FINAL MEMORANDUM

To: City of Santa Barbara

From: BAE Urban Economics

Date: July 29, 2026

Re: Parameters of a Local Density Bonus Program

This Memorandum ("memo") analyzes and identifies potential parameters of a local density bonus program for the City of Santa Barbara. Ongoing updates to statewide legislation have made it increasingly favorable for multi-unit housing developers to request incentives or concessions using State Density Bonus Law ("SDBL") pursuant to California Government Code Sections 65915-65918. This memo explores potential parameters of a Local Density Bonus Program ("Local Program") that the City of Santa Barbara could offer to developers as an alternative to SDBL, in addition to offering developers the option to pursue projects in accordance with SDBL.

Local Density Bonus Program

The City's existing Local Density Bonus Program was established in 1995 (Santa Barbara Municipal Code §30.145.030 Density Bonus Under City Program / §28.87.400 Density Bonus and Development Incentives) to offer "more flexibility" than SDBL by allowing projects to exceed the density bonus limits available at the time (more than 35 percent), apply to projects with fewer than five units, or apply to other projects where state law did not apply. The Local Program requires a density modification (a discretionary application) and does not include automatic concessions, incentives, or development standard waivers. The density modification and affordability are based on agreements with developers wherein the City offers density bonuses, the magnitude of which are outlined in the Affordable Housing Policies and Procedures Manual (2021).

Program Participation

Participation in the Local Program has been limited. The three most recent projects to utilize the Local Program were constructed in 2020, 2012, and 2008. Since the most recent amendment to the Local Program in 2005, 156 affordable units and 37 market-rate units have been constructed in projects using the Local Program (193 total units)[1].

[1] 251 South Hope Avenue constructed 89 affordable units and one manager's unit in 2020. 416 East Cota Street constructed 56 affordable units and one manager unit in 2012. 401 Chapala Street constructed 11 affordable units and 35 market-rate units in 2008.

State Density Bonus Law

State Density Bonus Law ("SDBL") grants density bonuses, along with other incentives, concessions, and waivers of development standards to housing projects that contain a prescribed minimum percentage of affordable units. Jurisdictions are *required* to grant a density bonus and other incentives or concessions and waivers to housing projects that contain at least one of the following minimum set-asides:

- 5 percent of base units to Very-Low-Income households
- 10 percent of base units to Low-Income households
- 10 percent of base units to Moderate-Income households (ownership units only)

For projects that provide at least one of these minimums, SDBL provides density bonuses on a sliding scale, with larger bonuses for projects that provide more affordable units or units at deeper affordability, up to a maximum density bonus of 100 percent. See Tables 1 and 2 in the Appendix for examples. The proportion of affordable units that are required to be eligible for each tier of density bonus varies based on the affordability level of the affordable units.

Affordable units must be restricted to their level of affordability for 55 years by a recorded covenant. A jurisdiction may not enact or impose local laws that conflict with State law or prohibit what the legislature intends to authorize. In addition, the project can be located anywhere in the jurisdiction (Gov. Code §65915(b)(1) and §65915(i)).

Incentives and Concessions

Pursuant to SDBL, applicants can request specific incentives or concessions that *"result in identifiable and actual cost reductions"* necessary to provide for affordable housing costs or rents. The number of automatic incentives or concessions depends on the percentage of affordable units provided. Incentives and concessions may include:

- A reduction in site development standards or a modification of zoning code or architectural design requirements that exceed minimum building standards (e.g., setbacks, square footage requirements, parking ratios).

- Other regulatory incentives proposed by the developer or city that result in identifiable and actual cost reductions.

SDBL is a powerful tool that places the burden of proof on the City to demonstrate that any requested incentives do not result in identifiable and actual cost reductions. The State allows for a broad interpretation of what constitutes a cost reduction, stating that the law should be "interpreted liberally in favor of producing the maximum number of total housing units" (California Government Code§ 65915(r)). The purpose of the law seeks to cover at least some of the financing gap of affordable housing with regulatory incentives, rather than with additional public subsidy.

Waivers or Reductions of Development Standards

SDBL also requires local governments to grant waivers or reductions of development standards that would *"physically preclude the construction of a development"* at the densities or with the concessions/incentives permitted. Unlike incentives, waivers are not limited in number and are not tied to an implied showing of cost reduction.

Recent Updates to SDBL

SDBL legislation was originally adopted in 1979. More recently, it has been amended and updated almost annually since 2018. Major updates have included the following:

- AB 2345 (2020) – Increased Maximum Density Bonus
  AB 2345 significantly expanded the maximum density bonus available under SDBL, increasing it from 35 percent to 50 percent for projects that meet specified affordability thresholds. The legislation also increased the number of incentives or concessions that qualifying projects may receive. In essence, AB 2345 reduced the number situations in which developers would need to rely on the Local Program to achieve additional density or regulatory relief.

- AB 1287 (2023) – Stackable Density Bonus
  AB 1287 introduced the ability for certain projects to receive an additional, stackable density bonus beyond the standard bonus allowed under state law when deeper affordability levels are provided. This change allows some projects to exceed the 50 percent density bonus ceiling established under AB 2345, and increased the number of incentives and concessions available. AB 1287 further reduced the number of situations in which developers would need to rely on the Local Program.

- Post-2023 Updates – More Limited Legislative Changes
  Legislative amendments adopted after 2023 have generally focused on clarifications, technical adjustments, and expanded eligibility for specific housing types, rather than major increases in density bonus levels or incentives.

Program Participation

Utilization of SDBL has been increasing in correlation to recent legislation amending the program. Prior to AB 2345, the City approved an average of 18 units a year in projects using SDBL (multi-unit residential projects with an approved planning application in 2018, 2019, and 2020). After AB 2345, an average of 59 units a year have been approved in projects using SDBL (multi-unit residential projects with an approved planning application 2021-2025). During the same time period and not correlated to AB 2345, the City has approved an annual average of 61 to 62 units in projects not using SDBL (multi-unit residential projects with an approved planning application 2018-2025, 61 unit average for 2018-2020, 62 unit average for 2021-2025).

Comparing the Local Density Bonus Program to SDBL

This analysis compares five development prototypes to evaluate a range of potential incentive structures the City could offer as a Local Program alternative to SDBL. The analysis uses five versions of a prototypical multi-unit residential project on a 30,000 square-foot site in the Priority Housing Overlay area. The prototypes assume a base density of 63 du/acre (maximum density in the General Plan Land Use Element), allowing for a maximum of 44 dwelling units under base density.[2]

- The **Baseline Prototype** is a rental development with 43 units that uses the Average Unit-Size Density Incentive Program (AUD Program) and complies with the existing inclusionary housing requirements by providing 10 percent of project units as affordable to Moderate-Income households (resulting in four onsite units). This prototype does not seek additional density beyond the allowable maximum of 63 du/acre.

- The **Local Program Prototype** is a rental development with 60 units that pursues the Local Density Bonus Program, which allows for a density increase of 35 percent over the base. In exchange, the project provides 20 percent of base project units affordable to Low-Income households (resulting in nine onsite units).

- The **SDBL-I Prototype** is a rental development with 59 units that pursues SDBL. The project provides 10 percent of base project units affordable to Very-Low-Income households (resulting in five onsite units). In exchange, the project receives a density bonus of 32.5 percent over the base.

- The **SDBL-II Prototype** is a rental development with 66 units that pursues SDBL. The project provides 15 percent of base project units affordable to Very-Low-Income households (resulting in seven onsite units). In exchange, the project receives a density bonus of 50 percent.

  The **SDBL-III Prototype** is a rental development with 88 units that pursues SDBL. The project provides 15 percent of project units affordable to Very-Low-Income households (resulting in seven onsite units) in exchange for a density bonus of 50 percent. For the second stackable bonus, the project provides another 15 percent of base project units affordable to Moderate-Income households (resulting in another seven onsite units) in exchange for another density bonus of 50 percent, for a total density bonus of 100 percent.

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[2] Base density means the greatest number of units allowed under the zoning ordinance, specific plan, or land use element of the general plan, or, if a range of density is permitted, means the greatest number of units allowed by the specific zoning range, specific plan, or land use element of the general plan applicable to the project. Density shall be determined using dwelling units per acre. Gov. Code §65915(o)(6)

Figure 1: Prototypes Utilizing Local versus State Density Bonus Programs

	Baseline	Local Program	SDBL-I	SDBL-II	SDBL-III
Program	Local AUD Program	Local Density Bonus	State Density Bonus	State Density Bonus	State Density Bonus
Base Units	44	44	44	44	44
Description	Complies with existing AUD Inclusionary.	Seeks additional density via Local Program	Seeks additional density via SDBL. Waives inclusionary	Seeks additional density via SDBL under AB 2345. Waives inclusionary	Seeks additional density via SDBL under AB 1287. Waives inclusionary
Affordable Unit Requirement	10% Moderate	20% Low	10% Very-Low	15% Very-Low	15% Very-Low 15% Moderate
Affordability Outcomes (Units) *(a)*	4 Moderate-Income + Fractional In-Lieu Fee	9 Low-Income	5 Very-Low-Income	7 Very-Low-Income	7 Very-Low-Income 7 Moderate-Income
Density Bonus (%)	0%	35.0%	32.5%	50.0%	100.0%
Market-Rate Units	39	51	54	59	74
Total Project Units *(b)*	**43**	**60**	**59**	**66**	**88**

Notes:
(a) Required number of affordable units are rounded up for both Local and State density bonus programs.
(b) Reflects analysis indicating that projects using the Average Unit-Size Density Incentive (AUD) Program rarely achieve the maximum base density.

Financial Feasibility Outcomes

The financial feasibility for each prototype was analyzed using static pro-forma models. Static pro-forma models are a form of financial feasibility analysis that developers often use as an initial screen to conceptually test financial viability for a development concept.

The pro-formas are structured to calculate the Residual Land Value (RLV) associated with each prototype. The RLV method accounts for total development costs (excluding land), net operating income and capitalized sale value, among other factors, to solve for the amount a developer could afford to pay for land and earn a market-responsive return on investment.

Residual Land Value = Total Project Value – Total Project Costs – Developer Profit

Prototypes are considered financially feasible, marginally feasible, or not feasible, depending on the resulting RLV. The RLV was informed by land valuation assumptions based on recent sales in the City of Santa Barbara as well as conversations with local developers. The RLV threshold used to determine financial feasibility is:

- Priority Housing Overlay area: RLV of $150 per site square foot

As shown in Figure 2 below, financial feasibility is generally likely for analyzed prototypes utilizing SDBL (SDBL-I and SDBL-II). Prototype SDBL-III was not analyzed for financial feasibility. This is likely due to the following:

Available Density Bonuses

- SDBL-I includes 59 units, making it similar in size to the Local Program prototype. However, SDBL-I provides just five affordable units, compared to nine in the Local Program prototype, and receives a comparable density bonus in exchange for fewer affordable units.

- SDBL-II receives a larger density bonus than the Local Program prototype in exchange for fewer affordable units (seven in SDBL-II compared to nine for the Local Program prototype).

Available Development Concessions

- SDBL-I is eligible for two development incentives by providing 10 percent of project units to Very-Low-Income households. The density bonus itself does not count towards the requested incentive; as such the applicant could select at least two other incentives (e.g., relief from setbacks, open yard requirements, height limits, or other development standards). SDBL-II and SDBL-III are eligible for three development incentives, not including the density bonus itself.

- The Local Program does *not* include automatic concessions, incentives, or development standard waivers (§30.145.030.B.2). Therefore, buildout assumptions associated with the Local Program are assumed to utilize additional density *only* and not additional building area or increased circulation efficiencies, resulting in smaller average unit sizes when compared with projects utilizing incentives under SDBL for similar density bonuses.

- The Local Program requires a Lot Area Modification (discretionary action) from the City in order to get the requested additional density.

Waivers of Development Standards

- Unlike concessions and incentives, there is no limit in the number of waivers an applicant can request under SDBL. As such, it is assumed that Prototypes SDBL-I, SDBL-II, and SDBL-III are eligible for an unlimited number of development standard waivers.

- The Local Program does *not* include automatic development standard waivers; it requires a Zoning Modification (discretionary action) for relief from each development standard.

Figure 2: Local vs SDBL Feasibility Outcomes

	Baseline	**Local Program**	**SDBL-I**	**SDBL-II**
Program	Local AUD Program	Local Density Bonus	State Density Bonus	State Density Bonus
Target AMI	100%	70%	50%	50%
Affordable Requirement (%)	10% Moderate	20% Low	10% Very-Low	15% Very-Low
Available Incentives (State)	Zero	Zero	2	3
Available Waivers (State)	Zero	Zero	"Unlimited"	"Unlimited"
Avg. Unit Size (sf)	811	581	614	811
RLV/site sf	$81.93	$96.67	$157.09	$186.52
Financially Feasible?	***No***	***No***	***Yes***	***Yes***

Notes:
SDBL-III not included because it is an illustrative example of SDBL "stackable" density bonus allowed by AB 1287. It was not analyzed for financial feasibility.

Considerations for Local Program

As currently written, the Local Program does not provide an alternative that developers are likely to pursue instead of SDBL in most cases. However, the City is also limited in terms of the number of alternatives it can provide, as jurisdictions adopting Local Programs in the State of California must not conflict with or reduce the development rights provided under SDBL.

Local Program Interaction with SDBL:

- Local Programs may supplement the SDBL framework by offering additional or alternative incentives; however, jurisdictions cannot require applicants to forgo the state bonus to access local incentives.

- If a developer qualifies, jurisdictions must allow applicants to access incentives provided through SDBL, even if a Local Program exists.

Local Program Structure Examples

The following are three case studies of cities that offer local density bonus options in addition to offering density bonuses in accordance with SDBL. While such programs may provide useful illustrations, the legal compatibility of specific program elements with SDBL would need to be confirmed with the City's legal team and ideally vetted with the California Department of Housing and Community Development (HCD) before adoption.

Culver City

The City of Culver City updated their Density Bonuses and Other Bonus Incentives ordinance in 2025 (Ordinance No. 2025-002). It supplements SDBL by allowing projects that already qualify for a state density bonus to receive additional local incentives. For a project dedicating 10 percent of base units to Very-Low-Income households, for example, the state-required density bonus is 32.5 percent. Culver City then adds additional tier bonuses (either Tier 2, 3, or 4) if a project is located in a high-quality transit area.[3] By virtue of a project's location in Tier 4, for example, a project providing 10 percent of base units to Very-Low-Income households could qualify for an additional eight percent bonus resulting in a total increase of 40.5 percent over base density. For a hypothetical project on a one-acre site which allows for a base density up to 65 du/acre, this equates to:

Hypothetical Project Example:

- Base Units: 65 base units, at 65 du/acre
- SDBL Bonus Units: 32.5% of Base units = 65 x 0.325 = 21.25, rounded up to 22 SDBL Bonus units. Provides 10% of Base units = 65 x 0.10 = 6.5, rounded up to 7 VLI units.
- Tier 4 Bonus units: 8% of Base units = 65 x 0.08 = 5.2, rounded up to 6 "Tier 4 Bonus" units.

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[3] A high-quality transit area is any parcel partially or wholly within one half-mile of a well-serviced transit stop or a transit corridor with 15-minute or less service frequency during peak commute hours, as determined by the Southern California Association of Governments.

Final Result:

- 93 total units, at 93 du/acre
- 28 additional units (22 from SDBL and 6 from Tier 4)
- 7 Very-Low-Income units

Projects that qualify for and implement Tier 2, 3, or 4 bonuses are also eligible for Community Benefit Bonuses. These bonuses are granted based on the project's incorporation of specified community benefits not currently offered under SDBL, including workforce housing, units with three or more bedrooms, child day care facilities, public open spaces, or neighborhood commercial spaces. A sample of available community benefit bonuses is shown in the table below.

Table 1: Sample Community Benefit Density Bonuses, City of Culver City

Community Benefit	Requirements for Bonus	Available Bonus
Workforce Housing Bonus	Projects restricting at least 10% of their base units to households earning between 80 percent and 140 percent of AMI.	5% density bonus over the base.
Three or More Bedroom Unit Bonus	Projects that designate at least 11% of total units as three or more bedrooms	One percent for each additional percentage above 10% of the units that are 3 or more bedrooms, with a maximum bonus of 5 percent.
Public Open Space Bonus	Projects that include at least 3,000 square feet of public open space	One unit per 1,000 square feet of eligible public open space, up to 10 units.

Source: City of Culver City "Density Bonus User Guide", 2026.

City of Menlo Park

The City of Menlo Park has a form of local density bonus embedded in the City's inclusionary ordinance, which is also referred to as the below market-rate (BMR) housing ordinance. The City's ordinance, adopted in 2001, allows for an additional market-rate unit for each BMR (affordable) unit provided, up to a maximum bonus of 15 percent, which is equal to the required BMR percentage for most projects. While the program offers a smaller bonus than is available under SDBL, the City's BMR ordinance allows rental projects to provide a mix of Extremely-Low-, Very-Low-, Low-, and Moderate-Income units, with average income targeting approximately equal to the Low-Income (80 percent of AMI) level. The rental rate for BMR units may not exceed 75 percent of the comparable market-rate rent, whereas under SDBL, the rental rate for an affordable unit is at or below 60 percent of AMI (Low-Income) to qualify for density bonuses. This means that BMR rental units provided pursuant to the City's BMR Housing Ordinance can target a higher income level. For at least some projects, this higher income targeting available under the local program is more attractive than receiving a larger density bonus in exchange for deeper affordability under SDBL.

City of Long Beach

The City of Long Beach adopted the Enhanced Density Bonus (EDB) Ordinance in 2021, which was intended as an alternative, rather than a supplement, to SDBL. Under the EDB, projects must choose either the EDB or SDBL and bonuses cannot be combined. For a project reserving 10 percent of base units for Very-Low-Income households, the EDB provides a density bonus that varies based on distance to transit: 50 percent in the Base Area, 55 percent along a High Quality Transit Corridor, and 70 percent near a Major Transit Stop. If specific community benefits are incorporated, such as more than five percent of units comprising three-bedrooms, or the provision of an on-site childcare facility, each qualifying Special Bonus provides up to 20 percent *more* density, which can accumulate to 100 percent over base density. Key differences between SDBL and the EDB include the latter only requiring one income tier, not two. The City updated the EDB Ordinance in 2026 to bolster the original policy.

Potential Alternatives for Updating Local Program

The alternatives below outline potential options for updating or expanding the Local Program. This section is intended as a first step: decisionmakers should consider whether any of these general approaches merit further pursuit before the City undertakes the work of more fully developing a revised program. Any direction the City chooses to move forward would need to be developed in greater detail and reviewed in coordination with legal counsel to ensure that it does not undermine, conflict with, or reduce the development rights provided under SDBL. This is a particularly important consideration for approaches modeled on other cities' programs. While such programs may offer useful illustrations, the legal compatibility of specific program elements with SDBL would need to be confirmed before adoption.

Consider formalizing and updating the existing Local Program to provide additional specificity. The listed circumstances under which applicants may wish to utilize the Local Program (e.g., small projects with fewer than five units and projects seeking more than a 35 percent density bonus) are narrow and outdated. When updating the Local Program, consider articulating explicit goals for the Program itself, including the rationale for targeting income levels and/or benefits that may not be available from the state, more explicitly and objectively defining bonus levels on a sliding scale, and removing the discretionary approval process from the Local Program. This would make the Program more predictable for applicants and more effective as a policy tool.

Continue allowing density bonuses for projects falling outside the scope of SDBL. For example, the City's Local Program already provides a density bonus for residential projects with fewer than five units, which are not eligible under SDBL.

Provide a density bonus for projects with lower affordability proportions than SDBL minimums. SDBL requires projects to provide a minimum affordability set-aside (e.g., five percent of units to Very-Low-Income households, or 10 percent to Low-Income households) before any density bonus is triggered. The City could offer a local density bonus to projects that provide affordable units at levels below these SDBL minimums, such as a project dedicating eight or nine percent of units to Low-Income

households. Any bonus offered under this approach would need to be calibrated to be less generous than what SDBL provides at the minimum qualifying threshold, so as not to create a conflict with or circumvent the state framework. This option could capture projects that would not otherwise provide any affordable units, though the policy tradeoffs between bonus magnitude and affordability depth would need to be carefully considered.

Allow density bonuses above 100 percent in exchange for more affordable units. Under SDBL as amended by AB 1287, certain projects already qualify for density bonuses up to 100 percent. The City could explore offering a local bonus that allows projects to exceed 100 percent density when they provide affordability levels beyond the 100-percent bonus available under State law. However, Santa Barbara's voter-approved height limits mean that additional density would typically only be buildable if voters approve exceptions for projects utilizing the local bonus. Without such voter approval, developers would have little practical incentive to pursue this option, since the additional units would not likely be achievable within the allowable building envelope.

Provide a density bonus for projects targeting Moderate- or Above-Moderate Incomes. Under SDBL, Moderate-Income units can qualify rental projects for a density bonus, but only under AB 1287's second stackable tier and only after the project has first maximized its Tier 1 bonus by providing the maximum share of Very-Low- or Low-Income units. The Moderate-Income bonus schedule available to ownership projects under Tier 1 of SDBL is only available to ownership projects, not rentals. The City could use a Local Program to extend density bonus eligibility to rental projects that include Moderate-Income units without first having to max out a deeper affordability tier, or even to projects targeting households at income levels above those covered by SDBL (e.g., up to 120 percent of AMI). Possible approaches include: offering a one-for-one unit bonus in exchange for Moderate-Income units in rental projects that have not maxed out Tier 1 (similar to Menlo Park's one-for-one bonus program); allowing rental projects to use a bonus schedule in exchange for Moderate-Income units similar to that which applies to ownership projects under Tier 1 of SDBL; or creating a new bonus tier for Middle-Income units with correspondingly lower bonus levels than those offered for deeper affordability. Any such program would need to ensure that bonus levels are set below what SDBL provides for Lower-Income units, and that the program does not inadvertently substitute for or conflict with existing state obligations.

Layer additional local density bonuses on top of SDBL, with a focus on incentivizing development that meets City goals. The City could offer supplemental local bonuses that go beyond the state baseline, provided that eligibility for the local bonus does not require applicants to forgo their SDBL rights. Culver City's tiered bonus program illustrates this approach: projects that provide more affordable units than SDBL requires can access additional local density, with larger bonuses available to projects near high-quality transit. The City of Santa Barbara could structure a similar framework, potentially targeting supplemental bonuses to areas near transit or in other locations where higher density is a planning priority. Any program along these lines would need careful legal review to ensure it supplements rather than supplants SDBL, and to confirm that the specific bonus structure is permissible under state law. While the Culver City example is instructive, it should not be

assumed without further analysis that all elements of that program are directly transferable to Santa Barbara.

Grant additional density in exchange for community benefits beyond affordable housing. A Local Program could incentivize community amenities that are not addressed by SDBL by granting additional density to projects that include features such as publicly accessible open space, childcare facilities, workforce housing, larger family-sized units, or neighborhood-serving ground-floor commercial space. Culver City's Community Benefit Density Bonus program uses this model, awarding additional units on a formulaic basis tied to the type and scale of community benefits provided. This approach allows the City to use density as a lever to advance a broader range of policy goals, not just affordability. As with the transit-focused approach described above, this type of program would require legal review to confirm that local bonuses layered on top of SDBL do not create conflicts with state law.

Appendix

State Density Bonus Law

Table 2: California State Density Bonus Level 1

Affordable Unit Percentage (a)	Density Bonus if Units Affordable to **Very-Low Income Households**	Density Bonus if Units Affordable to **Low-Income Households**	Density Bonus if Units Affordable to **Moderate Income Households (b)**
5%	20%	N/A	N/A
6%	22.5%	N/A	N/A
7%	25%	N/A	N/A
8%	27.5%	N/A	N/A
9%	30%	N/A	N/A
10%	32.5%	20%	5%
11%	35%	21.5%	6%
12%	38.75%	23%	7%
13%	42.5%	24.5%	8%
14%	46.25%	26%	9%
15%	50%	27.5%	10%
16%	50%	29%	11%
17%	50%	30.5%	12%
18%	50%	32%	13%
19%	50%	33.5%	14%
20%	50%	35%	15%
21%	50%	38.75%	16%
22%	50%	42.5%	17%
23%	50%	46.25%	18%
24%	50%	50%	19%
25%	50%	50%	20%
26%	50%	50%	21%
27%	50%	50%	22%
28%	50%	50%	23%
29%	50%	50%	24%
30%	50%	50%	25%
31%	50%	50%	26%
32%	50%	50%	27%
33%	50%	50%	28%
34%	50%	50%	29%
35%	50%	50%	30%
36%	50%	50%	31%
37%	50%	50%	32%
38%	50%	50%	33%
39%	50%	50%	34%
40%	50%	50%	35%
41%	50%	50%	38.75%
42%	50%	50%	42.5%
43%	50%	50%	46.25%
44%	50%	50%	50%
100% (c)	80%	80%	80%

Notes:
(a) Density bonuses percentages are based on the percent of units at the base density (i.e., not including density bonus units).
(b) Density bonuses based on Moderate-Income affordability are available to for-sale projects only.
(c) 100 percent affordable developments can meet the affordability requirement with units affordable at a mix of income levels, with a maximum of 20 percent Moderate-Income units.

If a project has provided enough affordable units to be eligible for a 50-percent density bonus under level one (Table 2), the project can provide additional affordable units to be eligible for an additional density bonus based on density bonuses that are available in level two (Table 3). These additional affordable units can be either Very-Low-Income units or Moderate-Income units. Unlike Moderate-Income units that are used to satisfy affordability requirements under level one, Moderate-Income units that are used to satisfy affordability requirements under level two can be either rental units or for-sale units. Table 3 shows the proportion of affordable units that are required for each tier of density bonus under level two (i.e., the additional bonuses put in place by AB 1287).

Table 3: California State Density Bonus Level 2 (per AB 1287)

Affordable Unit Percentage (a)	Density Bonus if Units Affordable to **Very-Low Income Households**	Density Bonus if Units Affordable to **Moderate Income Households (b)**
5%	20.00%	20.00%
6%	23.75%	22.50%
7%	27.50%	25.00%
8%	31.25%	27.50%
9%	35.00%	30.00%
10%	38.75%	32.50%
11%	38.75%	35.00%
12%	38.75%	38.75%
13%	38.75%	42.50%
14%	38.75%	46.25%
15%	38.75%	50.00%

Notes:
Density bonuses shown in this table can only be used if the project is also providing enough affordable units to be eligible for a 50 percent density bonus based on the bonuses shown in Table 2.
(a) Density bonuses percentages are based on the percent of units at the base density (i.e., not including density bonus units).
(b) Density bonuses based on Moderate-Income affordability are available to either rental or for-sale projects.