



City Council Supplemental Report

CITY OF
**PALO
ALTO**

From: Jonathan Lait, Planning and Development Services Director

Meeting Date: April 7, 2025

Item Number: 17

Report #:2504-4460

TITLE

Supplemental Report: Potential Support or Sponsorship of a Senate Bill 457 (Becker) Regarding Housing Accountability Act Reforms (Item Continued from March 24, 2025 City Council Meeting)

RECOMMENDATION

Staff recommends the City Council discuss and provide direction to:

- A. Approve a Support or Sponsorship position on SB 457; and
- B. Designate a City Council representative to provide testimony in support of the Bill and/or authorize the City Manager or their designee to serve this role.

BACKGROUND AND ANALYSIS

On March 24, 2025, the City Council considered this item and voted to continue it to April 7, 2025, to allow more time for public consideration. During the March 24 meeting, several councilmembers raised questions regarding the potential impact of SB 457 on Palo Alto's Builder's Remedy projects. Staff is unable to provide a definitive answer at this time, as there are some unresolved ambiguities regarding how the bill interacts with existing law.

Specifically, subdivision (f)(7)(A) of the Housing Accountability Act (HAA), which was added by AB 1893 (2024), allows housing development projects that submitted a preliminary application prior to January 1, 2025 to choose to be subject to the HAA as it existed on the date of the preliminary application, or, if the project meets the definition of a 'builder's remedy project' under AB 1893, to opt to be subject to any or all provisions of the HAA as of January 1, 2025. Since all of Palo Alto's Builder's Remedy projects submitted preliminary applications prior to January 1, 2025, these existing provisions have the potential to conflict with SB 457 in the event it is enacted. This interplay between AB 1893 and the SB 457 could result in differing interpretations regarding the applicable standards. Staff anticipates that further clarification will emerge as SB 457 continues through the legislative process.

In addition, staff notes that some Builder's Remedy applicants have entered into tolling agreements with the City, which essentially pause the timelines for either party to take action on a Builder's Remedy application. These agreements may also preserve an applicant's right to pursue their Builder's Remedy project even if SB 457 is enacted; however, this will require a case-by-case legal analysis.

Finally, staff have been alerted that another bill of interest - AB 650 - has recently been amended. This bill, sponsored by the League of California Cities, is primarily directed at amending the Housing Element process, but it also specifies that cities can reject Builder's Remedy applications that are filed while a housing element is under review by HCD. In this way, it overlaps with part of the proposed language SB 457. Notably, however, AB 650 as currently drafted will have only prospective effect.

To allow the Council and the public to assess the effect of SB 457 in the event the bill is modified over time, staff is providing the following pertinent information for each pending Builder's Remedy project.

Address	Preliminary Application	Formal Application	Application Complete	Tolling Agreement
3150 El Camino Real	1/10/2023	6/6/2023		Yes
762 San Antonio	1/9/2024	4/23/2024	7/22/2024	
3606 El Camino Real	2/15/2024	6/10/2024	12/23/2024	
3781 El Camino Real	2/15/2024	6/10/2024	3/14/2025	
3400 El Camino Real	2/22/2024	7/17/2024		
156 California Ave	3/12/2024	4/23/2024	7/11/2024	
3997 Fabian	4/15/2024			Yes
680 University	5/14/2024	9/3/2024		Yes
2300 Geng Road	7/8/2024	12/18/2024		

Additional key dates related to the current drafting of SB 457:

4/15/2024 – Final Council adoption of Housing Element

8/20/2024 – HCD Certification of Housing Element

ATTACHMENTS

None.

APPROVED BY: Jonathan Lait, Planning and Development Services Director