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**MEMORANDUM**

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**To:** The Honorable Lydia Kou and Members of the Palo Alto City Council  
**CC:** Ed Shikada, City Manager  
Chantal Cotton Gaines, Deputy City Manager

**From:** Townsend Public Affairs  
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**Date:** March 22, 2023

**Subject:** State and Federal Legislative Updates

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Townsend Public Affairs, Inc. (TPA) has prepared this report for the City of Palo Alto to provide a summary of State and Federal efforts, highlight the current status of the legislative process, and identify various pieces of legislation that may be of interest to the City.

### Overview

Nearing the end of March, the State Legislature has entered its high-paced period of the legislative cycle, which includes weekly robust agendas of policy committees and bill amendments. Since the bill introduction deadline in mid-February, the Legislature produced 1,751 Assembly Bills and 881 Senate Bills, for a total of 2,632 bills. Additionally, there are six special session bills on the Governor's declared special session to legislate high gas prices (3 each in the Assembly and Senate). These numbers constitute the highest number of bill introductions in a single session over the past decade.

Overarching legislative trends focus on opioid overdose prevention and response, housing production and streamlining, behavioral health reform, proposals for new statewide general obligation bonds, and public safety reforms including addressing Proposition 47. While some of these trends will maintain relevance throughout the Session, others may be replaced by other issues, depending on events that will transpire over the year and the progression of bills throughout the various steps included in the legislative process.

Looking ahead, the Legislature will continue this pace of bill considerations until the focus once again shifts back to the State's budget for the May Revision of the previously proposed January budget. The budget framework will guide policy considerations for bills that draw on state resources before the focus shifts once again to legislation as bills move over to the second house.

## Priority Legislation for the City of Palo Alto

### 1. Bills With City Positions

The following chart provides an overview of bills with pending positions taken as of March 21, 2023. ('Pending' positions means that staff drafted a letter for these bills based on the Legislative Guidelines. Though not required, staff looks for Council affirmation on these on April 3).

BILL	SUMMARY/STATUS	CITY IMPACT	POSITION/ RECOMMENDATION
<a href="#">AB 1505</a> <a href="#">(Rodriguez)</a>	Appropriates \$250,000,000 for the purpose of implementing the Seismic Retrofitting Program for Soft Story Multifamily Housing <i>Status: Pending Policy Committee Referral</i>	Seismic safety improvements align with the Palo Alto City Council's 2023 Priority of Community Health and Safety and will help the City progress in the seismic improvements objective.	City Position: Pending Support
<a href="#">SB 43</a> <a href="#">(Eggman)</a>	Updates the definition of "gravely disabled" to include a new focus on preventing serious physical and mental harm stemming from a person's inability to provide for their needs for nourishment, personal or medical care, find appropriate shelter, or attend to self-protection or personal safety, due to their mental or substance use disorder. <i>Status: Will be heard in Senate Health Committee March 29</i>	One of the Palo Alto City Council Priorities for 2023 is Community Health and Safety which includes some focus on mental health. This bill seems to align with that priority.	City Position: Pending Support
<a href="#">SB 363</a> <a href="#">(Eggman)</a>	Establishes a real-time, internet-based dashboard to collect, aggregate and display information about the availability of beds in a range of psychiatric and substance abuse facilities. <i>Status: Will be heard in Senate Health Committee March 22.</i>	One of the Palo Alto City Council Priorities for 2023 is Community Health and Safety which includes some focus on mental health. This bill seems to align with that priority. The City would need to further analyze the resources required for this legislation.	City Position: Pending Support
<a href="#">SB 423</a> <a href="#">(Wiener)</a>	Extends the provisions of SB 35 (Wiener, Statutes of 2017) indefinitely. Removes coastal exemption and objective planning standards criteria. <i>Status: Passed the Senate Housing Committee on a 6-1 vote. Referred to the Senate Governance and Finance Committee.</i>	Palo Alto has included in the Legislative Guidelines many principles to support local control of land use and this bill contrasts with that.	City Position: Pending Opposition
<a href="#">SB 719</a> <a href="#">(Becker)</a>	Requires law enforcement agencies to ensure any non-confidential radio communications are accessible to the public. <i>Status: Referred to Senate Public Safety Committee. Pending hearing date.</i>	The City Council supported similar legislation in 2022. As of Fall 2022, the City of Palo Alto switched routine Palo Alto Police radio transmissions to now be broadcast on an unencrypted channel. This bill in it's current form should not affect Palo Alto operations.	City Position: Pending Support

## 2. Bills With Recommended Action

The following chart features two bills that TPA advocates have identified with recommendations for the City to take a formal position on, pending Council consideration and approval.

BILL	SUMMARY/STATUS	CITY IMPACT	POSITION/ RECOMMENDATION
<a href="#">AB 68</a> (Ward)	Requires ministerial approval of infill multifamily units up to 50 feet in defined "Climate Smart Parcels" proximate to transit and commercial clusters. <i>Status: Referred to Assembly Committees on Housing and Local Government. Pending hearing date.</i>	Palo Alto has included in the Legislative Guidelines many principles to support local control of land use and this bill contrasts with that.	Recommendation: Oppose
<a href="#">SB 405</a> (Cortese)	Requires for the 7th cycle housing element that the planning agency notify the owner of a site included in the site's inventory. If an owner doesn't intend to develop at least 80% of the number of units indicated, the site cannot be included. <i>Status: Referred to Senate Housing Committee. Pending hearing date.</i>	Palo Alto has included in the Legislative Guidelines many principles to support local control of land use. This bill could create administrative burdens related to site inventory certification and site identification for future RHNA cycles.	Recommendation: Oppose

## 3. Notable bills with Recommendations to Monitor Progress

The following chart encompasses priority legislation TPA advocates are monitoring on behalf of the City. Positions noted as "Recommendations" reflect the suggested position from TPA advocates and are subject to change, pending review of each bills' impact on the City. Should the City Council or staff note any additional pieces of legislation to incorporate into this chart, TPA advocates will gladly accommodate. TPA can also provide a recommendation regarding to support or opposition to these bills if the City Council is interested in acting upon them at this time.

BILL	SUBJECT	SUMMARY	STATUS	POSITION/ RECOMMENDATION
<a href="#">AB 557</a> (Hart)	Open Meetings	Extends modified teleconferencing provisions under the Brown Act when a declared state of emergency is in effect, or in other situations related to public health, indefinitely.	Referred to Assembly Local Government Committee. Pending hearing date	Recommendation: Monitor
<a href="#">AB 817</a> (Pacheco)	Open Meetings	Allows subsidiary bodies of a local agency to use alternative teleconferencing provisions under the Brown Act, without the need of a State of Emergency.	Referred to Assembly Local Government Committee. Pending hearing date.	Recommendation: Monitor

BILL	SUBJECT	SUMMARY	STATUS	POSITION/ RECOMMENDATION
<a href="#">AB 1484 (Zbur)</a>	Labor Relations and Retirement	Requires temporary employees of cities and counties to join existing bargaining units accessible to permanent employees. Imposes requirements on employers with temporary employees hired to do the same or similar work performed by permanent employees.	Pending Policy Committee Referral	Recommendation: Monitor
<a href="#">AB 1532 (Haney)</a>	Housing and Land Use	Makes the conversion of vacant office buildings into residential developments a use by right in all areas regardless of zoning.	Pending Policy Committee Referral	Recommendation: Monitor
<a href="#">AB 1630 (Garcia)</a>	Housing and Land Use	Prohibits local governments from prohibiting a dormitory on any real property located within 1/2 mile of a university campus, as long as specific conditions are met relating to affordability and student occupancy.	Pending Policy Committee Referral	Recommendation: Monitor
<a href="#">AB 1633 (Ting)</a>	Housing and Land Use	Specifies that a local agency has disapproved a housing project in violation of the Housing Accountability Act (HAA) if it fails to make a determination that a project is exempt from the California Environmental Quality Act (CEQA), or fails to adopt, certify, or approve certain environmental documents under specified circumstances.	Pending Policy Committee Referral	Recommendation: Monitor
<a href="#">AB 1637 (Irwin)</a>	Informational Technology (IT)	Requires cities to switch to a .gov domain if they have not already done so. Switching to a .gov domain is free of cost to qualified public agencies and incorporates additional cyber security protections. While free of cost, the update could create additional work for City IT departments.	Pending bill language.	Recommendation: Monitor
<a href="#">AB 1764 (Housing Committee)</a>	Housing and Land Use	Makes several technical and clarifying changes to code sections pertaining to housing and community development.	Pending Policy Committee Referral	Recommendation: Monitor
<a href="#">ACA 1 (Aguiar-Curry)</a>	Revenue and Taxation	Lowers the necessary voter threshold from a two-thirds supermajority to 55 percent to approve local general obligation (GO) bonds and special taxes for affordable housing and public infrastructure projects.	Pending Policy Committee Referral	Recommendation: Monitor
<a href="#">SB 251 (Newman)</a>	Governance and Transparency	Prohibits an elected officer from employment by any other elected officer with the same constituency.	Referred to Senate Elections and Constitutional Amendments Committee. Pending hearing date.	Recommendation: Monitor

BILL	SUBJECT	SUMMARY	STATUS	POSITION/ RECOMMENDATION
<a href="#">SB 252 (Gonzalez)</a>	Labor Relations and Retirement	Requires CalPERS to divest existing fossil fuel company investments on or before July 1, 2030.	Referred to Senate Labor, Employment, and Retirement Committee. Set for hearing on April 12.	Recommendation: Monitor
<a href="#">SB 429 (Bradford)</a>	Energy and Utilities	Requires natural gas corporations to credit customers all revenues, including accrued interest, received as a result of the greenhouse gas cap and trade program. Requires those credits to be distributed during the February billing cycle, so as to coincide with the highest usage gas utility bill during the year.	Amended with new language 3/20. Pending committee assignment.	Recommendation: Monitor
<a href="#">SB 450 (Atkins)</a>	Housing and Land Use	Identified as the SB 9 (Atkins, Statutes of 2022) "Clean up bill." Among other things, prevents local agencies from creating zoning, subdivision, and design rules that do not apply equally to all development within a particular area.	Referred to the Senate Housing Committee. Pending hearing date.	Recommendation: Monitor
<a href="#">SB 567 (Durazo)</a>	Housing and Land Use	Provides renter protections including expanding the population of protected tenants, limiting allowable rent increases, and closing loopholes related to the no-fault just cause for eviction.	Pending committee assignment.	Recommendation: Monitor
<a href="#">SB 572 (Stern)</a>	Energy and Utilities	Requires the PUC, Energy Commission, and the Federal Energy Regulatory Commission to each consider imposing additional requirements to protect ratepayers from price spikes, stranded assets, duplication of services, and the risk of windfall profiteering and market manipulation in wholesale and retail markets.	Referred to Senate Energy, Utilities, and Communications Committee. Pending hearing date.	Recommendation: Monitor

### State Budget Update

The State's budget is in a unique position this year as a result of the Internal Revenue Service (IRS) and Franchise Tax Board (FTB)'s decision to extend the tax filing deadline for the 51 counties impacted by the winter storms to October 16, 2023.

The Legislature has a constitutional responsibility to approve a budget no later than June 15, which is historically based on revenues received by the State through the April 15 tax filing deadline. Since the tax filing deadline has been extended five months beyond its original date, the Legislature approve a budget with a general frame work for its spending plan in June with subsequent alterations towards the end of the year.

## **Governor Newsom Announces Plans to Bolster the State's Response to Homelessness and Behavioral Health**

In lieu of a State of the State this year, Governor Newsom opted to hold a statewide tour and meet directly with residents and make major announcements related to reducing homelessness, improving public safety, reducing health care costs, and initiating mental health care reforms.

On Sunday March 19, the Governor concluded his tour by discussing reforms that would go on the 2024 ballot to improve how California treats mental health and substance use disorders. The Governor's proposal breaks down to three main components:

- A general obligation bond to finance the construction of thousands of new community mental health facilities throughout the state.
- Reforms to the MHSA, directing \$1 billion annually to pay for housing and other community-based residential solutions, expanding treatment eligibility to include those with substance use disorders, and creating greater flexibility in the use of remaining funds.
- Alignment of behavioral health benefits across all health plans in California and new accountability and oversight measures for county behavioral health plans.

It is anticipated that these reforms will complement the rollout of the Governor's CARE Court plan initiated last year, which establishes the Community Assistance, Recovery, and Empowerment (CARE) Court Program and the CARE Act to provide comprehensive treatment, housing and support services to Californians with complex behavioral health care needs.

## **FEDERAL UPDATES**

### **Congressionally Directed Spending Submittal**

The City/TPA team worked in partnership to draft, fine tune, and submit a congressionally directed spending request for infrastructure funding to help redevelop the Buena Vista Mobile Home Park. The Park, a locally significant affordable housing resource, is in desperate need of sustainable redevelopment, including 100% electrification. An award would assist the predominantly Latinx and very low-income residents who call it home. This application was in partnership with the Santa Clara County Housing Authority and the requested amount was \$2 million dollars. The request was submitted to Senator Padilla, Senator Feinstein, and Congresswoman Eshoo.

### **President Biden Releases FY24 Budget**

President Biden released the FY24 budget proposal outlining his vision to build on the Administration's work of lowering costs for families, protecting and strengthening Social Security and Medicare, reducing the deficit, and more. The \$6.8 trillion budget proposal for FY2024 includes tens of billions of dollars in new spending and tax increases, which will likely face pushback from Congressional Republicans. The President's proposal would increase spending by \$400 billion from last year.

The proposal calls for new taxes on wealthy Americans and corporations and using those funds to help extend Medicare's solvency by 25 years. The proposed budget increases defense spending by \$26 billion to a total of \$842 billion, a 3.2% increase from last year. The Homeland Security Department would get \$4.7 billion to help respond to the migration surge at the U.S.-Mexico border.



Additional federal agencies would see double-digit spending boosts including proposed spending increases to: Agriculture 14%; Commerce 11%; Education and Energy 13.6%; HHS 11.5%; Interior 9.3%; Justice 5.9%; Labor 11.5%; State 11%; Transportation 6.7%; and Treasury 15%.

The budget brings back some of the administration's original goals of Build Back Better, to build off the success of the Inflation Reduction Act. These include additional education, housing, and climate provisions. The full budget text can be found here: [www.whitehouse.gov/omb/budget/](https://www.whitehouse.gov/omb/budget/)

Highlighted provisions include:

#### *Housing and Housing Assistance*

- \$59 billion in mandatory funding and tax incentives aimed at increasing the affordable housing supply, including for extremely low-income households. Includes \$10 billion in mandatory funding to incentivize State, local, and regional jurisdictions to make progress in removing barriers to affordable housing developments, such as restrictive zoning. The Budget also includes \$10 billion in mandatory funding for a new First-Generation Down Payment Assistance program. And the Budget expands access to affordable rent through the Housing Choice Voucher (HCV) program to well over 200,000 additional households—including guaranteed assistance for all 20,000 youth who age out of foster care annually and an incremental expansion to cover the 450,000 extremely low-income (ELI) veteran families nationwide.
- \$4.1 billion for the Low Income Home Energy Assistance Program (LIHEAP), building on the \$13 billion provided in the Inflation Reduction Act to reduce energy bills for families, expand clean energy, transform rural power production, and create thousands of good-paying jobs for people across rural America. Since the Low Income Household Water Assistance Program (LIHWAP) expires at the end of 2023, the Budget proposes to expand LIHEAP funding and allow States the option to use a portion of their LIHEAP funds to provide water bill assistance to low-income households.

#### *Public Safety*

- Continued funding to the President's comprehensive Safer America Plan, including funding to put 100,000 additional police officers on our streets for accountable, community-oriented policing; \$19.4 billion over 10 years for crime prevention strategies; and \$5 billion over 10 years for community violence interventions. The Budget also includes \$17.8 billion for DOJ law enforcement, including a total of nearly \$2 billion for the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) to expand multijurisdictional gun trafficking strike forces with additional personnel, increase regulation of the firearms industry, and implement the Bipartisan Safer Communities Act.
- The Budget includes nearly \$25 billion for U.S. Customs and Border Protection (CBP) and Immigration and Customs Enforcement (ICE). The Budget includes funds for CBP to hire an additional 350 Border Patrol Agents, \$535 million for border technology at and between ports of entry, \$40 million to combat fentanyl trafficking and disrupt transnational criminal organizations, and funds to hire an additional 460 processing assistants at CBP and ICE.

### Climate Resiliency and Disaster Preparedness

- \$4.5 billion in clean energy across America. The Budget supports clean energy workforce development and sustainable infrastructure projects across the country, including \$1.8 billion to weatherize and retrofit low-income Americans' homes.
- More than \$24 billion to help build communities' resilience to floods, wildfires, storms, extreme heat, and drought brought on by climate change, expand conservation and ecosystem management, strengthen America's natural disaster response capabilities, increase the resilience of rural housing to the impacts of climate change while reducing rent burdens, and ensure the resilience of our nation's defense to climate change.
- Increased investment to tackle the Wildfire crisis. FY 2024 budget request for the Department of the Interior's (DOI) wildland fire and hazardous fuels management totals \$1.33 billion, and for the Department of Agriculture (USDA) Forest Service's wildland fire and hazardous fuels management totals \$2.97 billion. These investments are designed to increase firefighters' pay, expand firefighting capacity, and enhance support for firefighter health and wellbeing.

### **Federal Aviation Administration Reauthorization**

Federal lawmakers face a September 30, 2023 deadline to reauthorize the Federal Aviation Administration and the House Transportation and Infrastructure Committee and Senate Commerce Committee are working to craft the must-pass legislation. FAA Reauthorization sets funding levels and policies for FAA programs and grants, including policy around air traffic operations, airport improvement grants, and NextGen technology. Finding remedies for flight disruptions, aging technology, and cramped seating, and managing new entrants into the airspace will be at the center of the debate.

House Transportation and Infrastructure Committee Chairman Sam Graves (R-MO) has set an aggressive timeline to move FAA Reauthorization legislation, stating in February that he wanted to bring legislation to the floor of the House of Representatives this July. This timeline would put the House ahead of the Senate, setting up conference negotiations over August and September, with likely final action in September or later in the fall. If a deal slips past the September 30 deadline, a short-term extension of current authorizations would be necessary.