CITY OF CUPERTINO

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CITY COUNCIL INFORMATIONAL MEMORANDUM
Date: October 30, 2026

To: Cupertino City Council
From: Kirsten Squarcia, Deputy City Manager

Re: Legislative Update – 2026 Session Recap

Background
In February 2026, the City Council adopted Resolution No. 26-022, reestablishing the Legislative Review Committee (LRC) and reinstating the annual Legislative Platform. The platform establishes the City's official positions on state legislative issues important to the City and the community. It also authorizes the LRC to take positions on legislation that is clearly addressed in the adopted platform, while bills outside of the scope of the platform must be considered by the full Council.

With this reinstated approach, the City updated Cupertino's legislative process to include the following three-step approach that is strategically timed to coincide with key milestones in the legislative process:



*LRC adopts positions that align with the Council approved Legislative Platform. All other positions are considered by the full Council.

Steps one and two of the legislative process were completed earlier this year with the creation of the LRC and the adoption of the Legislative Platform. As step three of the process, the LRC and Council adopted the following positions on bills throughout the 2026 legislative session:

- AB 956 (Quirk-Silva) – Oppose
- AB 1674 (Ahrens) – Support
- AB 1708 (Solache) - Support
- AB 1751 (Quirk-Silva) – Oppose
- AB 1821 (Pacheco) – Support
- AB 1857 (Aguiar-Curry) – Watch
- AB 1976 (Wicks) – Oppose
- AB 1997 (Lee) – Watch
- AB 2346 (Wilson) – Support
- AB 2517 (Calderon) – Support
- SB 922 (Laird) – Support recommended to the full Council
- SB 1167 (Blakespear) - Support

All bill information can be found on the Legislative Activity Webpage.

Legislative Update

This year, the Legislature introduced 2,833 bills between the two houses, with 1,777 in the Assembly and 1,056 in the Senate. Originally, the 2025–2026 Regular Session was scheduled to adjourn on Monday, August 31, following several days of intense floor activity. While August 31st was the constitutional deadline for the Legislature to complete most of its work, lawmakers did return on Tuesday, September 1, for final action on a small number of budget and wildfire-related measures that were amended too late to satisfy California's constitutional 72-hour in-print requirement before the traditional end-of-session deadline. The Governor had until September 30, 2026 to act on legislation, and this year he signed 1,040 bills and vetoed 120 bills.

During the 2026 Legislative Session, California lawmakers focused on housing affordability, homelessness, climate change, energy costs, transportation funding, and wildfire prevention and recovery. Housing production and streamlining development remained major priorities, often raising concerns over local control. Legislators also addressed state budget challenges, infrastructure investment, labor relations, and public safety. Overall, the session reflected the Legislature's continued push to address affordability and environmental goals while balancing fiscal constraints and the growing responsibilities placed on local governments. The following is a summary of these priority areas from this past year:

Housing

Like in prior years, the Legislature focused on various housing and development legislation that is particularly impactful to local governments. Here are bills of importance to Cupertino:

- **AB 956 (Quirk-Silva) – Accessory Dwelling Units (ADUs):** The legislation expands opportunities for homeowners to construct accessory dwelling units by allowing up to two detached ADUs on qualifying residential properties, rather than limiting homeowners to one detached unit. The bill also strengthens protections against homeowners associations (HOAs) imposing restrictions that prevent otherwise legally

permitted ADUs, including on single-family properties located within multifamily zoning districts. The bill is intended to increase housing production and expand affordable housing options by streamlining residential development under California's existing ADU laws. This bill, opposed by the LRC, was signed into law by the Governor on September 29, 2026.

- **AB 1751 (Quirk-Silva) – Missing Middle Townhome Ownership Act:** The legislation seeks to increase homeownership opportunities and housing production by streamlining the approval and subdivision process for townhome developments. The bill establishes a ministerial approval process for qualifying townhome projects on residentially zoned properties, allowing developers to construct and sell individual townhomes without undergoing certain discretionary local approval processes. The bill requires cities and counties to approve qualifying subdivision maps without public hearings, provided the projects meet applicable objective development standards. The bill reduces discretionary authority over certain residential developments and may require updates to local subdivision procedures and zoning regulations. This bill, opposed by the LRC, was signed by the Governor on September 29, 2026.

- **AB 1708 (Solache) – Homeless Housing, Assistance, and Prevention Program:** This bill sought to expand access to state homelessness funding for smaller cities through Round 8 of the Homeless Housing, Assistance, and Prevention (HHAP) program. The legislation would have required regional homelessness action plans to identify programs and services provided by smaller jurisdictions and allowed regional funding recipients to allocate a portion of HHAP funding directly to cities with populations under 300,000. AB 1708, supported by the LRC, was held on the Assembly Appropriations Committee suspense file on May 14, 2026.

<u>Transportation</u>

- **AB 1976 (Wicks) – Pedestrian and Bicycle Safety Projects:** This legislation seeks to accelerate pedestrian and bicycle safety improvements by limiting local governments' ability to delay or reconsider projects that have already advanced through the planning and design process. Specifically, AB 1976 prohibits cities and counties from holding community input meetings to reconsider, delay, or prevent qualifying pedestrian or bicycle safety projects once they have reached 90% design completion, subject to specified exceptions. The bill also expands exemptions under CEQA for establishing or expanding pedestrian malls. This bill, opposed by the LRC, was signed by the Governor on September 27, 2026.

- **AB 2346 (Wilson) – Electric Bicycle Safety and Speed Limits:** The legislation establishes new statewide safety requirements for e-bikes, particularly aimed at protecting younger riders and pedestrians. The bill establishes a 10-mile-per-hour speed limit for e-bikes on sidewalks, provides local governments with greater flexibility to establish speed limits on bicycle paths and trails, and requires e-bike retailers and distributors to provide consumers with educational materials regarding safety laws and recommended speeds

for younger riders. Beginning in 2029, e-bikes sold in California must be equipped with lights, while Class 2 e-bikes must also have speedometers. This bill, supported by the City Council, was signed by the Governor on September 30, 2026

- **SB 922 (Laird) – Vehicles: Local Agency Charges for Use of Streets or Highways:** This legislation clarifies that cities and other local agencies may impose fees, charges, or surcharges on public service providers or ratepayers to recover costs associated with the use, maintenance, and repair of local streets and highways. Specifically, SB 922 clarifies that these cost-recovery charges are not prohibited under existing Vehicle Code restrictions on certain local fees for roadway use. The LRC recommended that the full Council support this bill, however the Governor signed the bill on August 27, 2026, three days before the agendized City Council meeting.

- **SB 1167 (Blakespear) – Electric Bicycle Safety and Consumer Protections:** This legislation strengthens consumer protections and public safety by prohibiting manufacturers and retailers from advertising, labeling, or selling certain motorized vehicles as electric bicycles when they do not meet California's legal definition of an e-bike. Under existing law, e-bikes must have fully operable pedals, motors that do not exceed 750 watts, and maximum assisted speeds of 20 mph using a throttle or 28 mph with pedal assistance. SB 1167 clarifies that higher-powered vehicles, including certain motor-driven cycles and mopeds, cannot be marketed as e-bikes to avoid applicable safety and regulatory requirements. The legislation takes effect January 1, 2027. This bill, supported by the LRC, was signed into law by the Governor on September 30, 2026.

<u>Other Bills of Interest:</u>

- **AB 1383 (McKinnor) – Public Employees' Retirement Benefits:** The legislation sought to modify the California Public Employees' Pension Reform Act (PEPRA) by enhancing retirement benefits for public safety employees, including lowering the retirement age from 57 to 55, establishing new pension formulas allowing benefits of up to 3% of compensation per year of service, and increasing pensionable compensation limits. While supported by public safety labor organizations as a means of improving recruitment, retention, and retirement security, the bill faced significant opposition from cities, counties, and special districts concerned about increased pension obligations. CalPERS estimated the changes could increase annual pension costs by hundreds of millions of dollars statewide. For local governments, the legislation would have created substantial long-term financial obligations, potentially diverting resources from essential municipal services. The City monitored this bill throughout the legislative session but did not take a formal position. AB 1383 was vetoed by Governor Gavin Newsom on September 20, 2026.

- **AB 1674 (Ahrens) – Food Affordability Act:** This bill sought to improve access to affordable, healthy food in underserved communities by establishing the Food Desert Elimination Grant Program. The legislation would have provided grants to grocery store operators and developers to establish, expand, or maintain grocery stores in areas with limited food access. AB 1674 would have required cities and counties to ensure that new

housing developments in designated food deserts did not eliminate space needed for grocery stores unless equivalent mitigation was provided. The bill also would have imposed annual reporting requirements on local agencies. AB 1674 passed the Assembly Agriculture Committee on March 25, 2026, by a unanimous 5–0 vote but stalled in the Assembly Housing and Community Development Committee after its April 7 hearing was canceled at the author's request. As a result, the bill failed and was never presented to Governor Newsom for consideration. This bill was supported by the LRC.

- **AB 1821 (Pacheco) – California Public Records Act: Agency Response Time**: This bill will modify the California Public Records Act (CPRA) by changing the deadline for public agencies to respond to public records requests from 10 calendar days to 10 business days. Additionally, the bill changes the allowable 14-day extension under unusual circumstances to 14 business days. The legislation is intended to provide state and local agencies with additional flexibility to process public records requests, recognizing staffing limitations, increasing workloads, and the challenges of responding within deadlines that include weekends and holidays. For cities and other local governments, AB 1821 provides additional time to review requests, identify responsive records, and determine whether records are subject to disclosure, while maintaining existing requirements to make disclosable records promptly available. The legislation takes effect January 1, 2027. This bill, supported by the LRC, was signed into law by the Governor on September 30, 2026.

- **AB 2517 (Calderon) – Fire Safety: Fire Hazard Severity Zones:** This bill sought to provide greater flexibility and transparency in California's wildfire hazard mapping process. The legislation would have authorized cities and counties to apply the higher fire hazard severity designation to an entire parcel when multiple designations existed on the property, while allowing local governments to document existing wildfire mitigation efforts and programs. The bill also proposed changes to the State Fire Marshal's mapping and review requirements, including greater public access to locally adopted fire hazard severity zone ordinances. AB 2517 was held on the Assembly Appropriations Committee suspense file on May 14, 2026. As a result, AB 2517 failed to reach the Governor for his consideration. This bill was supported by the City Council.

State budget

The California Legislature approved the 2026–27 state budget on June 15, followed by a final budget agreement with Governor Newsom on June 26. Adoption of the implemented budget legislation was completed on June 29. The enacted budget totals approximately $346.6 billion in state spending, including $251.5 billion from the General Fund and $95.1 billion from special funds. Including federal and bond funds, total spending reaches approximately $539 billion. The budget prioritizes education, health care, housing, homelessness, transportation, and infrastructure, while addressing fiscal pressures through revenue measures, spending adjustments, and fund shifts. For local governments, the budget maintains important state funding programs but continues to create uncertainty surrounding future discretionary grants and local assistance.

Although the Administration describes the enacted budget as balanced for 2026–27 and 2027–28, the Legislative Analyst's Office (LAO) cautions that an underlying structural imbalance remains because ongoing expenditures exceed ongoing revenues. The June spending plan projects approximately $19.6 billion in General Fund reserves at the end of 2026–27, consisting of $15.1 billion in the Budget Stabilization Account—commonly called the Rainy Day Fund—which helps the state maintain programs during revenue declines or budget emergencies, and $4.5 billion in the state's operating reserve. The Administration's January projections had anticipated operating deficits of $27 billion in 2027–28, $22 billion in 2028–29, and $23 billion in 2029–30. The June agreement substantially reduced those projected shortfalls, although it did not eliminate the state's longer-term fiscal risks.

During the final days of the legislative session, lawmakers advanced additional budget follow-up bills and budget-related policy bills to adjust appropriations, implement policy changes, and address funding priorities not fully resolved in June. These actions included $88.9 million in General Fund allocations for housing and homelessness initiatives, additional workforce development funding, and technical changes to education, climate bond, and other state programs.

The budget provides several important opportunities and challenges for cities, including:

- Homelessness: $890 million for Round 7 of the Homeless Housing, Assistance and Prevention (HHAP) program, including $390 million in additional funding, accompanied by new local matching and accountability requirements.
- Housing: Continued investments in affordable housing and changes intended to streamline housing finance and development.
- Transportation and infrastructure: Continued funding for transportation programs and infrastructure investments, with ongoing competition for limited discretionary resources.

Although the state avoided an immediate budget shortfall, structural pressures remain, making future reductions, funding shifts, or additional requirements on local governments an ongoing concern.

2027 Legislative Session

The Legislature will officially kick off the 2027-28 2-year legislative session on January 4, 2027. This is the first year of a two-year session. The Legislature will have until the middle of January 2027 to submit language to Legislative Counsel for new bills followed by the bill introduction deadline in the middle of February 2027.

With the elections coming up in November, we will see at least 26 new members of the Legislature. This in turn brings new Leadership roles, Chairs of committees, and new membership and composition of legislative committees. It also highlights the importance of educating these new Legislators on our priorities.

Next Steps

In December, Council will appoint next year's LRC members through the Council Committee assignments. In January/February, staff will bring forward a draft 2027-2028 Legislative Platform for Council consideration. Once adopted, the new LRC will start meeting in early 2027 and adopt a schedule for the 2027 legislative session. Ongoing information on Cupertino's Legislative Activity is located on the Legislative Activity Webpage.

Sustainability Impact
No sustainability impact.

Fiscal Impact
No fiscal impact is associated with this memorandum.

City Work Program (CWP) Item/Description
None

Council Goal:
Public Engagement and Transparency, Quality of Life

TBD Item:
No

California Environmental Quality Act
The information in this report is not related to a "project" subject to CEQA

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Attachments:
None