CONCURRENCE IN SENATE AMENDMENTS
AB 2433 (Alvarez)
As Amended August 20, 2026
Majority vote

SUMMARY

Makes various changes to Density Bonus Law (DBL).

Senate Amendments

1) Remove the streamlined, ministerial review process for DBL projects that qualify for the infill housing California Environmental Quality Act (CEQA) exemption.

2) Make clarifying changes.

3) Incorporates chaptering amendments.

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Density Bonus Law: California's DBL, originally enacted in 1979, is a state policy tool aimed at addressing the financial challenges of building affordable housing.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 the California Department of Housing and Community Development (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.

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 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

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

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.

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 [(Committee on Budget) Chapter 22, Statutes of] (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."

Arguments in Support
The California Home Building Alliance writes in support: "Recent efforts to enhance Bonus Law have shown results. AB 2345 (Gonzalez) [Chapter 197, Statutes of] 2020) and AB 1287 (Alvarez) [Chapter 755, Statutes of] 2023) both made large changes to increase its use. In the past five years, Bonus Law has been used to entitle over 140,000 homes across California at no additional cost to the taxpayer. Still, Bonus Law projects can still face barriers when seeking approvals. 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.

This bill would clarify that 100% 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
Neighbors for a Better San Diego write in opposition: "With regard to for-sale units (condominiums), it is widely understood that the deterrent to building condominiums is construction defect litigation, not land use regulations. As such, density bonuses are the wrong solution to this problem. Rather than take action on this bill, the Legislature should proceed with the adoption of AB-1903 and reject AB-2433 at this time.

Further, density bonuses are a gift of virtual land to property owners. Rather than increase the generosity of these gifts, the state should undertake an economic study to determine whether the social benefit, typically a percentage of units deed-restricted to lower-income households, is commensurate with the value of the virtual land that has been given to property owners."

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

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

ASSEMBLY FLOOR: 67-0-13
YES: 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
ABS, ABST OR NV: Addis, Aguiar-Curry, Boerner, Connolly, Irwin, Muratsuchi, Ortega, Patel, Pellerin, Petrie-Norris, Celeste Rodriguez, Rogers, Tangipa

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