

ASSEMBLY THIRD READING

AB 2433 (Alvarez)

As Amended April 22, 2026

Majority vote

SUMMARY

Makes numerous changes to Density Bonus Law (DBL), including establishing a by-right ministerial review process for an infill housing development project, providing additional incentives for homeownership projects, and amending floor area ratio (FAR) provisions.

Major Provisions

- 1) Provides that a city or county shall comply with DBL if the jurisdiction determines an applicant meets at least one of the affordability criteria that would make a housing development project (project) eligible for a density bonus under DBL.
- 2) Requires a project that is eligible for specified incentives and concessions under DBL and that also includes units for sale to receive two additional incentives.
- 3) Provides, notwithstanding any other law, that a granting of a waiver or reduction of development standards is not discretionary and does not require a general plan amendment, local coastal plan amendment, zoning change, study, or other discretionary approval or environmental review, as specified.
- 4) Requires "density bonus" to also mean an increase in the FAR of the site if an applicant for a density bonus elects to use the maximum FAR of the site for residential use for purposes of calculating the maximum allowable gross residential density.
- 5) Provides that the granting of a density bonus shall not be discretionary and shall not require or be interpreted to require environmental review, as specified.
- 6) Deletes the requirement that residential units be on contiguous sites subject to one development application, as specified, for the purposes of calculating a density bonus. Also, deletes the requirement that the density bonus be permitted in geographic areas of the housing development other than the areas where the units of the lower income households are located.
- 7) Requires the density bonus, incentive or concession, and waiver or reduction of development standards to be on sites that are the subject of the same housing development.
- 8) Provides that the density bonus, incentive or concession, and waiver or reduction of development standards are permitted anywhere in the geographic areas of the same housing development, including areas outside of the areas where the housing units are located.
- 9) Provides that the granting of a concession or incentive shall not be discretionary and shall not require or be interpreted to require environmental review, as specified.
- 10) Requires that a project be a use by right and be ministerially approved if all the following apply:

- a) The project satisfies standards for the infill housing California Environmental Quality Act (CEQA) exemption under AB 130 (Committee on Budget), Chapter 22, Statutes of 2025;
 - b) The project is eligible for a density bonus, as specified; and
 - c) The applicant agrees to, and the city or county ensures, the continued affordability of all very low and low-income rental units and very low, low, or moderate income for-sale units, as specified.
- 11) Defines moderate-income to include lower income households, very low-income households, and extremely low income households.
- 12) Makes findings and declarations.
- 13) Makes other technical and conforming changes.

COMMENTS

Density Bonus Law: California's DBL, originally enacted in 1979, is a state policy tool aimed at addressing the financial challenges of building affordable housing. Given the state's elevated land and construction costs, the private market struggles to deliver housing that is affordable to low- and moderate-income households without public subsidy. DBL seeks to close some of the financial gaps associated with building affordable housing by allowing developers to build more units than local zoning laws typically permit, known as a "density bonus," in exchange for reserving a certain percentage of the housing units as affordable. This increased density enables the fixed costs of development to be spread across more units, thereby helping to offset the lower returns from the affordable units and reducing the need for direct public subsidy. Under current law, any housing development proposing five or more units, including mixed-income developments, can take advantage of the provisions of DBL.

Under DBL, when a mixed-income housing development includes a minimum percentage of affordable units, such as 5% very low-income or 10% lower-income, it becomes eligible for a density bonus for additional market-rate units starting at 20%, with the potential to increase up to 50%, depending on the proportion of affordable units provided. Fully affordable projects can qualify for up to an 80% density bonus, or unlimited density if located within ½ mile of a major transit stop, or in a very low vehicle travel area. Furthermore, DBL provides an additional density bonus on top of the typical density bonus for proposed developments that provides very-low or moderate-income units, if certain affordability thresholds are met.

In addition to the density bonus, eligible projects are entitled to receive between one and five regulatory incentives or concessions, depending on the share of affordable housing units provided. These may include modifications to development standards such as reduced setbacks, increased building height, higher floor area ratios (FAR), or reduced parking requirements, when those changes result in actual and identifiable cost savings that help support the affordable units. Because DBL applies to mixed-use developments, a project may also receive incentives or concessions for increased intensity or expanded nonresidential uses if doing so would reduce the overall cost of development. Projects can also request other zoning or regulatory modifications that reduce development costs, and local governments must grant those incentives, unless they can make specific findings to deny them as narrowly defined in state law. Developers maintain

that these incentives and concessions are critical for making affordable housing projects financially feasible.

In practice, DBL plays a critical role in the state's housing strategy, both by reducing development costs and by increasing the overall supply of housing at all income levels, particularly in communities that might otherwise see little affordable housing development. By leveraging regulatory flexibility instead of direct public funding, DBL offers a cost-effective mechanism to stimulate the production of both mixed-income and 100% affordable housing projects throughout California. According to Annual Progress Report (APR) data, published by HCD and analyzed by Circulate Planning & Policy, since 2021, DBL has been used to approve over 140,000 homes, including more than 69,000 deed-restricted affordable homes.¹

This Bill: This bill proposes numerous amendments to DBL. Specifically, this bill makes the following changes:

- 1) Proactive local notice. Requires local governments to proactively apply DBL to housing developments that meet the affordability levels required to qualify for DBL. In doing so, this bill seeks to ensure that all housing development projects that meet the affordability thresholds in DBL are automatically eligible for the provisions of the bill without having to ask the local government for those benefits.
- 2) Affordability category changes. Revises the income-category definitions so that deeper affordability levels count toward higher-income affordability thresholds; specifically, so that the moderate-income affordability category also includes lower, very low, and extremely low income households. This change would amend existing law, as clarified through guidance from HCD stating that projects could not use lower affordability units to access the moderate-income density bonus.
- 3) Non-discretionary approvals for DBL perks. Specifies that the granting of a density bonus, incentive or concession, and waiver or reduction of development standards is not discretionary, and does not require, or by itself trigger, a general plan amendment, zoning change, other discretionary approval, or CEQA review, thereby limiting local agency discretion and clarifying the approval framework under existing law. In doing so, this bill seeks to provide greater certainty to housing development projects and reduce potential project delays when granting benefits conferred to the proposed development under DBL.
- 4) FAR-based density bonus. Provides for an increase in FAR within the definition of density bonus when the applicant elects to use the FAR method to calculate the base project. This change may ensure that DBL is still available in the growing number of jurisdictions moving away from unit-based density limits toward FAR and form-based codes, and to ensure the DBL can be effectively applied in those regulatory frameworks.
- 5) Additional incentives and concessions for homeownership units. Allows two additional incentives for qualifying for-sale housing development projects that meet the applicable

¹ Circulate Planning & Policy, *Win-Win Bonus, How Bonus Law quietly transformed California's Housing Approvals*, April 2026.

affordability criteria. These two extra incentives for homeownership projects may make building for-sale units more desirable to developers.

- 6) Geographic application of benefits. Authorizes a density bonus, incentive or concession, or waiver or reduction of development standards to be applied throughout the housing development project, not necessarily just to the residential uses. According to the bill sponsors, this amendment seeks to codify part of a court decision in *Friends of Lagoon Valley*,² which provided that the benefits under DBL can apply to the parts of a development that did not trigger the bonus eligibility in the first place.
- 7) Ministerial pathway for infill housing developments. Provides that a housing development that meets the provisions necessary to qualify for the infill housing CEQA exemption established by AB 130 (Committee on Budget), Chapter 22, Statutes of 2025, that is otherwise eligible for DBL and meets the required affordability threshold, shall be a use by-right and subject to a ministerial review process. This provision of the bill would streamline approvals for qualifying infill housing projects that are already exempt from CEQA and subject to the Housing Accountability Act, which limits local discretion over compliant development projects.

According to the Author

"Over the past five years, Bonus Law has entitled more than 140,000 homes across the state, making it the most utilized and successful housing program currently in law. However, data from HCD's Housing Element APR Data suggests that over a quarter of projects that would be eligible for Bonus Law do not use it.

"AB 2433, the Affordable Homes Bonus Law, builds on the successes while also making it more readily accessible for builders. It strengthens the promise of homeownership by incentivizing construction of homes that can be purchased by middle and low-income California families, holds cities accountable to clear timelines, and removes unnecessary barriers that prevent good projects from using Bonus Law. When a homebuilder is willing to do the right thing and build homes working families can afford, state law should support and streamline those projects. That is what the Affordable Homes Bonus Law would do."

Arguments in Support

The California Home Building Alliance, including the co-sponsors Circulate Planning & Policy and SPUR, write in support: "Targeted reforms in this legislation address these issues by requiring local governments to affirmatively offer benefits to qualifying projects, affirm that incentives awarded under Bonus Law are not discretionary, and require projects to be approved by right.

This bill would clarify that 100 percent affordable homebuilders can provide deeper levels of affordability and still qualify for a stacked bonus. The bill also increases incentives for affordable homes for-sale, creating more opportunities for homeownership."

Arguments in Opposition

The Equitable Land Use Alliance writes in opposition: "Local jurisdictions understand appropriate residential densities and development standards for specific areas to ensure safety,

² <https://law.justia.com/cases/california/court-of-appeal/2007/a113236.html>

health, sufficient infrastructure, and quality of life. AB 2433 claims to improve housing affordability, but it further erodes local control and public review through additional forced concessions, density, and by-right approvals, without actually increasing affordability requirements."

FISCAL COMMENTS

According to the assembly Committee on Appropriations, no state costs. Local costs of an unknown amount to local agencies to meet the new density bonus requirements in this bill. These costs are not reimbursable by the state because local agencies have general authority to charge and adjust planning and permitting fees to cover these activities.

VOTES

ASM HOUSING AND COMMUNITY DEVELOPMENT: 12-0-0

YES: Haney, Patterson, Ávila Farías, Caloza, Garcia, Kalra, Lee, Quirk-Silva, Ta, Tangipa, Wicks, Wilson

ASM LOCAL GOVERNMENT: 10-0-0

YES: Carrillo, Ta, Johnson, Pacheco, Ramos, Ransom, Blanca Rubio, Stefani, Ward, Wilson

ASM NATURAL RESOURCES: 11-1-2

YES: Bryan, Ellis, Alanis, Garcia, Haney, Hoover, Kalra, Macedo, Schultz, Wicks, Zbur

NO: Muratsuchi

ABS, ABST OR NV: Connolly, Pellerin

ASM APPROPRIATIONS: 13-0-2

YES: Wicks, Hoover, Bauer-Kahan, Calderon, Caloza, Ellis, Fong, Mark González, Krell, Pacheco, Sharp-Collins, Solache, Ta

ABS, ABST OR NV: Pellerin, Tangipa

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