

# Guide to Density Bonus

*This guide is provided for general information purposes only, does not pertain to any specific project, and represents the City's understanding of State law as of the date identified below. As State housing law is constantly evolving, information in this guide may not constitute the most up-to-date regulations and should not be interpreted as legal advice. For applicability of this general guidance, please seek your own professional counsel or consult with the [California Housing and Community Development \(HCD\)](#).*

## **Frequently Asked Questions**

### **What is State Density Bonus (SDB) Law?**

State Density Bonus law (Government Code Section 65915–65918) allows a developer to increase density above the maximum allowable in a City's General Plan or Zoning Ordinance (whichever greater) and utilize incentives, concessions, and waivers or reductions in development standards in exchange for providing on-site affordable units. [Chapter 9.22](#) of the Santa Monica Municipal Code (SMMC) codifies SDB.

### **What are the eligibility requirements for using State Density Bonus?**

A project must answer "YES" to all of the following:

1. Does the project have at least 5 base units (before State Density Bonus is applied)?
  - *Note that pursuant to California Government Code Section 65915(o)(7), if the density allowed under the Zoning Ordinance is inconsistent with the density allowed under the City's General Plan (i.e., Land Use and Circulation Element – LUCE) or a specific plan, the greater shall prevail.*
2. If the parcel of land does or did have any rental unit occupied by low or very low income households, or any unit covered under rent control, currently or in the past 5 years, will the project replace all of those units at the same or lower affordability level (no net loss)?
3. Does the project provide on-site affordable units for at least 55 years?

### **How does State Density Bonus integrate with the City's Affordable Housing Production Program (AHPP)?**

Projects that include on-site affordable units pursuant to the City's AHPP (see [Chapter 9.64](#) of the SMMC) are entitled to the density bonuses, incentives or concessions, and waivers or reductions of development standards allowed by State Density Bonus law. Therefore, if a project provides on-site affordable units in compliance with the AHPP (i.e., 15% evenly split across very low, low, and moderate income categories), it will automatically be eligible for a 50% density bonus and up to three incentives or concessions (which is equivalent to if all affordable units were provided as very-low

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income). For further information on how State Density Bonus law works with the City's AHPP, please see the City's [guide](#).

## **How does density work on the City's tiers of development standards?**

Density bonus can be requested off of all tiers.

## **How much density bonus can a project receive?**

The amount of density bonus a project is eligible for is determined based on the amount of on-site affordable units and the income level of affordable units provided in the project pursuant to [State Density Bonus law](#). With the passage of AB 1287 that became effective on January 1, 2024, a project may qualify for up to a 100% density bonus. For more information on AB 1287, please see the AB 1287 [Frequently Asked Questions](#) handout.

## **Does a project need to incorporate a density bonus to be eligible for incentives, concessions, or waivers?**

An applicant for a qualifying project may utilize an incentive, concession, or waiver regardless of whether or not they elect to incorporate density bonus units. Similarly, an applicant may also request a density bonus without utilizing an incentive, concession, or waiver.

## **What is an incentive or concession?**

An incentive or concession is a reduction in site development standards or modifications of zoning code or architectural design requirements that result in identifiable and actual cost reductions to provide for the on-site affordable housing.

- *Examples:* Unit Mix, Unit Size, Bicycle Parking, Mix of Uses

## **What is a waiver?**

A waiver is a reduction or modification of a development standard and other regulations that physically precludes the construction of the project, including any density bonus units.

- *Examples:* Floor Area, Maximum Building Height, Number of Stories, Daylight Plane

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## How many concessions, incentives, or waivers can a project request?

- **Incentives/Concessions:** The number of concessions and incentives are limited to the following based on the percentage of on-site affordable units provided:

Minimum Percentage of Affordable Units	Number of Incentives and Concessions Permitted
<ul style="list-style-type: none"> <li>• 5% Very Low,</li> <li>• 10% Low, or</li> <li>• 10% Moderate in for-sale developments</li> </ul>	1
<ul style="list-style-type: none"> <li>• 10% Very Low,</li> <li>• 17% Low, or</li> <li>• 20% Moderate in for-sale developments</li> </ul>	2
<ul style="list-style-type: none"> <li>• 15% Very Low,</li> <li>• 24% Low, or</li> <li>• 30% Moderate in for-sale developments</li> </ul>	3
<ul style="list-style-type: none"> <li>• 16% Very Low, or</li> <li>• 45% Moderate in for-sale developments</li> </ul>	4
<ul style="list-style-type: none"> <li>• 100% Affordable Housing Projects or projects meeting the criteria of Section 9.22.040(A)(1)(g)*</li> </ul>	5

*\* In addition to the above, for 100% Affordable Housing Projects or projects meeting the criteria of SMMC Section 9.22.040(A)(1)(g), a height increase of up to 3 additional stories or 33 feet is permitted. This increase shall not count towards one of the four incentives or concessions.*

- **Waivers:** A developer can request an unlimited number of waivers except in the following:
  - A 100% affordable housing project that: (i) receives a waiver from any maximum controls on density pursuant to Section 9.22.050(3)(d)(ii) and up to three additional stories or 33 feet in height in accordance with 9.22.060(A)(4), and (ii) is located in the Pico Neighborhood Area shall not be eligible for waivers.

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## What is a by-right incentive or concession?

A by-right incentive or concession is automatically granted when requested and does not require documentation that the incentive or concession would result in identifiable and actual cost reductions. These include:

Residential zones	Non-residential zones
<ul style="list-style-type: none"> <li>• Up to a 15% deviation from one side setback requirement.</li> <li>• Up to a 10% increase in-parcel coverage per floor and/or story (one concession per floor and/or story).</li> <li>• Up to a 15% deviation from rear setback requirements.</li> <li>• Up to one additional story and six feet of building height.</li> </ul>	<ul style="list-style-type: none"> <li>• Up to an additional 11 feet of Building Height.</li> <li>• Up to a 10% reduction in Minimum Ground Floor height.</li> <li>• Up to a 50% decrease in private outdoor living area per unit, provided that an equivalent amount is substituted for common outdoor living area.</li> <li>• Up to a 5% decrease in unit mix requirement for market rate units only.</li> <li>• Up to a 10% decrease in residential parking requirement</li> <li>• Up to a 10% decrease in long-term residential bicycle parking.</li> <li>• Additional floor area to accommodate the density bonus units based on project’s average unit size.</li> </ul>

## How is a density bonus, incentive, concession, or waiver requested and what information is required?

- *When information is required*
  - An application for a density bonus, incentive or concession, waiver or reduction of development standards, or revised parking standard shall be submitted with the first application for approval of a housing development.
  - Applicant is allowed to amend the requests as part of project review but must continue to document in accordance with State Density Bonus law.
- *What needs to be provided*
  - Applicant is required to provide information identifying the project’s base density, density bonus requested, and a breakdown of all incentives, concessions, and waivers.
  - For incentives and concessions, adequate information must be provided that show the requests result in identifiable and actual cost reductions.
  - For a waiver or reduction of a development standard, adequate information must be provided that the development standard for which the waiver or reduction is requested will have the effect of physically precluding the construction of the project.

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## **Can the City deny an incentive, concession, or waiver?**

Yes, but only if the granting of the incentive, concession, or waiver would either:

1. Not result in an identifiable and actual cost reduction to providing affordable units (incentive/concession only)
2. Have a specific, adverse, and unavoidable impact on public health and safety; or
3. Have an adverse impact on a property that is listed in the California Register of Historical Resources
4. Be contrary to state or federal law.

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## How to Calculate Density Bonus

### Multi-Unit Residential Zones (R2, R3, R4, OPD, OP2, OP3, & OP4)

- *Step 1: Determine base density*
  - Divide parcel size by maximum allowable density
    - Due to density inconsistencies between the Zoning Ordinance and the LUCE, the following density calculations shall be used to determine the base number of units for eligibility (5 or more units) and application of State Density Bonus law:
      - R2/OPD/OP2: 1 unit per 1,500 SF of parcel area with no density cap
      - R3/OP3: 1 unit per 1,500 SF of parcel area with no density cap
      - R4/OP4: 1 unit per 1,250 SF of parcel area with no density cap

*When calculating base density, fractions of one-half (0.5) or greater shall be rounded up to the nearest whole number, and fractions of less than one-half (0.5) shall be rounded down to the nearest whole number*
- *Step 2: Calculate percentage of affordable units provided*
  - Divide number of affordable units by total number of proposed units
  - If multiple affordable units are provided at different income levels, calculate each percentage by income level
- *Step 3: Determine maximum density bonus percentage*
  - Compare each income level percentage (Step 2) to [State Density Bonus law](#) to determine eligible density bonus percentage
  - If advantageous to achieve a higher density bonus percentage, the following income levels can be grouped together for purposes of achieving the highest bonus:
    - Very low income units can be counted towards the low income category
    - The same can be done for counting very low and low income units as moderate income, but the units considered as moderate income must be for sale.
- *Step 4: Apply density bonus*
  - Select the highest percentage based on Step 3
  - Multiply proposed number of units by density bonus percentage (Step 3) to calculate number of density bonus units eligible
    - When calculating density bonus units, units are always rounded to the next whole number.
  - Add allowable density bonus units to base density (Step 1) to determine maximum number of units permitted

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Example 1:

The project site is a vacant 15,000 sf R2 lot. Applicant wants to know the maximum number of units they can develop on the site with density bonus.

Step 1:  $15,000/1,500 = 10$  base units

Step 2:  $10 \text{ units} \times 15\% \text{ City AHPP requirement} = 2$  affordable units required (rounded up from 1.5)

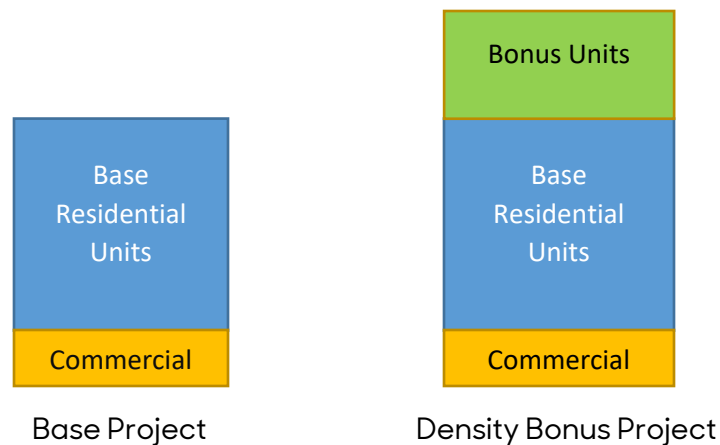
Step 3: Determine density bonus % eligible depending on level of affordability (27.5% for low income, or 50% for very low income)

Step 4: If provided as VLI, eligible for 50% bonus =  $10 \text{ units} \times 50\% = 5$  bonus units permitted above base units (i.e., 10 base units).

Total units that could be developed on-site is 15 units.

## **Non-Residential Zones**

Development in the City's non-residential zones is regulated through floor area ratio (FAR). Pursuant to AB 2334, for jurisdictions that control density through FAR, a base density shall be provided. The base density study shall calculate the realistic unit capacity of the site using objective development standards and maintaining the same average unit size between the base density project and proposed project. The following is an example methodology to determine base density and the amount of density bonus that a multi-unit development project is eligible for under State Density Bonus law:



- *Step 1: Determine base project size*
  - Multiply the parcel size by the allowed FAR to determine maximum floor area of the project

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- *Step 2: Calculate average unit size of base project*
  - Divide residential floor area in base project by base number of units (amount of units the applicant can develop within the base project's residential floor area)
    - Residential floor area includes all square footage associated with the residential component of the development (e.g. common areas, lobbies, hallways, laundry rooms, etc.)
- *Step 3: Calculate percentage of affordable units provided*
  - For each income level, divide number of affordable units by base number of units
- *Step 4: Determine eligible percentage of density bonus*
  - *Option A: All projects meeting the AHPP on-site requirement of 15% evenly split amongst income levels are automatically eligible for the local maximum density bonus percentage of 50%*
  - *Option B: For projects not meeting the AHPP on-site requirement of 15% evenly split, use the following to determine density bonus:*
    - Compare each income level percentage (Step 3) to [State Density Bonus law](#) to determine eligible density bonus percentage
    - If advantageous to achieve a higher density bonus percentage, the following income levels can be grouped together for purposes of achieving the highest bonus:
      - Very low income units can be counted towards the low income category
      - The same can be done for counting very low and low income units as moderate income, but the units considered as moderate income must be for sale.
- *Step 5: Apply density bonus percentage to calculate bonus units*
  - Select the highest applicable percentage based on Step 4A or 4B
  - Multiply base number of units by density bonus percentage to calculate number of density bonus units eligible
    - When calculating density bonus units, units are always rounded to the next whole number (example: 11.2 units is rounded to 12 units)
- *Step 6: Check compliance*
  - Add number of density bonus units (calculated in Step 5) to base number of units
  - Compare to proposed number of units within the proposed final project.
  - The project must not exceed the total units permitted with the density bonus



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- *Step 7: Calculate floor area needed for density bonus units*
  - Multiply number of density bonus units (Step 5) by average unit size (Step 2) to calculate floor area needed for density bonus units
  - Add density bonus floor area to base floor area (Step 1)

**An incentive, concession, or waiver is necessary for additional floor area to accommodate the bonus units** if the total project floor area (inclusive of the density bonus units) exceeds the total base floor area.

Example 2:

*The project site is 16,250 sf, located in NV, and has a maximum FAR of 4.0. The project applicant submits the following:*

- *Base Density Study: The base project is 65,000 sf with 5,000 sf of commercial and 100 residential units (comprising 60,000 sf) with 15 affordable units evenly split in compliance with AHPP.*
- *Proposed Project: The proposed project is 90,000 sf with 5,000 sf of commercial and 150 residential units (comprising 85,000 sf) with 15 affordable units evenly split in compliance with AHPP.*

Step 1: 16,250 sf X 4.0 FAR = 65,000 (maximum base floor area)

Step 2: 60,000 sf residential area/ 100 units = 600 sf per unit (average unit size)

Step 3: 15 affordable units/100 units = 15% affordable, evenly split 5 VLI, 5 LI, and 5 Moderate

Step 4A: All units treated as 15% VLI so therefore, eligible for 50% bonus.

Step 5: 50% bonus multiplied by 100 units = 50 bonus units

Step 6: Check that the project's total number of units (150 units) does not exceed the base # of units (100) plus density bonus (50)

Step 7: Determine floor area needed for bonus units - 50 units X 600 sf per unit = 30,000 sf additional floor area

Step 8: 30,000 sf floor area for bonus units + 60,000 sf base floor area = 90,000 sf project with SDB

A waiver is necessary for the additional bonus floor area.

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Example 3:

*The project site is 20,000 sf, located in IC, and has a maximum FAR of 4.0. The project applicant submits the following:*

- *Base Density Study: The base project is 80,000 sf with 24,000 sf of office and 40 residential units (comprising 56,000 sf) that includes 6 affordable units evenly split in compliance with AHPP.*
- *Proposed Project: The proposed project is 95,000 sf with 24,000 sf of office and 46 residential units (comprising 71,000 sf) with 6 affordable units evenly split in compliance with AHPP.*

Step 1: 20,000 sf X 4.0 FAR = 80,000 (maximum base floor area)

Step 2: 56,000 sf residential area/ 40 units = 1,400 sf per unit (average unit size)

Step 3: 6 affordable units/40 units = 15% affordable, evenly split 2 VLI, 2 LI, and 2 Moderate

Step 4A: All units treated as 15% VLI so therefore, eligible for 50% bonus.

Step 5: 50% bonus multiplied by 40 units = 20 bonus units permitted

Step 6: Check that the project's total number of units (46 units) does not exceed the base # of units (40) plus density bonus (20)

Step 7: Determine floor area needed for bonus units – 6 bonus units X 1,400 sf per unit = 8,400 sf additional floor area

Step 8: 8,400 sf floor area for bonus units + 80,000 sf base floor area = 88,400 sf project with SDB

The project is proposed as 95,000 sf (exceeding the base floor area of 80,000 sf), therefore, a waiver or incentive/concession is necessary.