



Understanding Density Bonus Law

Housing Acceleration Program - Technical Assistance

March 24, 2026

Agenda



Overview of Density Bonus Law



Project Eligibility and Affordability Requirements



Applying Density Bonus



Incentives, Concessions, Waivers and Parking Reductions



Implementation Considerations



Q&A

Overview of Density Bonus Law

State Density Bonus Law

- **Government Code Section 65915 – 65918**
- **Developer provides...**
 - Affordable Housing
 - Senior Housing
 - Student Housing
 - Land for Affordable Housing
 - Child Care Facilities
- **To Receive. . .**
 - Bonus Units
 - Reduced Parking
 - Incentives/Concessions
 - Waivers
 - Commercial Density Bonus

Recent Changes to State Density Bonus Law

- **AB 2372 (2018):**
 - Allows FAR bonus instead of density bonus.
- **AB 2345 (2020):**
 - Increased maximum density bonus from 35% to 50%.
 - Adjusted affordability thresholds to qualify for incentives/ concessions.
 - Reduced parking standards.
- **SB 290 (2021):**
 - Adds student housing eligibility.
- **AB 682 (2022):**
 - Adds shared housing projects.
- **AB 1551 (2022):**
 - Expands commercial density bonus eligibility.

Recent Changes to State Density Bonus Law

- **AB 2694 (2024):**
 - Includes residential care facilities for the elderly.
- **SB 92 (2025):**
 - Limits Density Bonus for commercial FAR to 2.5 times the base zoning allowance.
 - Excludes hotels and transient lodging from Density Bonus incentives, concessions, or waivers.
- **AB 87 (2025):**
 - Excludes visitor-serving uses of mixed-use development from Density Bonus incentives.

Project Eligibility and Affordability Requirements

Project Eligibility

- Five or more residential units.
- Specified percentage of affordable units or other eligibility criteria (e.g., senior citizen development).
- Must agree to meet requirement for replacement housing if project will demolish rental units.

Affordable Housing Requirements

Eligible Housing Development Projects	Basic Eligibility Requirements ¹
100 percent Affordable Units	All units lower-income (which include very low-income and low-income), except up to 20 percent of the units may be moderate-income.
Very Low-Income Units (up to 50% AMI²)	At least 5 percent of the base units are very low-income.
Lower-Income Units (up to 80% of AMI²)	At least 10 percent of the base units are lower-income (which include very low-income and low-income).
Moderate-Income Units (up to 120% AMI²)	At least 10 percent of the base units are moderate-income. (For-Sale Projects Only)
Other Special Projects	Senior Housing; Housing for Transitional Foster Youth; Disabled Veterans, or Homeless Persons; Student Housing; Condominium Conversion; Childcare Facility; Land Dedication/ Donation; Commercial Developments

Note: ⁽¹⁾ State Density Bonus law applies to housing development projects, not hotels or short-term lodging. ⁽²⁾Income limits are based on Area Median Income (AMI), which is published annually by the California Department of Housing and Community Development (HCD): <https://www.hcd.ca.gov/income-limits>.

Source: [Government Code Sections 65915](#); [Government Code Section 65915.5](#); [Government Code Section 65915.7](#).

Income Categories

- Area Median Income (AMI):

Number of Persons in Household:		1	2	3	4	5	6	7	8
San Diego County Area Median Income: \$130,800	Acutely Low	13700	15700	17650	19600	21150	22750	24300	25850
	Extremely Low	34750	39700	44650	49600	53600	57550	61550	65500
	Very Low Income	57900	66150	74450	82700	89350	95950	102550	109200
	Low Income	92700	105950	119200	132400	143000	153600	164200	174800
	Median Income	91550	104650	117700	130800	141250	151750	162200	172650
	Moderate Income	109850	125550	141250	156950	169500	182050	194600	207150

Affordable Rent

- Affordable rent is the amount that is affordable to rent a residential unit:
 - Very Low, Extremely Low Income = 30% x 50% AMI
 - Low Income = 30% x 60% AMI
 - Moderate Income = 30% x 110% AMI
- Term: 55 years

More than one way to define “Affordable Rent”?!

- Usually use Health and Safety Code definition of affordable rent.
- But, if the project is 100% affordable (at least 80% lower, up to 20% moderate),
 - Option to calculate 20% of rents based on Health and Safety Code and 80% of rents based on rents and incomes as determined by the California Tax Credit Allocation Committee.

Affordable Housing Cost

- Affordable housing costs is the cost that is affordable to purchase a residential unit:
 - Very low income households: 30% x 50% AMI
 - Low income households: generally, 30% x 70% AMI
 - Moderate income households: generally 35% x 110% AMI
- Term: not necessarily subject to a term, but subject to an equity sharing agreement with the public agency to recapture local subsidy

Applying Density Bonus

Density Bonus Available by Affordability

Affordability Category	Minimum Percent	Minimum Bonus	Additional Bonus for 1% Increase	Percent Required for 35% Bonus	Percent Required for 50% Bonus
Very-low Income	5%	20%	2.5%	11%	15%
Lower Income	10%	20%	1.5%	20%	24%
Moderate Income (ownership units)	10%	5%	1%	40%	44%

Other Density Bonus

- Senior: 20% density bonus
- Foster youth/ homeless/disabled vet: 10% VLI for 20% density bonus
- Student housing: 20% LI for 35% density bonus

Additional Density Bonus Provisions

% affordable units additional	% additional density bonus for providing Very-Low Income	% additional density bonus for providing Moderate Income
5	20	20
6	23.75	22.5
7	27.5	25
8	31.25	27.5
9	35	30
10	38.75	32.5
11		35
12		38.75
13		42.5
14		46.25
15		50

- Resulting housing development does not restrict more than 50% of total units
- Must also restrict one of the following:
 - 24% total units lower income households
 - 15% total units very low income households
 - 44% moderate income households

Additional Density Bonus Provisions

- Childcare facility bonus
- Land donation bonus
- Condominium conversion bonus

Layering with Local Inclusionary Requirements

- Local inclusionary ordinance requirements still apply.
- Inclusionary units included in the definition of “total units.”
- Inclusionary units count towards density bonus and vice versa. (*Latino Unidos v. County of Napa*)

Special Incentives within ½ Mile of Transit

100% Affordable*	Density Bonus
	80%
Within ½ mile of a Major Transit Stop	Unlimited

- Major Transit Stop = a site containing any of the following:
 - An existing rail or bus rapid transit stations.
 - A ferry terminal served by either a bus or rail transit service.
 - The intersection of two or more major bus routes with a frequency of service interval of 15 minutes or less during the morning and afternoon peak commute periods.
- If located within ½ mile of a major transit stop, may also receive a height increase of up to 3 stories, or 33 feet.

Calculations

Calculating the Bonus

- Developer chooses bonus from one category.
 - May add an “additional bonus” with qualifying affordable housing included.
- All density calculations (base density, bonus units, affordable units) must be rounded up.
- Inclusionary units qualify a project for a density bonus.

Steps to Calculate a Density Bonus



Step 1: Determine the “base density” and calculate how many units are allowed without any density bonus units



Step 2: Identify the allowable density bonus under State law and apply it to the project.

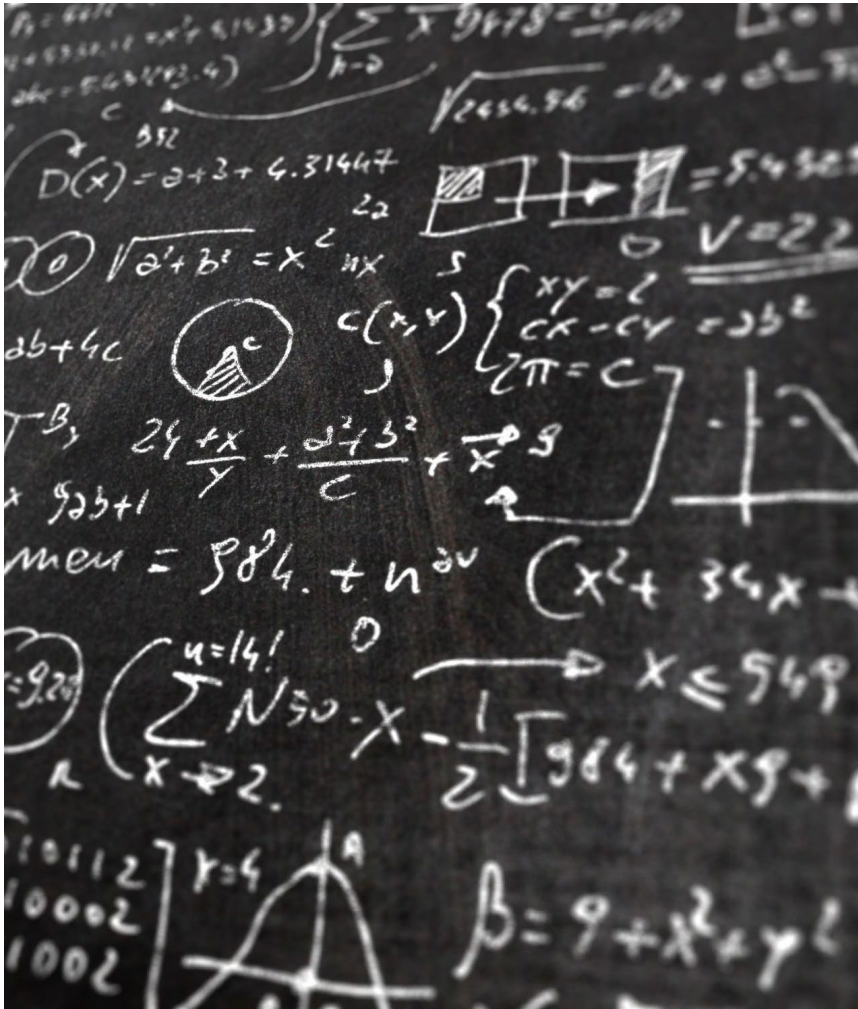


Step 3: Determine whether the project qualifies for a secondary density bonus. *If yes, repeat Steps 2 and 3 and apply the secondary bonus to the updated unit count.*



Step 4: Calculate the final project density, including all applicable density bonus units.

Calculating Density When No DU/Acre Standard



- Estimate the realistic development capacity of the site based on the objective development standards applicable to the project.
- Developer may provide a base density study.

The background of the slide is a dark blue, semi-transparent aerial map of San Diego. The map shows the coastline on the left, the city of San Diego in the center, and the surrounding mountainous terrain to the east and south. The overall tone is professional and regional.

Questions?

Incentives, Concessions, Waivers, and Reductions in Parking Standards

Incentive vs. Waiver

Incentive/ Concession

- Reduction in site development standards or modification of zoning code requirements or architectural design requirements
- Must result in an identifiable and actual **cost reduction** to provide for affordable housing costs

Waiver

- Reduction of development standards that will have the effect of **physically precluding** the construction of a development at the densities or with the incentives/concessions it is entitled to

Development Standard

- A site or construction condition that applies to residential development pursuant to any ordinance, general plan element, specific plan, charter, or other local condition, law, policy, resolution, or regulation.
 - E.g., height limitations, setback requirements, floor area ratio, onsite open space requirement, minimum lot area per unit requirement, parking ratio, etc.

Incentives/Concessions Available

Target Units/Category	Percent of Target Units					
	5%	10%	15%	16%		
Very low income	5%	10%	15%	16%		
Lower income	10%	17%	24%			80% (with 20% moderate)
Moderate income (ownership units)	10%	20%	30%	45%		
Maximum Incentive/Concession	1	2	3	4		5*

DBL Special Incentives

- **Student Housing Developments:**
 - 20 percent lower-income → 1 incentive/ concession
 - 23 percent or more lower-income students → 2 incentives/ concessions
- **100 Percent Affordable Projects:**
 - Or 80 percent affordable and 20 percent moderate-income
 - Eligible for height increase up to 3 stories/ 33 feet
 - Must be located near major transit or in a low VMT area

What Jurisdictions Can—and Cannot—Require

- Jurisdiction can request reasonable documentation to establish eligibility for the requested density bonus, incentives/concessions, waivers, and parking reductions.
- Jurisdiction cannot impose additional requirements beyond what is necessary to verify eligibility.

When can incentives or waivers be denied?

Incentives/Concessions

- Does not result in identifiable cost reductions
- Adverse impact upon public health and safety or real property that is listed in CA Register of Historic Resources and no feasible mitigation
- Contrary to state or federal law

Waivers

- Adverse impact upon public health and safety or real property that is listed in CA Register of Historic Resources and no feasible mitigation
- Contrary to state or federal law

Case Law: Incentives and Waivers

- Wollmer v. City of Berkeley (2011)
193 Cal.App.4th 1329.
- Schreiber v. City of Los Angeles
(2021) 69 Cal.App.5th 549.
- Bankers Hill 150 v. City of San Diego
(2022) 74 Cal.App.5th 755.



Basic Reduced Parking Ratios

- Reduced Ratios:
 - 0-1 bedroom unit: 1 on-site parking space
 - 2-3 bedroom unit: 1.5 on-site parking spaces
 - 4-more bedroom unit: 2.5 on-site parking spaces
- Reduced ratios apply to market rate units as well as density bonus units
- Further parking reductions when project is within ½ mile of major transit station (unobstructed)

Questions?

The background of the slide is a dark blue aerial map of San Diego, California. The map shows the coastline on the left, with San Diego Bay and San Diego Bay Bridge visible. The rest of the map shows the city's layout, including major roads and green spaces. The text "Implementation Considerations" is overlaid in the center of the map.

Implementation Considerations

Agency Administration

- Use standardized applications/checklists. Confirm materials and ordinances are consistent with DBL.
- DBL does not result in a project being inconsistent with applicable objective standards.
- No additional report or study should be required for a density bonus application.
 - Exception: Developer can provide base density study (relevant for codes without DU/acre)

Long-Term Affordability Term Requirements

- Regulatory Agreement
 - Applies to rental units
 - Ensures continued affordability
 - How eligibility and rent are determined
 - Annual certification
 - 55-year term

Affordability Term Requirements

- Equity Sharing Agreement
 - Applies to ownership units
 - Resale requirements:
 - Seller retains value of improvements
 - Seller retains downpayment
 - Shared appreciation with jurisdiction
- Homebuyer documents:
 - Equity Sharing Agreement
 - Promissory Note
 - Deed of Trust

CEQA Considerations

- No specific exemption, but see if others apply (e.g. urban infill; affordable housing; high density near major transit stop)
- A project can still be consistent with objective standards even if it receives all density bonus benefits, so it may still be eligible for exemptions that require general plan and zoning conformance
- Might not be able to rely on a prior EIR because of increased density

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Questions?

Reminders & Conclusion

SANDAG Assistance and Resources

- Density Bonus Law publication
- Ongoing local staffing assistance



State Density Bonus Law Overview

Background

California's Density Bonus Law ([Government Code Sections 65915 - 65918](#)) allows a developer to increase density above the maximum allowed by a jurisdiction's general plan, zoning ordinance, or applicable specific plan, in exchange for providing affordable housing. Density Bonus Law also offers incentives and concessions, waivers of development standards, and parking reductions to reduce project costs. This guide summarizes eligibility requirements, outlines density bonus amounts, and provides an overview of procedures for requesting benefits under the law.

Eligibility

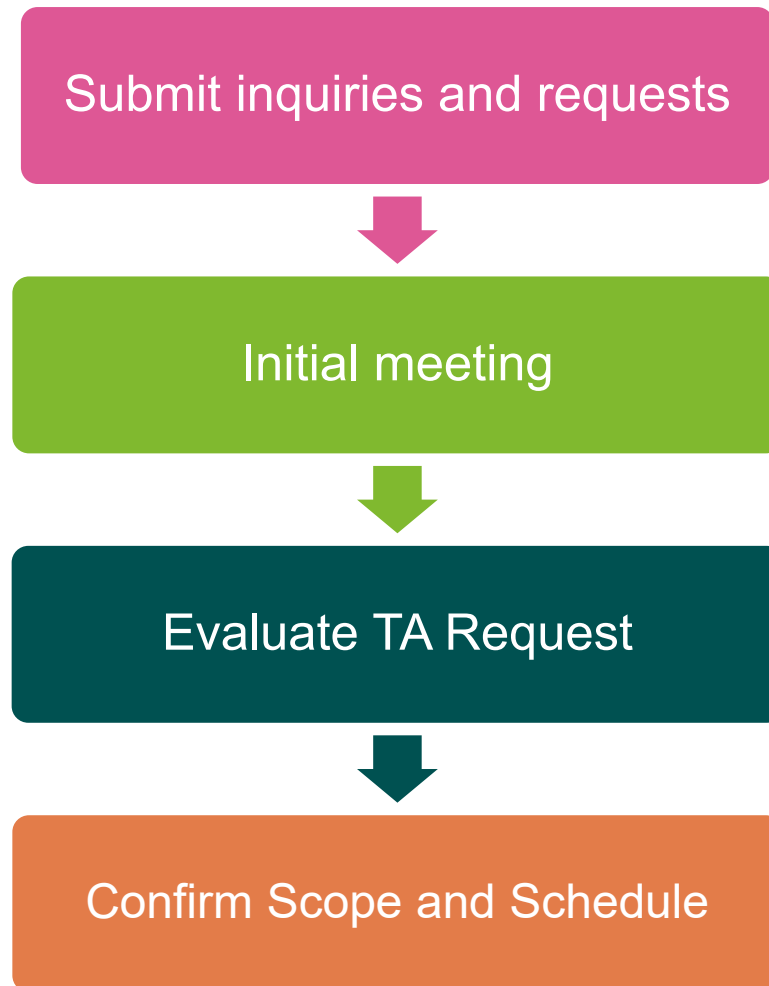
Housing development projects may be eligible for a density bonus if they meet the criteria established in [Government Code 65917.2](#). Generally, projects must include at least 5 units (prior to a density bonus) to qualify. Table 1 outlines basic eligibility requirements including percentage of affordable units, population groups served, or project types (e.g., senior housing, student housing).

Housing development projects are ineligible for a density bonus, incentives, concessions, or waivers if they are on a site where certain types of rental units currently exist or existed in the past five years, unless those units are replaced in accordance with [Government Code Section 65915\(c\)\(3\)](#).

Density Bonus Amount

For most eligible projects, the allowable bonus in density is set on a sliding scale that is based on the affordability level of deed-restricted units (i.e., very low, low, or moderate income), and the percentage of base units that meet this affordability level. "Base units" refer to the units proposed in the project before any density bonus is applied [also called "total units" or "total dwelling units" in [Government Code Section 65915\(o\)\(9\)](#)]. A full table that summarizes the amount of density bonus allowed based on the level of affordability is included in Appendix A.

Local Staffing Assistance



Submit Requests to:

Housing@SANDAG.org

Annual Progress Reports

- Due to HCD on April 1
 - Also send to SANDAG, housing@SANDAG.org
- SANDAG Final Office Hours
 - Wednesday, March 25 – 11:00–11:30 a.m.
- HCD Final Office Hours Session
 - Friday, March 27, 2026 –1:30–3:00 p.m.

Connect with SANDAG's HAP TA Team

🖱️ **Project website:** sandag.org/housing

✉️ **Local Staffing Assistance Requests**
Email: Housing@SANDAG.org

👤 **Contact SANDAG**
Email: carrie.simmons@sandag.org
Phone: (619) 837-6503

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