



CITY OF CUPERTINO

DRAFT MINUTES

LEGISLATIVE REVIEW COMMITTEE

10300 Torre Avenue, City Hall EOC

Tuesday, September 3, 2019

9:30 AM

SPECIAL MEETING

ROLL CALL

The meeting was called to order at 9:38 a.m.

Present: Mayor Steven Scharf, Vice Mayor Liang Chao, Townsend Public Affairs (TPA), Assistant to the City Manager Katy Nomura.

APPROVAL OF MINUTES – None

ORAL COMMUNICATIONS

Jennifer Griffin spoke about the housing issues in Oregon regarding eliminating R1 housing in the state.

PUBLIC COMMENT (INCLUDING COMMENTS ON ALL AGENDA ITEMS)

This item was not conducted as the Chair decided to take public comment on agenda items when the agenda items were discussed.

AGENDA REVIEW

This item was not conducted.

ACTION ITEMS

1. Subject: Consider adopting a position on AB 1487 (Chiu) - San Francisco Bay Area housing development

Recommended Action: Consider adopting a position on AB 1487 and authorizing the Mayor to send a letter to the State Legislature

TPA explains that at the last meeting on August 27, the contents of this bill were not yet in print. Now that they are in print, the committee can fully evaluate it and recommend amendments by submitting a letter to the state. The provisions of the bill reflect the items that Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission (MTC) boards had previously adopted as well as other items that had been requested by various stakeholders throughout the process. The bill is broken into several different chapters, which contain some general provisions about the relative governance structure of the Finance Authority with roles for ABAG and MTC. ABAG essentially

serves as the executive committee and has to do a lot of approvals, the expenditure plans and other items before they can be approved by the full Finance Authority. The bill also lays out the powers of the Finance Authority, including loans, bonds, and the ability to place measures on the ballot to raise revenue. The bill has details on the ability for the entity to put in place a parcel tax as well as a commercial linkage fee for new businesses as well as a gross receipts tax. There are provisions in the bill on the commercial linkage fee, which allow for the fee to be suspended in the event of a recession. The linkage fees are suspended after two consecutive quarters of negative gross domestic product growth within the San Francisco Bay Area. The fee may be reinstated after two consecutive quarters of positive domestic product growth within the San Francisco Bay Area. On the expenditure side, the bill clarifies ABAG will act first prior to before MTC when it comes to allocating funds for projects. The revenue split is that 80% of the housing revenues that are generated by a parcel tax or a gross receipts tax would be distributed back to the county of origin. On the commercial linkage fee that number is 50%. The remaining pots, 20% of the parcel tax and the 50% would be eligible for expenditure in any of the in any portion of the territory of the entity. After at least five years, ABAG and MTC are allowed to reconsider the regional distribution of funds based on consultation with advisory committee, public participation, and two thirds vote of the entity. It also clarifies that 2/3 of the funding has to be used for production and preservation of housing. 52% has to be for deed restricted housing creation and at least 15% has to be for the preservation of housing. The bill also has anti-displacement language for tenant protection. The bill does provide a dedicated funding for return to source cities specifically for San Francisco, Oakland, San Jose, as well as any city that has at least a 30% of RHNA share within their county, which only four cities would qualify under that definition.

The measure was moved out of Appropriations last week and the bill will need to go to the Senate Housing Committee as well as the Senate Governance and Finance Committee which had been previously discussed. The bill will be heard housing likely early tomorrow evening in the senate Housing Committee. Since the bill has been in print, a lot of people are requesting various changes. It is unclear at this point as to what the author or the proponents will be willing to do. The return to source of funding is a very big issue for Cupertino. There's been a lot of requests, which we've made with some of our other clients, for money to return directly to the city of origin as opposed to county of origin. There is also request for stronger language to be included regarding city involvement in the development of expenditure plans, obviously, different cities and counties have different relationships and the ability to not have a guarantee that each jurisdiction is going to get a certain amount of funding, regardless of what taxes may be imposed on the residents and businesses is a very big issue. This bill will probably go towards the end of next week since we haven't seen the last of the amendments on this bill. But again, that that should become a little clearer over the next handful of days.

Counties have the ability to put their own individual measures on the ballot for their

own county. But this being a regional entity, has the ability to put on the other nine county measures, as well as the other things such as commercial linkage fees and gross tax receipts. The entity does have the ability to put revenue measures on a subset, but there's specific language that says, in no case shall a measure be placed on the ballot in fewer than four counties. So, there can't be individual county measures, but there could be as low as four for a regional metric.

There is return to source for the three largest cities as well as any city that has more than a 30% share of their counties RHNA number, which is Santa Rosa, Napa, Fairfield, and San Rafael. So those would get direct allocations, though other cities would only get a portion, of the counties return. Obviously, the other jurisdictions within those affected counties would still have their proportionate share. Essentially the 80% share would go to the county to create an expenditure plan for a county to expand within its borders. While the funding would go to the county, the proportion of the city generated dollars would flow directly to that city and not go to the county first and 20% would still go to regional pot.

Public Comment:

Jennifer Griffin mentions that Livable California had a good write up about this bill. She is also concerned about the housing legislation in Sacramento.

Liana Crabtree asks some clarification questions regarding parcel tax revenue.

Action Taken:

The Vice Mayor makes a motion to support AB 1487 if the below amendments are accepted by the author and to send a letter of Support If Amended to the State Legislature. The following amendments are:

- Eight percent of the revenue should be directly returned to the city of origin, not the county.
- Linkage fees should be capped by a percentage rate, determined by a nexus study, instead of a flat dollar amount.
- A percentage of the regional funding should be dedicated for housing for extremely-low, very-low, and low-income households, including management units and low-income families, not just individuals or couples.

The Mayor seconds. The motion carries unanimously.

2. Subject: Discuss SB 268 (Wiener) - Ballot Measures: Local Taxes_
Recommended Action: Discuss SB 268

TPA explains that this is a measure that was actually moved off of the Appropriation's Suspense file on Friday. Under existing law, a local measure for an issuance of bonds or an imposition of a tax, there is certain information that needs to be put on the ballot pamphlet itself. It's 75 words maximum, and it has to include the cost of and the tax rate. This bill says that a local measure that authorizes a series of bonds or imposes a tax with a multi-tiered rate structure would be exempted from the tax information being put on

the ballot pamphlet. The tax information would instead be required to put “See voter guide for tax rate information”, and the voter guide will include a series of information relating to the measure.

The committee is not able to take a position on the bill at this time since it does not align with the committee’s Legislative Platform, which was adopted by council. Vice Mayor noted that she wants to bring awareness about this bill so that people are aware of the potential changes. She believes that this bill has good intentions, because it will have more detailed tax rate information especially for more complicated measures. However, she thinks this bill could be abused and people will make it multi layered and end up not providing information in the ballot question. The Mayor believes that this bill reduces transparency.

Public Comment:

Jennifer Griffin is concerned about this bill since the voter guide is confusing and may be deceiving for the public.

Action Taken:

None

3. Subject: Consider adopting a position on AB 113 (Ting) - Housing
Recommended Action: Consider adopting a position on AB 113 and authorizing the Mayor to send a letter to the State Legislature

TPA explains that is a is a budget trailer bill that was Governor demanded at the end of last week. Ultimately, the primary purpose of this bill is the implementation of a court decision related to the National Mortgage special fund, which will cost \$330 million to create this bond and setup parameters around it for nonprofit programs, housing counselors, legal aid, etc. There are two smaller provisions that look pretty much like technical clean up to some of the AB 101 trailer bill items, but nothing in here is related to SB 35.

Katy Nomura, Assistant to the City Manager, explains that this bill is only impacting cities who are not in compliance with the state housing element.

Public Comment:

Jennifer Griffin is concerned about this bill and questions the intent of the author.

ADJOURNMENT

The meeting was adjourned at 11:08am