



CITY OF CUPERTINO

Approved Minutes

LEGISLATIVE REVIEW COMMITTEE

10300 Torre Avenue, City Hall, Conference Room A

Monday, March 2, 2020

3:30 PM

SPECIAL MEETING

ROLL CALL

The meeting was called to order at 3:30 pm

Present: Mayor Scharf, Councilmember Chao, City Manager Deborah Feng, Director of Administrative Services Kristina Alfaro, Assistant to the City Manager Katy Nomura, County Assessor, Townsend Public Affairs (TPA)

APPROVAL OF MINUTES

1. Subject: Approve the January 13th Legislative Review Committee Minutes_
Recommended Action: Approve the January 13th Legislative Review Committee minutes

Mayor Scharf moved to approve the January 13th Legislative Review Committee minutes. Councilmember Chao seconded. The motion carried unanimously.

POSTPONEMENTS

ORAL COMMUNICATIONS

Jennifer Griffin is concerned with the housing bills from Sacramento.

Lisa Warren is concerned about ADU permits.

PUBLIC COMMENT (including comments on all agenda items)

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

AGENDA REVIEW

This item was not conducted

ACTION ITEMS

2. Subject: County Assessor Presentation on Split Roll Initiative
Recommended Action: Receive County Assessor Presentation on Split Roll Initiative

and provide any input

The County Assessor, Larry Stone, gave a presentation on his concerns regarding the split roll initiative. There are two versions of this initiative and one has qualified for the 2020 ballot and the other is expected to take the place of the first initiative once it gets enough signatures to qualify for the ballot. Mr. Stone discusses the pros and cons of Proposition 13 and believes that it provides inequitable benefits for industrial and commercial property owners that need to be changed. He stated that as the Assessor, he has an obligation to say that this measure is seriously flawed and would create chaos and unpredictability to taxpayers and the Assessor's office. He believes that this initiative will be impossible to implement within 18 months as stated in the initiative. Mr. Stone mentioned that this initiative is extremely ambiguous and inaccurately refers to the "fair market value" of a property, which is impossible for an assessor to calculate. He argues that it will be impossible to accurately predict revenue since tax rates will vary, which is an important factor for schools and local jurisdictions. He also explained that the exclusions for farmland, residential, small businesses, and owner-occupied properties are ambiguous and impossible to constantly reassess. He also mentioned that these exclusions would result in an increase in the number of appeals, which would be impossible to process in a timely manner. He explains that the main concern for assessors is the lack of time and funding necessary for adequate implementation.

Mayor Scharf asked Mr. Stone about how the County would do reassessments prior to Proposition 13. Mr. Stone explained that in many cases they did not do reassessments. Councilmember Chao asked Mr. Stone about how other states who don't have anything like Proposition 13 deal with reassessment. Mr. Stone explained that Texas, for example, has a much larger number of assessment appeals boards, but suspects they may not be as accurate.

Public Comment:

Bob Brownstein explained that he disagrees with Mr. Stone's presentation and that his description of the initiative was inaccurate. He specifically mentioned that the measure does not say that all of the properties have to be reassessed in 18 months. He argued that the initiative is not ambiguous, does allow adequate time for reassessment, and provides a revamped appeals process in favor of the assessor.

Jennifer Griffin spoke about her concern for increasing property taxes and losing local control.

Lisa Warren spoke about her concerns about the split roll initiative and is concerned about selective audits.

Mr. Stone concludes by explaining that there does need to be a property tax reform soon but does not believe this initiative is the best option. He believes that the two best options would

be to implement a split rate where businesses would receive a higher tax rate or to give the assessor 5 years to implement this measure.

3. Subject: Townsend Discussion on Split Roll Initiative

Recommended Action: Receive Townsend Discussion on Split Roll Initiative and provide any input

Townsend Public Affairs explained that the measure has broad support from a lot of democratic members of the legislature, congress, school districts, labor unions, and presidential candidates. This support largely comes from the possible increase in revenue, regardless of how much it is. Majority of opponents are republican, who generally oppose any tax increases proposed by legislation. TPA explained that these measures are heavily politicized, and the bills tend to die immediately. Other opponents include business organizations who are concerned with how much this increase will impact local businesses and result in costs being transferred to the consumer, possibly going out of business, or moving out of state. TPA explained that the initiative proposes a \$12 billion increase in revenue but an estimated \$6 billion annually would go towards administrative and implementation costs. This reassures that Counties will receive increased funding for implementation and reassessment challenges they may face.

Councilmember Chao wanted to know who is responsible for funding the two measures. TPA explained that public labor groups that would benefit from increased revenues are funding these measures.

Public Comment:

Jennifer Griffin speaks about a local politician who wants to protect Proposition 13.

Bob Brownstein spoke about bringing this discussion to the full council.

4. Subject: Legislative Update

Recommended Action: Receive legislative update and provide any input

TPA explains that the bill introduction deadline just passed on February 21st and there were just over 2,300 bills that were introduced. There are almost 500 bills that are carried over from the previous year so that total is near 2,800 bills for this session, which is what is typically expected. All introduced bills must sit for 30 days before they can be heard by a committee or be amended. The policy committees will start hearing bills around late March and early April. The policy committee's deadline for bills with fiscal impact is at the end of April.

There were about 150 housing bills that were introduced regarding homelessness, RHNA, ADU's, zoning, impact fees, and housing production. The City spoke with staff from the Pro-Tem's office regarding housing challenges within different cities. The Housing and

Local Government Committees held a meeting where members acknowledged that impact fees are not the driving cost of housing increases but instead, cost of materials and labor shortages have a much larger impact on construction costs.

The Governor gave his State of the State address a few weeks ago and he spoke mainly on housing, homelessness and mental health, which is what his administration will be focusing on this year. Councilmember Chao is interested in AB 1924, which would require impact fees to be based on square footage of proposed units. TPA mentions that there are no other similar bills for school parcel taxes.

At this point in the legislative schedule, it is too early to tell which bills will carry more weight than others. Once they move further in the legislative process, we will have a better idea of which bills to watch out for.

Public Comment:

Jennifer Griffin asks about SB 889 and 902 and is concerned about CEQA exemptions

5. Subject: Update on the Governor's proposed state budget (Continued from 1/13/20 meeting)

Recommended Action: Receive update on the Governor's proposed state budget

TPA explains that the budget was introduced on January 10, 2020, which kicked off the budget season for this year. The legislature is getting ready to hold budget subcommittee meetings. Most hearings will include the department of finance and the Legislative Analysts Office and the legislature will gather information and ask questions. It will be until the May revise where the State will have their final revenue numbers after property taxes are paid. The governor has proposed \$153 billion general fund, but it will be interesting to see how the economic impacts of the Coronavirus will have on the State budget. These changes will be seen in the May revise where there will be any proposed revisions based on the Coronavirus impacts on State revenue. The budget must be passed by June 15th. This January budget is an indicator of what the adopted budget may look like, however it will not be the same. The largest portion of the budget is always Prop 98, which allocates 40% of funds to K-14 public education. There is a one-time fund of \$750 million to establish the California Access to Housing and Services Fund to help deal with housing and homeless services, which is the third time the Governor has included this in the budget. The Governor also included a Climate Resilience Bond of \$4.75 billion that would go on the ballot for November 2020.

Public Comment:

Jennifer Griffin speaks about how cities are working on housing their homeless population. TPA explains that the Governor created a task force that is working on a "right to housing" which would require any homeless person to be housed.

6. Subject: Consider adopting a position on AB 725 (Wicks) - Housing Element: Moderate and Above-Moderate Housing
Recommended Action: Adopt a watch position for Assembly Bill 725 (Wicks) - Housing Element: Moderate and Above-Moderate Housing

TPA explains that this bill is a 2-year bill that was amended in January and was approved by the Assembly. It is currently in the Senate Rules Committee awaiting referral to the policy committees. This bill creates a density requirement for above moderate housing where a city must allocate at least 25% of their regional housing need for above moderate-income housing to sites with zoning that allows at least two but not more than 35, units of housing. This bill passed over the day SB 50 died, so a lot of proponents of SB 50 seemed to have jumped over in support of this bill because of its similarities.

Public Comment:

Jennifer Griffin speaks about her concern about this bill and its threat to single family homes.

Lisa Warren asks further questions about the bill.

Action Taken:

The Mayor and Councilmember Chao voted unanimously to adopt a watch position for Assembly Bill 725 (Wicks) - Housing Element: Moderate and Above-Moderate Housing

7. Subject: Consider adopting a position on AB 1279 (Bloom) - Housing Element: High Resource Areas
Recommended Action: Adopt a watch position for Assembly Bill 1279 (Bloom) - Housing Element: High Resource Areas

TPA explains that this bill is another two-year bill, which also had similarities to SB 50. After SB 50 failed, many legislators have moved their focus to this bill. This bill requires the Dept. of Housing and Community Development (HCD) to designate “high-resource areas” within the state that are defined as high opportunity areas with low residential density that are not currently experiencing gentrification and displacement and are not at high risk of future gentrification and displacement. The bill would further require that a housing development project must be a “use-by-right” in any high-resource area for certain developments. This bill is subject to the Second House Policy Committee deadline on July 2nd but has yet to be amended at this point. The Mayor and Councilmember discuss possibly sending a letter of concern addressing school funding issues and RHNA determinations.

Public Comment:

Lisa Warren asks whether this bill produces affordable housing. TPA explains that there are some affordable provisions in the bill.

Jennifer Griffin speaks about her concern about this bill

Action Taken:

The Mayor and Councilmember Chao voted unanimously to adopt a watch position for Assembly Bill 1279 (Bloom) - Housing Element: High Resource Areas

8. Subject: Consider adopting a position on SB 906 (Skinner) - Joint Living and Work Quarters and Occupied Substandard Buildings
Recommended Action: Adopt a watch position for Senate Bill 906 (Skinner) - Joint Living and Work Quarters and Occupied Substandard Buildings

TPA explains that this bill addresses housing and work-live workspaces. It allows owners to delay notices for non-life-threatening enforcement issues for up to 7 years. This bill only applies to cities that have adopted ordinances that allow joint living and work quarters. Currently, Cupertino does not have that ordinance. All of the provisions of this bill are up for City consideration.

Public Comment:

Jennifer Griffin speaks about her distrust and concerns of this bill.

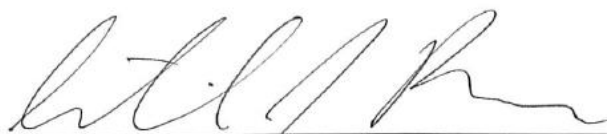
No action was taken on this bill.

9. Subject: Discussion of future meetings and agenda topics_
Recommended Action: Recommend future meetings and agenda topics

The next meeting is scheduled for March 30 at 3:00 p.m.

ADJOURNMENT

The meeting was adjourned at 6:33 p.m.



Astrid Robles, City Manager's Office