



**DATE:** December 16, 2025

**TO:** Mayor and City Council

**FROM:** City Manager

**SUBJECT:** Update on State Advocacy and Legislative Developments for the 2025–26 Session

## **RECOMMENDATION**

That the Council receive an update from Townsend Public Affairs regarding state legislative and budget developments relevant to the City's policy and operational priorities for the 2025–26 Legislative Session.

## **SUMMARY**

This report provides an update on state legislative actions and budget developments from the 2025 California Legislative Session that affect the City's operations, funding opportunities, and policy responsibilities. Townsend Public Affairs (TPA) serves as the City's state legislative advocate, supporting the City's Legislative Platform by tracking state bill activity, monitoring budget deliberations, coordinating with legislative and agency staff, and identifying potential funding opportunities for City departments.

California's Legislature operates on a calendar-year cycle. As a result, most early policy discussions, bill drafting, and negotiations occurred during FY 2024–25, with final votes, gubernatorial actions, and statewide budget decisions occurring in the current fiscal year. Many of the measures enacted during this session will take effect on January 1, 2026, positioning their impacts squarely within the City's ongoing operational, planning, and service-delivery responsibilities.

Key developments affecting cities include modernization of the Brown Act, updates to land use and housing streamlining provisions, changes to labor and contracting requirements, regional transportation finance legislation, updates to immigration response policies, and significant fiscal actions related to climate and infrastructure, including the reauthorization and renaming of the State's Cap-and-Trade program as Cap-and-Invest. These developments inform the City's legislative engagement and highlight areas where state actions may influence local priorities and implementation timelines.

## BACKGROUND

Townsend Public Affairs (TPA) has represented the City of Hayward since 2009 as its state legislative advocate, supporting the City's Legislative Platform by monitoring state legislation, tracking budget deliberations, coordinating with legislative and agency staff, and assisting departments in identifying and preparing for state funding opportunities. TPA's work spans all City departments and focuses on aligning emerging state actions with local operational needs, long-term planning efforts, and major capital priorities.

Since 2016, TPA has also supported the City in pursuing State funding through the annual budget process. In recent fiscal years, the City has secured several targeted appropriations for community facilities, housing, health services, and local public safety initiatives. A list of prior year state budget allocations facilitated by TPA is shown in table 1, below.

**Table 1. Summary of State Earmarks**

<b>Project Description</b>	<b>Year</b>	<b>Amount</b>
<b>The Stack Youth and Family Center – Phase II</b>	2024	\$2,500,000
<b>St. Rose Hospital Sub-Acute Facility Modernization</b>	2024	\$2,000,000
<b>Hayward Evaluation and Response Teams (HEART)</b>	2024	\$1,212,000
<b>Alameda County Delinquency Prevention Network (DPN) Grant</b>	2023	\$1,837,500
<b>Project Reclamation – Scattered Sites Housing Project</b>	2023	\$5,400,000
<b>South Hayward Youth and Family Center</b>	2022	\$1,000,000
<b>Hayward Navigation Center – Operations Support</b>	2022	\$662,000

California's Legislature operates on a calendar-year cycle. As a result, much of the initial policy development, bill drafting, and committee activity for the first half of the biennial 2025–26 Legislative Session occurred coincided with the City's FY 2024–25. This period included the introduction of new legislative proposals, negotiations over early budget packages, and the development of policy initiatives related to climate, housing, and public governance. Many of these efforts served as precursors to the final legislation acted upon in the later months of the session.

The State entered the 2025 legislative year facing a significant budget deficit and ongoing fiscal constraints, which shaped negotiations across policy areas and influenced the Administration's and Legislature's approach to new program creation or expansion. Trailer bills enacted during the summer and early fall of 2025 finalized the State's budget framework and implemented statutory adjustments needed to carry out the Budget Act. These actions occurred alongside continuing discussions about long-term climate funding, regulatory reforms, and statewide governance modernization.

This early-session activity provides context for understanding the legislation and fiscal actions enacted later in 2025, many of which will take effect on January 1, 2026, and are relevant to the City's current fiscal-year operations.

## **DISCUSSION**

The 2025 California Legislative Session concluded on October 12, 2025, following a year marked by sustained fiscal pressure, policy negotiations between the Legislature and the Administration, and a series of late-session amendments to major bills affecting local governments. The first year of the two-year session generated significant activity in areas central to City operations, including transparency and public governance, land use and housing, climate and energy policy, public safety, labor and contracting, and regional transportation finance. Many enacted measures will take effect on January 1, 2026, and will influence local planning, operational timelines, administrative procedures, and long-term resource availability.

The State's fiscal environment shaped much of the session's final actions, including actions for the second year of the two year session. In its November Fiscal Outlook for the upcoming fiscal year the Legislative Analyst's Office projected an approximately \$18 billion budget deficit for the upcoming fiscal year and identified multi-year structural shortfalls driven by slower revenue growth, reduced capital gains, and ongoing program commitments. The LAO noted that reserves have been drawn down in recent years, leaving the State with limited capacity to absorb future volatility. These conditions suggest tighter competition for State grants, increased scrutiny of local assistance appropriations, and potential adjustments to ongoing programs as the Legislature develops the 2026 Budget Act.

The Legislature also advanced several governance and transparency measures with direct implications for local procedures. One of the most significant of these actions was the consolidation of multiple remote-meeting proposals into a single modernization framework under SB 707, intended to clarify statewide standards for public access and remote participation.

SB 707 updates the Brown Act by establishing new requirements for certain large public agencies to provide two-way telephonic or audiovisual access for all meetings of the legislative body and by defining when remote participation may occur without publicly posting a member's location. The bill also introduces new agenda translation requirements for languages spoken by at least 20 percent of the community that reports speaking English "less than well," with a maximum of three required translations and liability protections for inadvertent errors. Additional provisions address disruptions to remote access, allow public posting of translated agendas near meeting locations, and include a short implementation delay. Although further refinements may be considered in upcoming sessions, the changes will require the City to update meeting procedures, translation workflows, and related technology when the law takes effect on July 1, 2026. The teleconferencing flexibilities embedded within the new laws take effect January 1, 2026, to provide uninterrupted flexibility to local elected officials.

As part of the broader climate and infrastructure negotiations concluding the 2025 session, the Legislature advanced several measures intended to stabilize ongoing funding for statewide climate, water, transportation, and community resilience programs. A central component was SB 105, which implements the expenditure plan for Proposition 4—the statewide climate bond approved by voters in 2024. SB 105 allocates more than \$3.2 billion for programs supporting safe drinking water, drought and flood resilience, wildfire and forest health, coastal protection, extreme heat mitigation, biodiversity, climate-smart agriculture, clean air investments, and outdoor access. These investments are expected to support forthcoming competitive grant programs and formula allocations for local governments, including cities, in 2026 and beyond.

In parallel, the Legislature acted on several energy and climate-related bills intended to align statewide regulatory and funding structures with long-term climate goals. This included the reauthorization and renaming of the State’s Cap-and-Trade program as Cap-and-Invest, which establishes a new expenditure framework for Greenhouse Gas Reduction Fund revenues. While most associated funding is distributed through statewide programs, some portions—such as the Affordable Housing and Sustainable Communities program—may continue to offer competitive opportunities for local transit-oriented housing and infrastructure.

In the area of housing, land use, and homelessness, the Legislature focused on refining major policy changes adopted earlier in the year and updating statutory timelines and definitions governing local implementation. A primary measure was SB 158, a land-use trailer bill intended to clarify elements of the Housing Crisis Act and the CEQA streamlining provisions enacted during the June 30 budget deadline. SB 158 establishes updated timelines for ministerial review under the Housing Accountability Act, refines the definition of “natural and protected lands,” adjusts deadlines for infill housing approvals, and narrows eligibility for certain CEQA exemptions. The bill also directs the State to prepare for administration of Round 7 of the Homeless Housing, Assistance and Prevention (HHAP) Program, with initial disbursements expected for eligible jurisdictions beginning September 2026. HHAP has been an important funding source for the City in prior rounds, supporting operations of the Hayward Navigation Center, and the forthcoming guidelines will help determine potential future eligibility and program alignment.

Land use was also addressed through SB 79, which establishes statewide transit-oriented development standards for jurisdictions in “urban transit counties,” including Alameda County. The bill requires ministerial approval of qualifying residential projects near certain transit stations and applies two tiers of development standards based on service frequency. For Hayward, applicability will primarily center on the Hayward and South Hayward BART stations, as the City has relatively few transit hubs that meet the statutory thresholds. SB 79 allows for local alternative plans that meet State criteria and includes limited exceptions for high fire zones, sea-level rise areas, and historic resources. Implementation begins July 1, 2026, with full applicability aligned to the start of the next RHNA cycle.

The Legislature took steps to address federal immigration enforcement activity, with an emphasis on transparency and coordination between State agencies, schools, and local jurisdictions. These measures clarify requirements for officer identification, communication

with families, and the handling of immigration-related activities on school campuses. While these policies have generated statewide attention, their direct operational impact on the City is expected to be limited.

Additionally, legislative changes were enacted in the labor and public employment area that may affect City contracting practices, timelines, and overall cost exposure. The most consequential measure for local governments was AB 339, which requires public agencies to provide recognized employee organizations with at least 30 days' advance written notice before issuing a request for proposals, request for quotes, or renewing or extending contracts for services performed by represented classifications. The required notice must include anticipated contract duration, scope, estimated cost, any available solicitation materials, and the justification for the contract. While the bill includes an emergency exception, these procedural steps may lengthen procurement timelines, require earlier budget planning, and increase administrative workload to ensure compliance. The changes may also affect the City's ability to contract for specialized or short-term services.

## **FISCAL IMPACT**

There is no fiscal impact as a result of this report.

The activities described in this report are supported by an existing contract with Townsend Public Affairs for \$72,000, allocated across the General Fund, Water Fund, Measure D Recycling Fund, and Wastewater Fund based on service distribution. The General Fund share is \$49,680, with the remaining \$22,320 funded by the Water, Recycling, and Wastewater funds.

## **STRATEGIC ROADMAP**

The Legislative Program and Townsend's advocacy efforts are intended to reflect and support all six Strategic Priorities as outlined in the current Strategic Roadmap: 1) Enhance Community Safety and Quality of Life; 2) Preserve, Protect and Produce Housing for All; 3) Confront Climate Crisis and Champion Environmental Justice; 4) Invest in Infrastructure; 5) Grow the Economy; and 6) Strengthen Organizational Health.

## **NEXT STEPS**

Staff will continue monitoring the implementation timelines and administrative guidance associated with the major bills enacted during the 2025 Legislative Session, including SB 707, SB 105, SB 158, and SB 79. As the State develops program guidelines for the 2024 climate bond and prepares for the launch of Round 7 of the Homeless Housing, Assistance and Prevention Program, staff will evaluate funding opportunities to support City priorities in water, stormwater, wildfire mitigation, urban greening, and homelessness services. Staff will also review forthcoming regulatory updates and administrative procedures related to public meeting requirements, land-use review processes, and ministerial housing approvals to ensure local policies and workflows remain in compliance with State law.

Through the City's contract with Townsend Public Affairs, staff will continue to receive regular legislative updates, budget analyses, and funding opportunity alerts as the second year of the 2025–26 Legislative Session progresses. Staff will return to Council with additional updates as needed or when significant State actions require adjustments to local programs, policies, or funding strategies.

*Prepared by:* Rick Rivera, Management Analyst II

*Recommended by:* Jayanti Addleman, Interim City Manager

*Approved by:*

A handwritten signature in blue ink, appearing to read "Jennifer Ott", is written above a horizontal line.

Jennifer Ott, City Manager