THIRD READING

Bill No: AB 2433
Author: Alvarez (D), et al.
Amended: 6/29/26 in Senate
Vote: 21

SENATE LOCAL GOVERNMENT COMMITTEE: 7-0, 6/23/26
AYES: Durazo, Choi, Arreguín, Ashby, Cervantes, Laird, Seyarto

SENATE HOUSING COMMITTEE: 10-0, 6/24/26
AYES: Arreguín, Seyarto, Cabaldon, Caballero, Cortese, Durazo, Gonzalez, Grayson, Ochoa Bogh, Padilla

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

ASSEMBLY FLOOR: 67-0, 5/27/26 - See last page for vote

SUBJECT: Housing development: density bonus

SOURCE: Author

DIGEST: This bill makes various changes to density bonus law (DBL).

ANALYSIS:

Existing law:

1) Requires cities and counties to grant a density bonus when an applicant for a housing development — defined as “five or more units” including mixed-use developments — seeks and agrees to construct a project that will contain at least one of the following:

   a) 10% of the total units of a housing development for lower-income households;

   b) 5% of the total units of a housing development for very low-income households;

   c) A senior citizen housing development or mobile home park;

   d) 10% of the units in a common interest development (CID) for moderate-income households;

   e) 10% of the total units for transitional foster youth, veterans, or persons experiencing homelessness;

   f) 20% of the total units for lower-income students in a student housing development; or

   g) 100% of the units of a housing development for lower-income households, except that 20% of units may be for moderate-income households.

2) Requires a city or county to allow an increase in density on a sliding scale from 20% to 80%, depending on the percentage of units affordable to low- and very low-income households, over the otherwise maximum allowable residential density under the applicable zoning ordinance and land use element of the general plan. Requires the increase in density, on a sliding scale, for moderate-income for-sale developments from 5% to 50% over the otherwise allowable residential density.

3) Requires a local government to grant an additional density bonus on top of the bonus in 2) if the applicant agrees to include additional rental or for-sale units affordable to very low-income households or moderate-income households.

4) Provides that, upon the developer's request, the local government may not require parking standards greater than the parking ratios specified in DBL.

5) Requires applicants to receive concessions and incentives depending on the percentage of affordable housing included in the proposed development. "Concessions and incentives" means the following:

   a) A reduction in site development standards, or a modification of zoning code requirements, or architectural design requirements, that exceed the minimum building standards, including, but not limited to, a reduction in setback and square footage requirements and in the ratio of vehicular parking spaces that would otherwise be required, resulting in identifiable and actual cost reductions, to provide for affordable housing costs, as specified;

   b) Approval of mixed-use zoning in conjunction with the housing project if commercial, office, industrial, or other land uses will reduce the cost of the housing development and if the commercial, office, industrial, or other land uses are compatible with the housing project and the existing or planned development in the area where the proposed housing project will be located; and,

c) Other regulatory incentives or concessions proposed by the developer or the city, county, or city and county that result in identifiable and actual cost reductions to provide for affordable housing costs, as specified.

6) Provides that the granting of a density bonus, incentive, or concession shall not be interpreted in and of itself, to require a general plan amendment, local coastal plan amendment, zoning change, or other discretionary approval.

7) Establishes procedures for calculating the maximum allowable residential density, or base density, of the project, for which the bonus is to be calculated based on.

8) Provides that, in no case, may a local government apply any development standard that will have the effect of physically precluding the construction of a development at the densities or with the concessions or incentives permitted by DBL.

9) Provides that, without limiting any other statutory or categorical exemption, California Environmental Quality Act (CEQA) does not apply to any aspect of a housing development project, as defined, including any permits, approvals, or public improvements required for the housing development project, if the housing development project meets all of the specified conditions.

This bill:

1) Requires a city or county to 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 as opposed to requiring compliance if the applicant *seeks* a density bonus.

2) Requires a local government, after it is required to notify an applicant for a density bonus whether their application is deemed complete, to provide the applicant with a determination as to whether the project is eligible for a density bonus.

3) Grants two additional concessions and incentives to projects that include for-sale units.

4) Prohibits the granting of a waiver or reduction of development standards, concession, or incentives to be discretionary actions, or from requiring a general plan amendment, local coastal plan amendment, zoning change, study, or other discretionary approval or environmental review for purposes of CEQA.

5) Prohibits the granting of a density bonus to be discretionary or to require environmental review for purposes of CEQA, in addition to existing prohibitions to require a general plan amendment, local coastal plan amendment, zoning change, or other discretionary approval.

6) Provides that if an applicant elects to use the maximum floor area ratio (FAR) of the site for residential use for purposes of calculating the maximum allowable gross residential density, "density bonus" also means an increase in the FAR.

7) Permits the density bonus, incentives or concessions, and waivers or reductions of development standards, to be on sites that are the subject of the same housing development. The density bonus shall be permitted anywhere in the geographic are of the same housing development, including areas outside of the areas where the units for the lower-income households are located.

8) Makes other technical and conforming changes.

Background

According to an April 2026 report by Circulate Planning & Policy, a San Diego-based transportation and land-use policy nonprofit, density bonus law is one of California's most successful housing streamlining laws in recent years.[1] Circulate Planning & Policy's report notes:

"Since the adoption of Assembly Bill 2345, [Density] Bonus Law has become the most widely used streamlining law tracked by the California Department of Housing and Community Development. It was not understood at the time of its adoption to be a transformative law. Nevertheless, after its adoption [Density] Bonus Law has been used to approve:

- More than 140,000 homes overall;
- More than 69,000 deed-restricted affordable homes;

[1] Circulate Planning & Policy, "Win-Win Bonus: How California's Bonus Law quietly transformed housing approvals

- In 2024, 47 percent of all homes approved in multifamily projects;
- In 2024, 78 percent of all homes in 100 percent affordable projects; and
- In 2024, ten times more homes than every other tracked streamlining law."

The report notes that in 2024, 30% of multifamily homes approved by cities and counties were eligible for density bonus law but did not use it. The report identifies several recommendations for legislation to further enhance density bonus law, including, among others, that:

- Projects that are eligible for density bonus law should automatically be granted the law's benefits, rather than requiring an opt in;
- The law should more concretely apply to the California Coastal Commission, which regulates development in the Coastal Zone; and
- The law should be renamed to reduce the emphasis on "density."

The author wants to further boost utilization of density bonus law.

Comments

Purpose of the bill. 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 streamlining program in California law according to an April 2026 report by Circulate Planning & Policy. In 2024, nearly half of new California townhouses or apartments were in projects that relied on the density bonus. AB 2433, the Affordable Homeownership Bonus Law, builds on that success by making homeownership more attainable for the people who make our communities work. Specifically, the bill modernizes incentives for builders who commit to affordable housing that's for-sale, holds cities accountable to clear timelines, and removes unnecessary barriers that have slowed or blocked good projects for years. When a homebuilder is willing to do the right thing and build homes working families can afford, state law should not stand in the way. The bill re-affirms existing environmental safeguards that the Legislature adopted in AB 130 (2025) and does not interfere with the Coastal Act. Please join me in making the California dream a reality for more working families. Support the Affordable Homeownership Bonus Law."

Uncle. Legislators have amended density bonus law 23 times in the past decade and authored scores more bills on local land use planning and permitting during that time. Each change requires cities and counties statewide to review and modify their procedures to ensure they are compliant with the law, directing their efforts away from acting on housing project applications. AB 2433 layers on significant new changes to the procedures for density bonus law that will require local governments to modify procedures for reviewing any development applications. AB 2433 requires this change to increase uptake of density bonus law by developers. But by requiring permitting staff to adjust to new procedures, AB 2433 may, at least in the short term, slow down permitting of density bonus projects. Furthermore, it is unclear whether the application process is a significant obstacle to the use of density bonus law. For example, Circulate San Diego's report states, "It is notable that there is a declining share of eligible projects that are forgoing the benefits available to them under [Density] Bonus Law. This may indicate that the use of the program is growing not just because of changes to policy, but from growing familiarity with how it can be used. More homebuilders are choosing to use the policy, just as more jurisdictions may be understanding and accepting their obligations under it." Accordingly, the share of projects using density bonus law may continue to increase absent this measure. AB 2433's changes, while well intended, may impose costs or other friction in the development process that works counter to the bill's goals.

Other duties as assigned. Density bonus law currently requires a developer to apply for the density bonus and request waivers, concessions, and incentives. AB 2433 flips this requirement to require the city or county, upon receipt of an application that meets the requirements of density bonus law, to tell the developer the density bonus they are eligible for. AB 2433 puts local planning officials in the position of telling developers the extent to which they may undermine the standards adopted by their city council or board of supervisors. Is this an appropriate role for local government employees?

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

SUPPORT: (Verified 8/5/26)

Abundant Housing Los Angeles
Bay Area Council
Cal Chamber
California Building Industry Association (CBIA)
California Hispanic Chambers of Commerce
California Yimby
Circulate Planning & Policy
Coalition for Responsible Transportation Priorities
Environmental Protection Information Center (EPIC)

Fieldstead and Company, INC.
Greenbelt Alliance
Habitat for Humanity California
Housing Action Coalition
Inner City Law Center
Leadingage California
New California Coalition
Prosperity Action
San Diego Housing Commission
San Diego Regional Chamber of Commerce
Sierra Business Council
Spur
Student Homes Coalition
The Two Hundred for Homeownership

OPPOSITION: (Verified 8/5/26)

California Cities for Local Control
City of Belmont
City of Beverly Hills
City of Carlsbad
City of Milpitas
Families and Homes San Jose
Marin County Council of Mayors and Councilmembers
Mission Street Neighbors
Neighbors for a Better San Diego
Save Lafayette
Town of Truckee

ASSEMBLY FLOOR: 67-0, 5/27/26
AYES: Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Jackson, Johnson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Nguyen, Pacheco, Papan, Patterson, Quirk-Silva, Ramos, Ransom, Michelle Rodriguez, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas
NO VOTE RECORDED: Addis, Aguiar-Curry, Boerner, Connolly, Irwin, Muratsuchi, Ortega, Patel, Pellerin, Petrie-Norris, Celeste Rodriguez, Rogers, Tangipa

Prepared by: Anton Favorini-Csorba / L. GOV. / (916) 651-4119
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