

State Density Bonus Law Overview

July 2026

SANDAG

Free Language Assistance | Ayuda gratuita con el idioma | Libreng Tulong sa Wika
Hỗ trợ ngôn ngữ miễn phí | 免费语言协助 | 免費語言協助 | مساعدة لغوية مجانية | 무료 언어 지원 | کمک زبان رایگان
無料の言語支援 | Бесплатная языковая помощь | Assistência linguística gratuita | मुफ्त भाषा सहायता
Assistance linguistique gratuite | ផ្ដន្ទុយភាសាឥតគិតថ្លៃ | ఉచిత భాషా సహాయం | 𑂔𑂱𑂔𑂲
Kaalmada Luqadda ee Bilaashka ah | Безкоштовна мовна допомога



[SANDAG.org/LanguageAssistance](https://www.sandag.org/LanguageAssistance) | 619.699.1900

Contents

- Purpose.....1
- Background.....1
- Eligibility.....1
- Density Bonus Amount by Project Type.....1
 - Primary Density Bonus.....1
 - Additional Density Bonus.....2
 - Special Provisions for Projects with 100 Percent Affordable Units.....3
- Incentives and Concessions.....3
 - Special Incentives.....4
- Waivers or Reduction of Development Standards.....4
 - Special Provisions for Projects with 100 Percent Affordable Units.....4
- Reduced Parking Ratios.....5
- Requirements for Affordable Units.....5
 - Deed Restriction and Affordability Standards.....5
 - Nonprofit Purchase Option for Affordable For-Sale Units.....6
 - Relationship to Inclusionary Housing Requirements.....6
- Requesting a Density Bonus.....6
- Can a Local Agency Deny Incentives, Concessions, or Waivers?.....6
- State Technical Assistance and Enforcement.....7
- Appendix A: Density Bonuses by Affordability.....8
- Appendix B: Sample Density Bonus Project.....9
 - Primary Density Bonus.....9
 - Additional Density Bonus.....9
- Appendix C: References.....10
 - Selected HCD Technical Assistance Letters.....10

- Table 1 Housing Development Projects Eligible for State Density Bonus.....2
- Table 2 Number of Incentives/Concessions Allowed by State Density Bonus Law.....4
- Table 3 Summary of Parking Ratios Per State Density Bonus Law.....5

Purpose

This document is intended solely as a technical overview of state law. It is not intended to serve as legal advice regarding any jurisdiction's specific policies or any proposed housing development project. Local staff should consult with their city attorney or county counsel before taking any action to implement this law.

Background

California's State 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. State Density Bonus Law also offers incentives and concessions, waivers of development standards, and parking reductions to reduce project costs.

This overview summarizes the key provisions of State Density Bonus Law, including eligibility, bonus amounts, affordable unit requirements, development standard modifications, and application procedures.

Eligibility

Housing development projects may be eligible for a density bonus if they meet the criteria established in [Government Code Section 65915\(b\)](#), though eligibility requirements vary by project type (see Table 1).

Generally, projects must include at least 5 units (prior to a density bonus), include a residential component with a specified portion of affordable housing to qualify in addition to providing a set amount of affordable 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\(c\)\(3\)](#).

Table 1 outlines the percentage of affordable units, population groups served, or project types (e.g., senior housing, student housing) eligible for a density bonus under State Density Bonus Law.

Density Bonus Amount by Project Type

Primary Density Bonus

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.

Table 1 Housing Development Projects Eligible for State Density Bonus

Type of Housing Development Projects	Basic Eligibility Requirements ¹
100 percent Affordable Units	All units lower-income (Health and Safety Code Section 50079.5) except up to 20 percent of the total units (including bonus units) may be moderate-income (Health and Safety Code Section 50053). Exclusive of manager's units."
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](#) (condominium conversions); [Government Code Section 65915.7](#) (commercial developments); [Government Code Section 65917.2](#) (FAR bonus eligible developments).

Additional Density Bonus

State Density Bonus Law allows an additional density bonus for projects that exceed affordability requirements for a primary density bonus, as described in [Government Code Section 65915\(v\)](#). To qualify, a project must first max out the primary density bonus by reserving the maximum percentage of total base units at one affordability level:

- 15 percent for very-low income,
- 24 percent for lower-income, or
- 44 percent for moderate-income households.

Once the primary bonus is maxed out, the project may earn an additional density bonus by reserving more of the total base units for very-low- or moderate-income households. The additional density bonus is calculated using only the total base units, excluding any units awarded through the primary density bonus under [Government Code Section 65915\(f\)](#). Projects cannot restrict more than 50 percent of total units to income-restricted households.¹ Bonus amounts for both the primary and secondary density bonus are summarized in Appendix A; sample calculations illustrating how both bonuses apply to an example project are provided in Appendix B.

¹ Income-restricted units include moderate-income, lower income, or very low-income households per [Government Code Section 65915\(v\)\(1\)](#).

Special Provisions for Projects with 100 Percent Affordable Units

A housing development project that has 100 percent affordable units, as outlined in Table 1, is eligible for a density bonus equal to 80 percent of the number of lower-income units. If the project is also located within one-half mile of a major transit stop, or in a qualifying very low vehicle travel area, the city or county may not impose any maximum controls on density. [[Government Code Sections 65915\(b\)\(1\)\(G\) and 65915\(f\)\(3\)\(D\)](#)].

Incentives and Concessions

A local agency is required to grant eligible housing development projects certain incentives or concessions in addition to any density bonus. Incentives and concessions include reductions in development standards or modifications to zoning code or design standards that result in cost savings to facilitate the provision of affordable housing [[Government Code Section 65915\(k\)](#)]. The number of incentives or concessions a project may receive is based on the level and percentage of affordable units provided, as summarized in Table 2. Incentives and concessions are also available to eligible projects even if no density bonus units are requested, provided the project meets the specified eligibility criteria.

Incentives and concessions may include, but are not limited to:²

- Increased building height
- Reduced setbacks
- Increase of floor area ratio or lot coverage
- Allowance of mixed-use zoning
- Reduced parking requirements (separate from, and in addition to, the reduced parking ratios available under [Government Code Section 65915\(p\)](#); see Reduced Parking Ratios section)
- Removal of requirement for ground floor retail
- Renouncement of other development standards pertaining to bulk, scale, and intensity
- Deviations from other requirements and standards that result in identifiable and actual cost reductions to provide for affordable housing costs or rents.

² Concessions and incentives may not be applied in a manner that results in a project exceeding specified commercial floor area ratios. In addition, concessions, incentives, waivers, or reductions of development standards are not required to be granted for transient lodging uses (such as hotels), except where expressly allowed by law.

Table 2 Number of Incentives/Concessions Allowed by State Density Bonus Law

Number of Incentives/Concessions	Percentage of Very Low-Income Units	Percentage of Lower-Income	Percentage of Moderate-Income Units*
1	5%	10%	10%
2	10%	17%	20%
3	15%	24%	30%
4	16%	--	45%
5	100% lower-income; or 80% lower-income and 20% moderate-income		

*Note: Per [Government Code Section 65915\(b\)\(1\)\(D\)](#), to qualify for a density bonus, incentives/concessions, waivers, or reduced parking ratios, moderate-income units must be for-sale.

Source: [Government Code Section 65915 \(d\)\(2\)](#).

Special Incentives

Certain project types are eligible for special incentives beyond those described above.

- **Student Housing:** A student housing project that includes at least 20 percent of the total base units for lower-income students is eligible for one incentive or concession, while a student housing project that includes 23 percent or more of the total base units for lower-income students is eligible for two incentives or concessions.
- **100 Percent Affordable Unit Projects:** Projects that have 100 percent affordable project, as outlined in Table 1, and which are located within one-half mile of a major transit stop or in a very low vehicle travel area may receive a height increase of up to three additional stories, or 33 feet.

Waivers or Reduction of Development Standards

Developers may request waivers of development standards, separate from incentives and concessions, if those standards would physically preclude construction of the density bonus project. Development standards include a site or construction condition, including, but not limited to, a height limitation, a setback requirement, a floor area ratio, an onsite open-space requirement, a requirement for ground floor retail, or a parking standard that applies to a housing development project pursuant to any ordinance, general plan element, specific plan, or other local conditions. Unlike concessions and incentives, there is no limit on the number of waivers that may be requested, and requesting waivers does not change the number of incentives or concessions a project may receive.

Special Provisions for Projects with 100 Percent Affordable Units

One exception applies to 100 percent affordable projects, as outlined in Table 1, that receive unlimited density by virtue of being located within one-half mile of a major transit stop or in a very low vehicle travel area. The city or county is not required to grant additional waivers beyond the height increase of up to three additional stories or 33 feet already provided under [Government Code Section 65915\(d\)\(2\)\(D\)](#), but may agree to do so [[Government Code Section 65915\(e\)\(3\)](#)].

Reduced Parking Ratios

Housing development projects that qualify for a density bonus are also eligible for reduced parking ratios. These reduced ratios apply to all units in the housing development not just the affordable units used to qualify for the bonus. The applicable parking standards are based on the unit types included in the project and may be further reduced for certain projects that are located within one-half mile of a major transit stop (see Table 3). These parking ratios are inclusive of guest parking; however, applicants should refer to a jurisdiction's zoning ordinance for any off-street parking requirements for the non-residential component of any mixed-use project. Requesting these parking standards does not count as an incentive, concession, or waiver; however, an applicant may request further parking reductions using the incentive, concession, or waiver allowances.

Table 3 Summary of Parking Ratios Per State Density Bonus Law

Unit Type/ Location	Maximum Parking Ratios
0-1 bedroom	1 space/ unit
2-3 bedrooms	1.5 spaces/ unit
4+ bedrooms	2.5 spaces/ unit
Student housing	0 spaces/ bed
Within one-half mile of a major transit stop* and at least 20% of base units set aside for low-income, 11% of base set aside for very low income, or 40% of base units set aside for moderate-income households.	0.5 spaces per bedroom
100% Affordable Projects (or up to 20% moderate income) and located with one-half mile of a major transit stop.**	No off-street parking required.

* Government Code section 65863.2 further restricts parking minimum requirements for developments near major transit stops.

* For-rent senior housing and special needs housing or supportive housing developments with paratransit service or unobstructed access within one-half mile to fixed bus route service operating at least eight times per day may also qualify.

Source: [Government Code Section 65915\(p\)\(1-3\)](#).

Requirements for Affordable Units

Deed Restriction and Affordability Standards

Affordable units used to qualify a project for a density bonus must maintain long-term affordability. Rental units are generally governed by a recorded regulatory agreement establishing tenant eligibility, rent levels, and annual certification requirements, with a minimum term of 55 years. For-sale units must be sold at an affordable housing cost per Health and Safety Code Section 50052.5, subject to a recorded equity sharing agreement, and remain affordable for at least 45 years. On resale, the seller retains the value of improvements, their downpayment, and their share of appreciation, with the remainder shared with the jurisdiction. Homebuyer documents typically include an equity sharing agreement, promissory note, and deed of trust.

Nonprofit Purchase Option for Affordable For-Sale Units

If a for-sale unit does not sell to an income-qualified buyer within 180 days of receiving a certificate of occupancy, a qualified nonprofit housing corporation may purchase it. The nonprofit must be a California-based 501(c)(3) with all board members residing in California, focused primarily on developing and preserving affordable homeownership. The property must remain affordable for at least 45 years. On resale, equity sharing requirements apply as described above.

Relationship to Inclusionary Housing Requirements

Housing development projects must comply with a local inclusionary housing ordinance. Inclusionary units count toward the total base units in the project for purposes of calculating density bonus eligibility, and density bonus units may also count toward satisfying inclusionary requirements. Where the number of affordable units required to satisfy a local inclusionary housing requirement also meets the thresholds required under State Density Bonus Law, a housing development project is also eligible for the full range of density bonus benefits, including incentives, concessions, and waivers.

Requesting a Density Bonus

Procedures for requesting a density bonus vary by jurisdiction. Local agencies are encouraged to maintain standardized applications and checklists, and to ensure that local application materials and ordinances are consistent with State Density Bonus Law. Applicants should be aware of the following when submitting a density bonus request:

- A density bonus does not result in a project being inconsistent with applicable objective standards.
- Jurisdictions may not require additional reports or studies as a condition of processing a density bonus application, but may request information to make a determination on a request for concessions, incentives, or waivers and regarding eligibility for a density bonus or parking reduction.
- Where a jurisdiction's zoning code does not specify density in dwelling units per acre, a developer may voluntarily provide a base density study to establish the baseline from which the bonus is calculated.

Local agencies should periodically review their local ordinances, application forms, and checklists to confirm alignment with current state law, which is updated regularly.

Can a Local Agency Deny Incentives, Concessions, or Waivers?

Under State Density Bonus Law, a local agency's ability to deny any requested incentives, concessions, or waivers is limited. The local agency is responsible for justifying any denial; however, State Density Bonus Law does not specify what documentation or evidence is required to support that determination. The agency must grant any requested incentives, concessions, or waivers unless the agency can demonstrate any one of the following:

- **For incentives or concessions:** The incentive or concession would not result in identifiable and actual cost reductions necessary to provide units at an affordable rent or ownership cost;
- **For waivers or reductions of development standards:** The development standard to be waived or reduced does not physically preclude construction of the project at the permitted density and with the granted incentives or concession;
- **For both incentives or concessions and waivers:** The incentive, concession, or waiver would cause a specific, adverse impact on public health, public safety, or the physical environment that cannot be mitigated;
 - The incentive, concession, or waiver would harm a property listed in the California Register of Historical Resources; or
 - The incentive, concession, or waiver would conflict with state or federal law [[Government Code Section 65915\(d\)\(1\)-\(3\),\(e\)\(1\)](#)].

State Technical Assistance and Enforcement

The California Department of Housing and Community Development (HCD) has authority to investigate and enforce State Density Bonus Law compliance and periodically issues technical assistance letters to local agencies in response to specific interpretation questions. These letters do not carry the force of law but offer valuable guidance on how HCD interprets statutory requirements and can inform local implementation. Selected technical assistance letters are identified in Appendix C; additional letters are available at www.hcd.ca.gov/hau/enforcement-letters.

Appendix A: Density Bonuses by Affordability

% of Base Units Reserved as Affordable	Primary Density Bonus				Additional Density Bonus(5)	
	Very Low-Income(1)	Low-Income(2)	Moderate-Income(3)	Land Donation(4)	Very-Low Income	Moderate-Income
5%	20%	—	—	—	20%	20%
6%	22.5%	—	—	—	23.75%	22.5%
7%	25%	—	—	—	27.5%	25%
8%	27.5%	—	—	—	31.25%	27.5%
9%	30%	—	—	—	35%	30%
10%	32.5%	20%	5%	15%	38.75%	32.5%
11%	35%	21.5%	6%	16%	—	35%
12%	38.75%	23%	7%	17%	—	38.75%
13%	42.5%	24.5%	8%	18%	—	42.5%
14%	46.25%	26%	9%	19%	—	46.25%
15%	50%	27.5%	10%	20%	—	50%
16%	—	29%	11%	21%	—	—
17%	—	30.5%	12%	22%	—	—
18%	—	32%	13%	23%	—	—
19%	—	33.5%	14%	24%	—	—
20%	—	35%	15%	25%	—	—
21%	—	38.75%	16%	26%	—	—
22%	—	42.5%	17%	27%	—	—
23%	—	46.25%	18%	28%	—	—
24%	—	50%	19%	29%	—	—
25%	—	—	20%	30%	—	—
26%	—	—	21%	31%	—	—
27%	—	—	22%	32%	—	—
28%	—	—	23%	33%	—	—
29%	—	—	24%	34%	—	—
30%	—	—	25%	35%	—	—
31%	—	—	26%	—	—	—
32%	—	—	27%	—	—	—
33%	—	—	28%	—	—	—
34%	—	—	29%	—	—	—
35%	—	—	30%	—	—	—
36%	—	—	31%	—	—	—
37%	—	—	32%	—	—	—
38%	—	—	33%	—	—	—
39%	—	—	34%	—	—	—
40%	—	—	35%	—	—	—
41%	—	—	38.75%	—	—	—
42%	—	—	42.5%	—	—	—
43%	—	—	46.25%	—	—	—
44%	—	—	50%	—	—	—

Note: For senior housing projects, the bonus is 20 percent of the number of senior units in the base project. For student housing projects, the bonus ranges from 35 to 50 percent, increasing based on the percentage of affordable student housing units. [Government Code Section 65915\(f\)\(3\)](#)

Source: ⁽¹⁾[Government Code Section 65915\(f\)\(2\)](#); ⁽²⁾[Government Code Section 65915\(f\)\(1\)](#); ⁽³⁾[Government Code Section 65915\(f\)\(4\)](#); ⁽⁴⁾[Government Code Section 65915\(g\)\(1\)](#); ⁽⁵⁾ [Government 65915\(v\)](#).

Appendix B: Sample Density Bonus Project

A developer proposes a 100-unit multifamily housing project on a 3.32-acre site zoned for up to 30 dwelling units per acre (du/ac).

Primary Density Bonus

The developer reserves 15% of the total base units (15 units) for lower-income households, consistent with the local inclusionary housing requirement. At 15% lower income, the project qualifies for a 27.5% primary density bonus, yielding 28 additional units. This scenario would provide for a total of 128 units with 15 units affordable to lower-income households.

	Affordable Units	Total Base Units	Bonus Units	Total Project Units
Overall Project Yield	15 LI (15% of 100 total units)	100	28 (27.5% of 100 units)	128

Additional Density Bonus

If the developer instead reserves 15 units (15%) for very low-income households and proposes to reserve 5 units (5%) for moderate-income households, the project would qualify for an additional density bonus under [Government Code Section 65915\(v\)](#). The primary bonus is triggered by reserving 15% of base units for VLI households which maxes out the primary density bonus available under [Government Code Section 65915\(b\)](#), yielding a 50% bonus (50 units). The project then qualifies for an additional density bonus by reserving 5% of base units for moderate-income households, yielding an additional 20% bonus (20 units). Combined, the project receives 70 bonus units for a total of 170 units.

	Affordable Units	Total Base Units	Bonus Units	Total Project Units
Primary Density Bonus	15 VLI (15% of 100 total base units)	100	50 (50% of 100 total base units)	150
Additional Density Bonus	5 MI (5% of 100 total base units)	100	20 (20% of 100 total base units)	170 (150 units primary bonus + 20 additional bonus units)
Overall Project with Additional Density Bonus	20 (15 VLI units + 5 MI units)	100	70 bonus units (50 primary bonus units + 20 additional bonus units)	170

Appendix C: References

California Government Code, n.d. Chapter 4.3. Density Bonuses and Other Incentives, Section 65915-65918. Available via:

https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?division=1.&chapter=4.3.&awCode=GOV&title=7.

Department of Housing and Community Development, April 2026. Housing Law Fact Sheet: State Density Bonus Law. Available via: <https://www.hcd.ca.gov/sites/default/files/docs/planning-and-community/density-bonus-law.pdf>.

Selected HCD Technical Assistance Letters

- **HCD Letter to Town of Danville, August 12, 2025** — Addresses base density calculation and use of concessions to permit mixed-use in a multifamily zone, including sample calculations illustrating how subdivision of a parcel affects the density bonus yield.
- **HCD Letter to City of Santa Cruz, February 26, 2025** — Addresses whether units deed-restricted to lower-income households may substitute for moderate-income units required to qualify for the additional density bonus under Section 65915(v). HCD concluded they may not, as the income bands are mutually exclusive under state law.
- **HCD Letter to City and County of San Francisco, July 1, 2024** — Addresses three implementation questions related to moderate-income rental units under Section 65915(v): that such units may be for-rent, that the affordability term is 55 years, and that rental moderate-income units do not entitle a project to additional concessions.
- **HCD Letter to City of Santa Cruz, May 30, 2024** — Addresses how the primary and additional density bonuses under Government Code Section 65915(v) are calculated independently of each other, and clarifies that moderate-income units qualifying for the additional bonus may be for-rent or for-sale.
- **HCD Letter to City of Menlo Park, December 17, 2024** — Addresses whether a density bonus concession may be used to modify a local inclusionary ordinance's rent cap. HCD concluded that a concession may be used to modify certain provisions of a local inclusionary ordinance, such as rent limits, with the burden of proof on the city to deny.