



Assemblywoman Lorena Gonzalez, 80th Assembly District

Assembly Bill 2345 – State Density Bonus Law

IN BRIEF

Assembly Bill 2345 would expand the state Density Bonus Law by increasing both the maximum allowable density bonus and incentives on a housing project.

BACKGROUND & PROBLEM

California's severe housing crisis has been well documented in recent years. Severe shortage has resulted in increasing housing costs, with median home prices in the state exceeding \$600,000, and average rents exceeding \$2,000 in various areas of the state. According to Up for Growth Action's 2018 report [Housing Underproduction in California](#), at least 30-percent of households in each county of the state experience some degree of housing cost burdening – defined as paying more than 30-percent of their monthly incomes on housing. The majority of counties in the state have more than 40-percent of households that are cost-burdened, with almost 50-percent of Los Angeles County households being cost burdened.

Despite the need to produce an additional 3.4 million housing units to meet current housing needs, California has notably been underproducing. According to Up for Growth Action, California produced only 0.74 units for every household formed between 2010 and 2016. In fact, [recent reporting](#) by the California Department of Finance showed that the number of residential units authorized by building permits was down 7.4-percent in 2019, compared to the previous year.

California's Density Bonus Law (Gov. Code Sec. 65915) was designed to help increase the number of affordable homes in California. Benefits under the bonus program are offered at a sliding scale, depending on how many homes are deed-restricted affordable, and how deeply affordable they are to be maintained. The benefits include: (1) a bonus above allowable base density, and (2) a number of "incentives," which are concessions from local development standards. Under existing law, developers are able to receive up to a maximum of a 35-percent bonus of allowed density. However, existing density bonus law has not resulted in a significant increase in affordable homes.

In 2016, the City of San Diego enhanced the State Density Bonus program, increasing the maximum bonus

to 50-percent if developers provide up to:

- 15-percent very low income homes; or
- 33-percent low-income homes; or
- 44-percent moderate income homes.

The program also increased the maximum number of allowable incentives to five from the base three, depending on the percentage of affordable homes included in the development.

Preliminary data shows that San Diego's enhanced program resulted in substantially more application figures for mixed-income developments. According to Circulate San Diego's 2017 report [Early Win for Affordable Homes Bonus Program](#), the city has initially seen:

- A 900-percent increase per month in project applications to use the density program;
- A 473-percent increase per month for deed-restricted affordable homes;
- A 453 percent increase per month for affordable and market-rate homes.

THE SOLUTION

AB 2345 will expand California's Density Bonus Law to provide the same enhancements adopted by the City of San Diego, which will increase the number of affordable and market-rate homes constructed in cities across the state, and help alleviate California's housing shortage. Specifically, this will bill would:

- Increase the maximum density bonus to 50-percent, depending on the number and level of deed-restricted affordable homes;
- Increase the maximum number of allowable incentives to five, depending on the percentage of affordable homes in the development.

SUPPORT

Circulate San Diego (Co-Sponsor)
Up for Growth Action (Co-Sponsor)

FOR MORE INFORMATION

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