- Gov't Code Sec. 65759(a)
  - CEQA does not apply to actions to bring HE into compliance with Court Order.

CUPERTINO HOUSING ELEMENT

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Timeline and Next Steps

April 2024
- Letter from HCD – 4/12
- HC Study Session
- PC recommendation

May 2024
- Council adoption – 5/14

June 2024
- Second reading – 6/4

Summer 2024
- Prepare objective design standards

Fall 2024
- Adopt objective design standards

Mar 2025
- APR submitted

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CC 04-16-2024

#12

6th Cycle Housing Element Update

Presentation

6th Cycle Housing Element Update

City Council

April 16, 2024

CUPERTINO

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CUPERTINO
HOUSING ELEMENT

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CUPERTINO
HOUSING ELEMENT

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CUPERTINO
HOUSING ELEMENT

Related Updates

- Conforming changes:
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CUPERTINO
HOUSING ELEMENT

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CUPERTINO
HOUSING ELEMENT

ABAG RHNA

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CUPERTINO
HOUSING ELEMENT

Santa Clara County 6th RHNA Cycle

Jurisdiction	VERY LOW INCOME (<50% of Area Median Income)	LOW INCOME (50-80% of Area Median Income)	MODERATE INCOME (80-120% of Area Median Income)	ABOVE MODERATE INCOME (>120% of Area Median Income)	TOTAL
SANTA CLARA COUNTY					
Campbell	752	434	499	1,292	2,977
Cupertino	1,193	687	755	1,953	4,588
Gilroy	669	385	200	519	1,773
Los Altos	501	288	326	843	1,958
Los Altos Hills	125	72	82	210	489
Los Gatos	537	310	320	826	1,993
Milpitas	1,685	970	1,131	2,927	6,713
Monte Sereno	53	30	31	79	193
Morgan Hill	262	151	174	450	1,037
Mountain View	2,773	1,597	1,885	4,880	11,135
Palo Alto	1,556	896	1,013	2,621	6,086
San Jose	15,088	8,687	10,711	27,714	62,200
Santa Clara	2,872	1,653	1,981	5,126	11,632
Saratoga	454	261	278	719	1,712
Sunnyvale	2,968	1,709	2,032	5,257	11,966
Unincorporated Santa Clara	828	477	508	1,312	3,125

Cupertino's 6th Cycle RHNA

Income Group	Units	% of total
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  - Site selection
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  - Affirmatively Furthering Fair Housing (AFFH)
  - More outreach and inclusion
- HE more like contract than standalone document.

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HOUSING ELEMENT

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HOUSING ELEMENT

Affirmatively Furthering Fair Housing (AFFH)

- AB 686 (2018) defines AFFH as:

  "taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics."

- Three community meetings focused on AFFH held May-September 2022

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HOUSING ELEMENT

Affirmatively Furthering Fair Housing (AFFH) - Cupertino

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CUPERTINO
HOUSING ELEMENT

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CUPERTINO
HOUSING ELEMENT

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CUPERTINO
HOUSING ELEMENT

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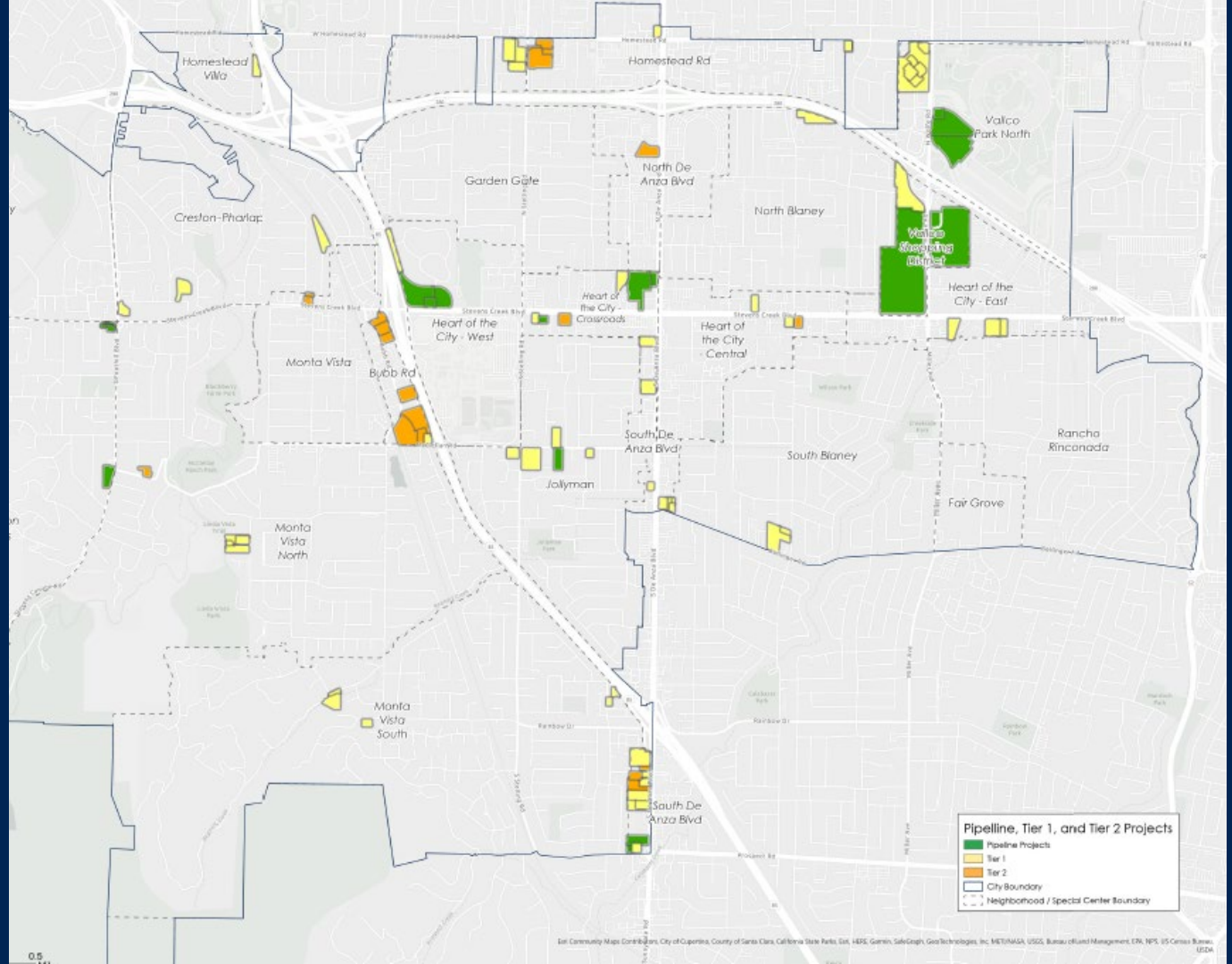

CUPERTINO
HOUSING ELEMENT

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CUPERTINO
HOUSING ELEMENT

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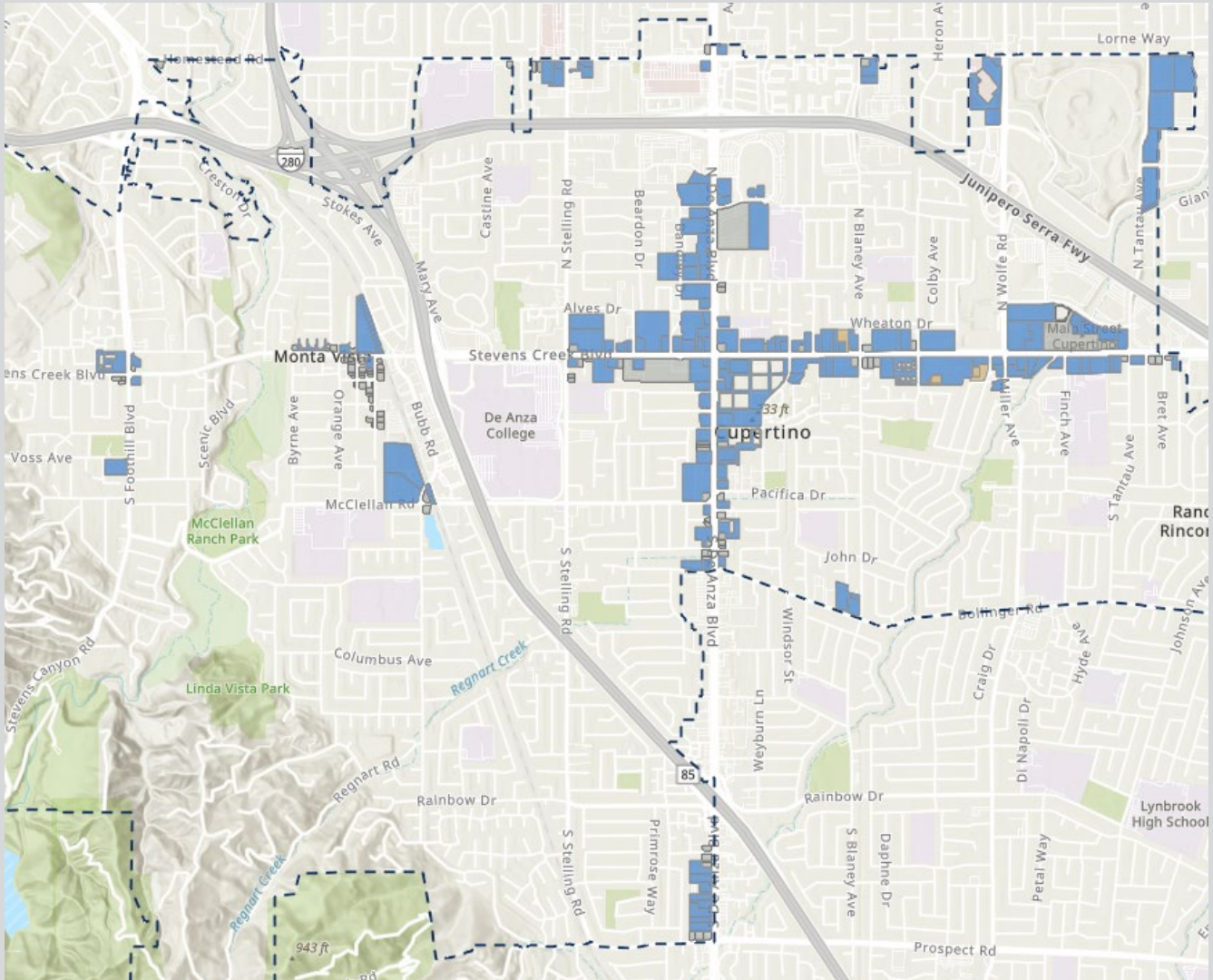

CUPERTINO
HOUSING ELEMENT

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CUPERTINO
HOUSING ELEMENT

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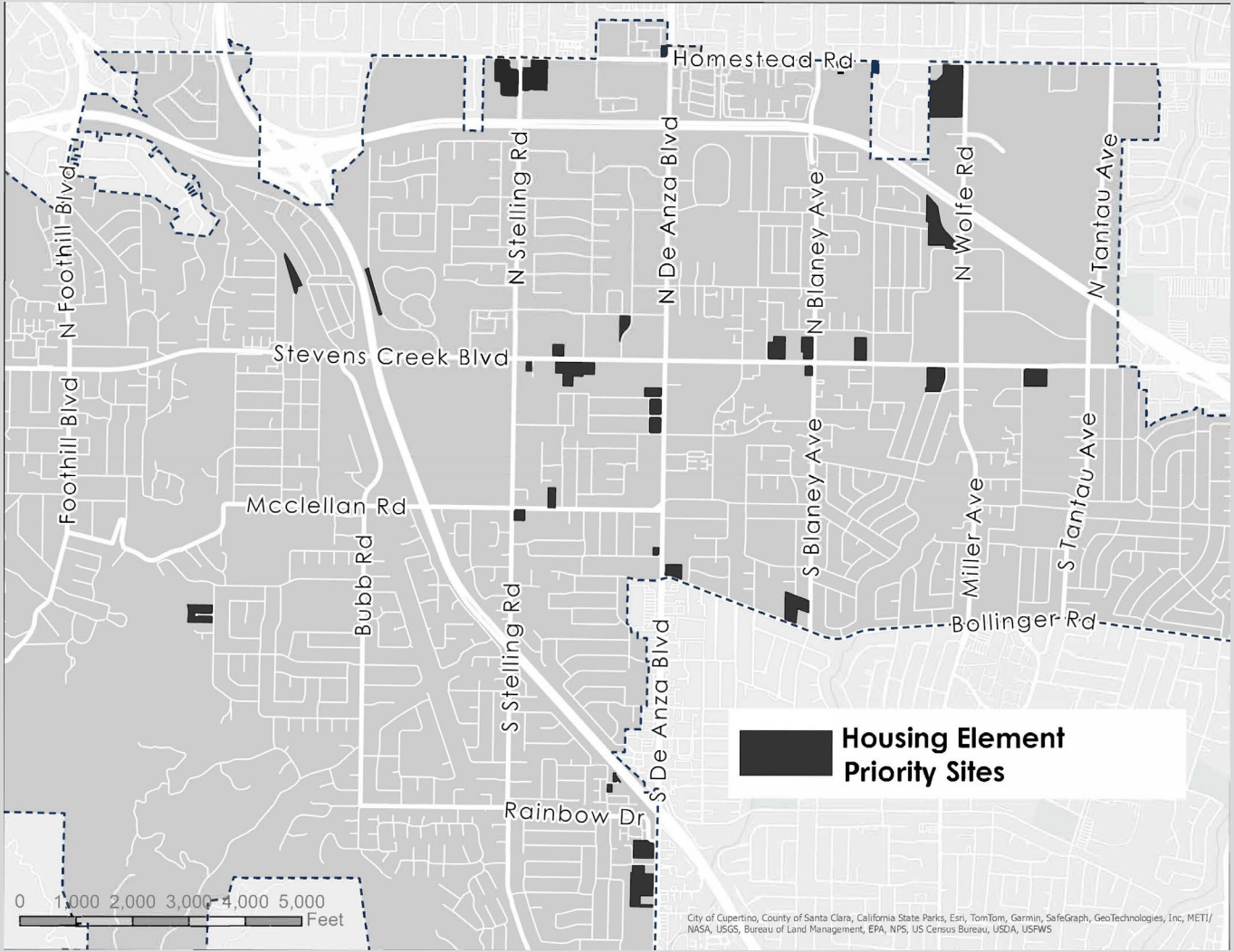

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HOUSING ELEMENT

Goals / Policies / Programs

CUPERTINO

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HOUSING ELEMENT

Housing Policy Areas

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- Programs to Address Housing **Constraints –**
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CUPERTINO
HOUSING ELEMENT

Housing Policy Areas (cont.)

- Programs to **Conserve, Improve and Expand City Housing Stock –**
  - Examples: Requiring replacement of at least as many units as exist on a site; Disallow conversion of multi-family units to Single Family; CDBG funds for conservation/ improvements

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Housing Policy Areas (cont.)

- Programs to **Affirmatively Further Fair Housing –**
  - Examples: Upzone sites adequately to allow accommodation of RHNA; Support teacher housing and ELI projects; Continue to support the development of ADUs and adopt "missing middle" housing policies, which offer opportunities with modest increases in density;

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Housing Policy Areas (cont.)

- Programs to **Preserve "at risk" Units –**
  - Examples: programs to meet with affordable housing operators annually.
- Programs for **ADUs/Second Units –**
  - Examples: Continue to offer streamlined pre-approved plans; Evaluate and participate in local and regional efforts on ADU programs.

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Council Direction July 2023:

- In addition to refining site selection strategy, directed priority for housing policy areas among the following:
  - Assist lower income households
  - Address constraints
  - Conserve and Improve Housing Stock
  - Affirmatively Further Fair Housing
  - Preserve "at risk" units
  - ADUs/Second Units

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HCD Review

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Initial HCD comments

- Received May 4, 2023
- General in nature, but comprehensive
- Asks for more analysis in several areas
- Some comments do not apply to City (e.g. manufactured homes/ADUs)
- No specific feedback on Sites Inventory, except pipeline (*discussed earlier*)

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Second Draft HCD comments

- Received December 15, 2023
- Fewer comments and more specific in nature
- Still asks for more analysis in a few areas, particularly regarding sites' development potential within 6th Cycle timeframe
- Some feedback on Sites Inventory, other than pipeline

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Recent informal comments from HCD

- Strengthen Missing Middle Policies for Fair Housing purposes (Strategy HE 1-3-6)
- Provide additional site analysis-Improvement to Land Value and support for sites where redevelopment is less certain
- Continue to streamline and promote development of ADUs
- Take more proactive approach to ensure housing is produced

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Settlement/Environmental Assessment

- February 2023: California Housing Defense Fund/YIMBY Law sue City for noncompliant HE by adoption deadline
- January 2024: Stipulated Judgment entered into, establishing schedule to complete HE update in compliance with State law
- Gov't Code Sec. 65759(a)--CEQA does not apply to actions to bring HE into compliance with Court Order.

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Timeline and Next Steps

April 2024

- Letter from HCD – 4/12
- HC Study Session
- PC recommendation

May 2024

- Council adoption – 5/14

June 2024

- Second reading – 6/4

Summer 2024

- Prepare objective design standards

Fall 2024

- Adopt objective design standards

Mar 2025

- APR submitted