



February 17, 2020

The Honorable Lorena Gonzalez, Member
 California State Assembly
 State Capitol, Room 2114
 Sacramento, CA 95914

Assemblymember Gonzalez,

On behalf of a diverse coalition of organizations, Up for Growth California, a state project of Up for Growth Action, is pleased to support Assembly Bill 2345 that will enhance the State of California’s Density Bonus and Other Incentives Law, *California Government Code, Title 7, Division 1, Chapter 4.3, § 65915* (“Density Bonus Law”), a critical statewide program that supports multifamily mixed-income and affordable community development throughout California.

California is experiencing a severe shortage of homes and proposals like AB 2345 are a key ingredient to addressing this crisis. According to Up for Growth’s 2018 research, *Housing Underproduction in California*, the state fell 3.4 million homes short of meeting housing need, as measured from 2000 – 2015, and the state is falling into a further housing deficit at an ever-increasing clip. From 2010 through 2016, California produced only 7 homes for every 10 households formed. This housing shortage drives a severe affordability crisis, with at least 30 percent of households experiencing cost burdening in every single county in California. California, as with the rest of the country, faces a place-based housing shortage, where housing is less available and less affordable in transit- and job-rich locations.

AB 2345 proposes enhancements to the Density Bonus Law, which offers density bonuses and incentives for developers who deed-restrict a certain percentage of units as affordable in new multifamily developments. These bonuses are important for the creation of affordable units and are a critical piece of a comprehensive solution for tackling California’s housing crisis. AB 2345 would enhance the current Density Bonus Law by expanding the maximum density allowance and by increasing the number of incentives available to developers who increase their affordable unit set aside.

The Density Bonus Law is an important tool for providing on-site affordable units in California. The increased allowable density coupled with incentives that reduce the burden of restrictive and exclusionary land use policies result in increased production of affordable units that would otherwise not pencil out. AB 2345 is based on the very successful 2016 City of San Diego program that expanded the state Density Bonus Law and increased the maximum bonus to 50% if developers provide 24% very low-income or low-income units or 44% moderate income units. The program also increases the maximum number of incentives to five. Since the expansion, the city has seen a 900 percent increase in project applications per month, a 473 percent increase in deed-restricted affordable units per month, and a 453 percent increase in unit creation per month.

Drawing on the success of San Diego's enhanced density bonus, your bill proposes expanding the state Density Bonus Law and increasing both the maximum allowable density and the number of incentives. This modest expansion to the existing law would increase the number of units – both affordable and market rate – constructed in cities across the state and help chip away at California's housing shortage.

Because the state Density Bonus Law is well established, expanding the program would only require changes to the density bonus and incentive allotment tables. These modest changes will result in greater uptake of the program and increased production of affordable and market rate units. Additionally, the incentives provide a mechanism to counter exclusionary zoning and land use policies that prevent development in high opportunity areas. This modest adjustment to an existing policy will have outsized positive impacts on housing affordability and availability across the state.

We look forward to working with you on AB 2345. Please do not hesitate to contact any of the signatories below or Up for Growth California, a state project of Up for Growth Action, if we can be a resource to you or your staff.

Sincerely,

Abundant Housing Los Angeles
Align Finance Partners
AMLI Residential
California YIMBY
The Chicano Federation
Circulate San Diego
Climate Action Campaign
CREA LLC
East Bay for Everyone
Hitzke Development
Holland Partner Group
LISC San Diego
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