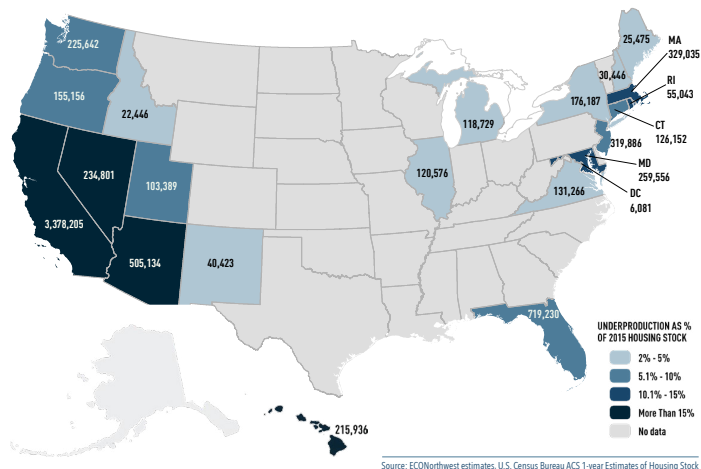


ISSUE BACKGROUND

- According to Up for Growth's *Housing Underproduction in California* report, the state underproduced 3.4 million units of housing from 2000-2015, which makes up nearly half of the U.S.'s total 7.3 million unit shortage for that period.
- For every new household formed in California, only 0.74 units of housing are built. This underproduction means that many individuals and families are cost burdened — paying more than 30% of their income toward rent. The negative impacts of the housing shortage most acutely impact low- and moderate-income households.

HOUSING UNDERPRODUCTION IN THE U.S. 2000-2015



- California's Density Bonus Law is an existing program that requires cities and counties to grant density bonuses and incentives to qualifying projects that set aside a certain percentage of units as affordable. Density bonuses are given out on a sliding scale with a current density bonus maximum of 35% and three incentives.
- Incentives provided under the Density Bonus Law can be used to reduce site development or architectural standards, to adjust zoning codes including approval for mixed use, or to implement other regulatory changes that result in lower cost to development.

PROBLEM STATEMENT

- While the Density Bonus Law is a critical piece in a toolkit of policies that help make housing more affordable, the current bonus and incentive maximum amounts are insufficient for delivering more homes. Expanding the maximums in exchange for increased affordable unit set asides will make the program more effective at delivering much-needed affordable housing.
- The Density Bonus Law Enhancement draws upon a successful policy change enacted by the City of San Diego. Capitalizing on the success of the San Diego enhancement, this bill will further incentivize development across the state, particularly for affordable housing that would otherwise not be built.

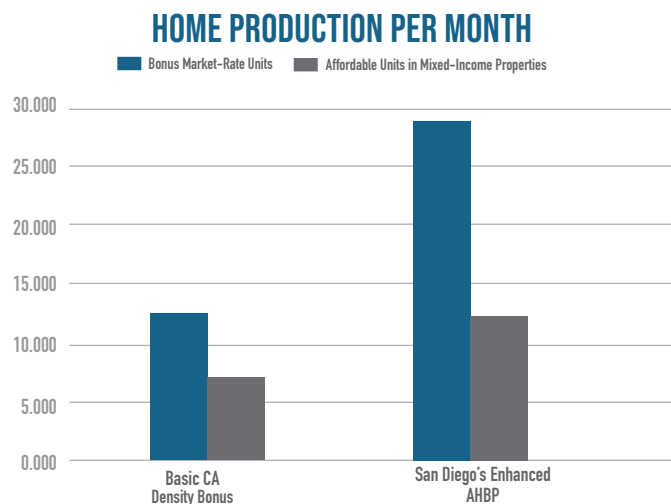
LEGISLATIVE SOLUTION

- The Density Bonus Law Enhancement Bill would amend Sec. 65195 to expand both the maximum allowable density and the maximum number of incentives that a project can receive — up to 50% density bonus and five incentives for projects that provide 15% very low income units, 24% low income units, or 44% moderate income units.
- The Density Bonus Law is an important tool for increasing overall housing production and for creating more affordable units in mixed-income buildings. Increased allowable density coupled with incentives reduce the burden that restrictive and exclusionary land use policies create. The policy enables housing that would otherwise not pencil out.

BENEFITS

- When San Diego expanded its density bonus, the city saw a 900% per month increase in project applications, a 473% per month increase in deed-restricted affordable units, and a 453% per month increase in units built, all over baseline.
- Enhancing the statewide bill with these modest adjustments to density and incentive allotments will have outsized impacts on addressing the housing shortage and creating more affordable homes. Providing affordable units, particularly in dense, transit and job-served areas, will increase access and opportunity for California households.

IMPACT OF DENSITY ENHANCEMENT IN SAN DIEGO



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