

# LEGISLATIVE SUMMARY

## OF AB 2345

### Density Bonus Law



## Introduction

The Density Bonus Law (DBL, Government Code Section 65915 et seq), enacted in 1979, encourages developers to incorporate affordable units within a residential project in exchange for density bonuses and relief from other base development standards. Assembly Bill 2345 ("AB 2345") amended the DBL by amending minimum automobile parking standards, clarifying how to determine proximity to a major transit stop, and expanding and enhancing the development incentives for projects with affordable and senior housing components. This change became effective on January 1, 2021.

Cities and counties are exempt from several provisions of AB 2345 if they meet the exemption criteria in Government Code Section 65915(s) by having an existing housing incentive program with a density bonus program that allows more than the 35% maximum in state density bonus law.<sup>1</sup>

In regards to incentives and density bonus, AB 2345 changes the DBL in three important ways:

- 1. Increases** the maximum density bonus and percentages of units allocated for very low income, low-income, or moderate-income households;
- 2. Decreases** the amount of required affordable households to qualify for incentives/concessions; and,
- 3. Redefines** parking requirements.

## How AB 2345 Increases Density Bonus



Developers are entitled to a density bonus corresponding to specified percentages of units provided for very low income, low-income, or moderate-income households. The table to the right shows how AB 2345 makes these changes and also shows that projects satisfying the requirements of the DBL are eligible for the corresponding bonus.

| Maximum Density Bonus Tiers |                              |                                     |
|-----------------------------|------------------------------|-------------------------------------|
| Income Category             | Pre-2021 Density Bonus Law   | AB 2345 Amendments                  |
| Very Low Income             | 11% provided = max 35% bonus | <b>15% provided = max 50% bonus</b> |
| Low Income                  | 20% provided = max 35% bonus | <b>24% provided = max 50% bonus</b> |
| Moderate Income             | 40% reserve* = max 35% bonus | <b>44% reserve* = max 50% bonus</b> |

\* Applied to for sale units only

<sup>1</sup> See Government Code Section 65915(s) for specific exemption criteria.

# Changes to Requirements for Incentives/Concessions

Projects that meet the requirements of the DBL are entitled to one or more development incentives or concessions that will result in identifiable and actual cost reductions to provide for affordable housing costs.<sup>2</sup> Such additional incentives or concessions could include, but are not limited to, any of the following:

1. A reduction in site development standards or a modification of zoning or architectural design requirements that exceed minimum building standards approved by the California Building Standards Commission (e.g. a reduction in setback, ratio of parking spaces, and square footage requirements);
2. Approval of mixed-use zoning that reduces the cost of the housing if the non-residential uses are compatible with housing and other area development;
3. Any other regulatory incentives or concessions proposed by the developer or the city or county that would result in identifiable and actual cost reductions to provide for affordable housing.

The number of incentives or concessions to which a project is entitled is based on the percentage of affordable units provided. AB 2345 amends the DBL to decrease the amount of units required as illustrated in pink in the table below:

| Income Category                                | Percentage of Affordable Units |                  |                  |
|--|--------------------------------|------------------|------------------|
| Very Low Income                                | 5%                             | 10%              | 15%              |
| Low Income                                     | 10%                            | <b>20% → 17%</b> | <b>30% → 24%</b> |
| Moderate Income                                | 10%                            | 20%              | 30%              |
| <b>Maximum Incentive(s)/<br/>Concession(s)</b> | <b>1</b>                       | <b>2</b>         | <b>3</b>         |



## New Maximum Parking Requirements

Upon a developer's request, a jurisdiction must utilize state-mandated parking ratios (inclusive of disabled and guest parking) for qualifying projects. AB 2345 amends these parking ratios to decrease requirements for two and three bedroom units, as shown in pink in the table below:

| Maximum Parking Requirements |                              |
|------------------------------|------------------------------|
| Studio/<br>1 Bedroom         | 1 space                      |
| 2 – 3<br>Bedrooms            | <b>2 Spaces → 1.5 Spaces</b> |
| 4 Bedrooms                   | 2.5 Spaces                   |

There are no parking standards required for transit oriented affordable housing. Local jurisdictions cannot require parking standards for eligible affordable residential projects if they meet the following criteria, as outlined in Gov. Code Section 65915(p)(3)<sup>3</sup>:

1. Located within one-half mile of a major transit stop, with unobstructed access
2. Special needs housing or for-rent housing for individuals 62 years of age or older that has either paratransit service or unobstructed access within a one-half mile to a fixed bus service that operates at least eight times per day.

<sup>2</sup> For conditions on when an incentive or concession may not be granted, see Government Code Section 65915(d)(1)(A)-(C).

<sup>3</sup> Government Code Section 65915 (p)(1)-(4).