



Explaining the Compounding Effect of Santa Monica's Affordable Housing Production Program and State Density Bonus Law on Housing Projects

In April 2023, the City Council adopted zoning changes to implement the certified 6th Cycle Housing Element, as mandated by State law. These changes to development standards and the City's review process for housing projects went into effect on June 1, 2023. This memo explains how Santa Monica's Affordable Housing Production Program (AHPP) works together with State Density Bonus Law for Housing Projects.

Existing guides on the AHPP and State Density Bonus Law are attached for more detailed reference and can be found online on the Planning Resources webpage:

<https://www.santamonica.gov/planning-resources>

I. The Affordable Housing Production Program

What is Santa Monica's Affordable Housing Production Program ("AHPP")?

Since 1998, the AHPP has required that all developers of housing in the city provide a certain percentage of the project's total units as affordable units (defined by Area Median Income limits as published by the State Department of Housing and Urban Development applicable to the Los Angeles-Long Beach Metropolitan Statistical Area) or pay in-lieu fees.

The AHPP is the City's inclusionary housing ordinance and was created in 1998 as partial implementation of Proposition R, approved by Santa Monica voters in 1990. Proposition R requires that no less than 30 percent of all newly constructed multi-unit residential housing in the City each year be permanently affordable to, and occupied by, low- and moderate-income households. The 30 percent requirement is not calculated on a project-by-project basis.

As part of the State-mandated Housing Element, the City has committed to maintaining the AHPP in order to ensure that the City can plan for affordable housing units in compliance with State requirements.

When does the AHPP apply?

The construction of two or more dwelling units, not including Accessory Dwelling Units (ADUs) or Junior Accessory Dwelling Units (JADUs).

What does the AHPP require?

Number of Units in the Project	On-Site Requirement	Off-Site Option (in lieu of on-site requirement)
2-5 units	Pay the Affordable Housing Fee. Projects that provide an affordable housing unit in accordance with State Density Bonus Law are not required to pay the Affordable Housing Fee.	--
6-19 units	15% affordable units for up to 80% income households	--
20 units or more	15% affordable units with even distribution across 50% AMI, 80% AMI, and Moderate Income	20% affordable units at 50% or 80% AMI

50% Area Median Income (AMI) – Very Low Income

80% AMI – Low Income

80% to 120% of AMI – Moderate Income

Income limits available online at <https://www.santamonica.gov/housing-ahpp-limits>

II. State Density Bonus Law

What is State Density Bonus Law (“SDBL”)?

While Santa Monica has its AHPP, there are many cities throughout California that do not have an inclusionary housing ordinance that require the provision of affordable housing units. Think of SDBL as the State-level version of the AHPP except that under SDBL, developers can request a State-level bonus. The basic premise of SDBL is that developers receive a development bonus (i.e. more market-rate housing units) in exchange for providing affordable units in their projects.

Can SDBL’s development bonus exceed a City’s General Plan and Zoning?

Yes. SDBL requires that a density bonus be granted, even if it goes beyond a City’s General Plan and Zoning maximum limits.

What Projects are Eligible for SDBL?

A project must answer “YES” to all of the following:

1. Does the project have at least 5 base units (before State density bonus is applied)?
 - Note that pursuant to California Government Code Section 65915(o)(7), if the density allowed under the Zoning Ordinance is inconsistent with the density allowed under the Land Use and Circulation Element (LUCE) or a specific plan, the greater shall prevail.
2. If the parcel of land does or did have any rental unit occupied by low or very low income households, or any unit covered under rent control, currently or in the past 5 years, will the project replace all of those units at the same or lower affordability level (no net loss)?
3. Does the project provide on-site affordable units for at least 55 years?

What Other Benefits Does a Developer Receive from SDBL?

In addition to a density bonus, developers can also request relief from a City's zoning standards in terms of development standards and land use rules (types of allowed uses). Under SDBL, these requests are called incentives/concessions or waivers. Requests for incentives/concessions and waivers can only be denied under very limited circumstances as determined in State law.

What is an Incentive/Concession?

Incentives and concessions are intended to allow modifications to local zoning standards in order to reduce the cost of providing the on-site affordable units.

An example of an incentive or concession is additional floor area or allowing a different mix of allowed uses in the project.

A developer can request up to 4 incentives/concessions depending on the percentage of on-site affordable units provided in the project.

Can an Incentive/Concession be denied by the City?

Yes; however, the City must demonstrate that the incentive/concession would not result in cost reductions, which is very difficult to do. Although the City may request reasonable documentation, the City has very limited ability to require what information is provided by the applicant to support their request.

What is a Waiver?

Waivers are intended to allow modifications to local zoning standards if the applicant can demonstrate that applying the local standard would physically preclude construction of the project, including any density bonus units.

An example of a waiver is additional building height.

A developer can request an unlimited number of waivers.

The only exception is for housing projects where all the units are deed-restricted affordable units and the project has received unlimited density and additional height and is located in the Pico Neighborhood.

Can a Waiver be denied by the City?

Yes; however, a City cannot deny a waiver or reduction of development standards that would have the effect of physically precluding the construction of a development including any State density bonus and requested incentives/concessions. Although the City may request reasonable documentation, the City has very limited ability to require what information is provided by the applicant to support their request.

How Much Bonus Can a Housing Project Receive?

Depending on the percentage of on-site affordable housing provided in a project, a project could receive up to a 50% density bonus.

How is the Bonus Calculated?

The bonus is calculated from the “base density” of the project. The “Base density” means the maximum allowable density that is allowed under local regulations before adding SDBL units. The percentage of required on-site affordable housing is calculated on the base density and not the total project.

III. Affordable Housing Production Program & State Density Bonus Law Work Together

How Does AHPP Work Together with SDBL?

Per SDBL, projects that provide on-site affordable housing units as required by the AHPP will meet the requirements to qualify for a State density bonus.

Why did Housing Projects get Larger Compared to Before the June 1st Zoning Changes?

In compliance with State law, the City was required to upzone all commercial areas of the city (instead of expanding into existing residential neighborhoods) to ensure that housing projects are feasible in order to meet State mandates for housing production. The California Department of Housing and Community Development (“HCD”) certified the City’s 6th Cycle Housing Element, based upon the upzoning approved by the City Council.

Per State law, the State density bonus is required to be applied on top of this recent local upzoning, which results in more market-rate units in a project.

In order to accommodate the additional bonus units, SDBL also allows a developer to request incentives/concessions or waivers to effectively increase the size of a project, usually through modifications to standards that control building envelope and building height.

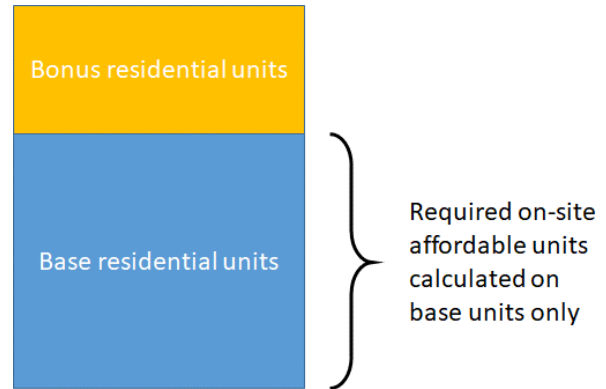
Why Does it Seem Like There Are So Few Affordable Units in Housing Projects?

The percentage of required on-site affordable units is calculated on the base density of a project (pre-density bonus), not on the total number of units in the proposed project (“bonus project”).

This way of calculating the number of required affordable units is the result of a new State law (AB 2334) that went into effect on January 1, 2023. AB 2334 requires the use of base density and does not allow for the calculation of required affordable units using the total number of units in a proposed project.

- *Example:*

- *Base project density: 100 units (calculated using zoning standards)*
- *Requested density bonus: 50% of base project for providing 15% affordable units*
- *Total units in the project with density bonus: $100 \times 50\% = 150$ units*
- *Required number of on-site affordable units is calculated on **base density** and **not the total project**:
 $15\% = 100 \times .15 = 15$ units*



Why Can't The City Require A Higher Percent Of Inclusionary Affordable Housing?

The State considers that requiring more than 15% of affordable housing for 80% or less AMI households as a condition to development of market rate housing as likely impairing economic feasibility for new housing development. Under State law, the HCD is authorized to review economic feasibility for any inclusionary ordinance that requires more than 15% of affordable housing if a city has not satisfied the State's housing mandates.

Affordable Housing Production Program Handout

What is the AHPP?

Chapter 9.64 of the Santa Monica Municipal Code (SMMC) establishes the City's inclusionary affordable housing program, *Affordable Housing Production Program (AHPP)*, which requires developers of market rate housing to provide a specified percentage of the project's total units as affordable units or pay in-lieu fees.

When does the AHPP apply?

The construction of two or more dwelling units, not including ADUs or JADUs (SMMC Section 9.64.030).

What are the AHPP requirements?

Number of Units	On-Site Requirement	Off-Site Option (in lieu of on-site requirement)
2-5 units	Pay the Affordable Housing Fee. Projects that provide an affordable housing unit in accordance with State Density Bonus Law are not required to pay the Affordable Housing Fee.	-
6-19 units	15% affordable units for up to 80% AMI	-
20 units or more	15% affordable units with even distribution across 50% AMI, 80% AMI, and Moderate Income	20% affordable units at 50% or 80% AMI

For Tier 2 and 3 projects located in the Downtown Community Plan area, please refer to SMMC Section 9.10.070(C)(1)
 50% of Area Median Income (AMI) - Very Low Income
 80% of AMI - Low Income
 80% to 120% of AMI - Moderate
 Income limits available online at <https://www.santamonica.gov/housing-ahpp-limits>

For projects of 20 units or more, affordable units shall be evenly divided across the three income levels. Any remainder above multiples of three shall be distributed to Very Low Income households first and Low Income households second.

Example:

An applicant has an affordable housing obligation of 17 units, which must be distributed one-by-one across the Very Low, Low, and Moderate Income levels (similar to how a deck of cards is dealt). This would result in:

- 6 Very low, 6 Low, and 5 Moderate

Any fractional affordable housing unit that is 0.5 or more shall be treated as a whole affordable housing unit (i.e., any resulting fraction shall be rounded up to the next larger integer) and must be built. For a fractional unit less than 0.5, the affordable housing obligation can be provided as a unit or be satisfied by paying a partial Unit Development Cost fee.

Example 1:

An applicant wants to develop 12 apartment units, their affordable housing obligation is:

$15\% \times 12 \text{ units} = 1.8$ on-site affordable units required, rounded to 2 affordable units

Example 2:

An applicant wants to develop 15 apartment units, their affordable housing obligation is:

$15\% \times 15 \text{ units} = 2.25$; At least 2 on-site affordable units are required and the fractional unit can be provide as a third unit or satisfied by paying a partial Unit Development Cost fee (see Example under Fees below).

Are there unit mix requirements for affordable units?

Yes, the unit mix percentage for affordable two- and three-bedroom housing units must be equal to or greater than the unit mix percentage for the corresponding market rate units. The unit mix percentage for studio (0-bedroom) units cannot exceed 15%.

Any other requirements for the affordable units?

- On-site affordable units must be rental and have the following floor area and occupancy requirements:

Unit Type	Min Size	Min Occupancy
0 bedrooms	500 sf	1 occupant
1 bedroom	600 sf	1 occupant
2 bedrooms	850 sf	2 occupants
3 bedrooms	1,020 sf	3 occupants
4 bedrooms	1,200 sf	5 occupants

- Affordable units must be evenly disbursed throughout the project.

What are the deed restrictions term for an affordable housing unit?

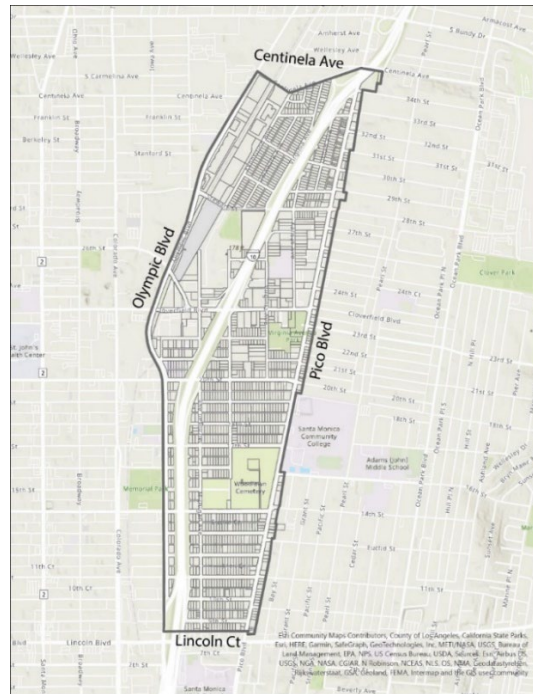
55 years for affordable housing unit provided by a market-rate developer; 99 years for affordable housing unit funded by City's housing trust fund.

Can a developer do off-site affordable housing units?

Yes, but must comply with the following:

- Only projects consisting of 20 units or more may provide off-site units.
- Off-site units shall only be affordable to Very Low or Low Income households

- Off-site units shall adhere to the same requirements for on-site affordable units, such as, but not limited to, unit size, occupancy, unit mix, and rental requirements.
- Off-site receiver site can be located anywhere in the City except the following area, which includes the Pico Neighborhood:



- If two or more market rate projects elect to use the off-site option in a single project, the off-site affordable housing units in the project cannot be double counted towards the satisfaction of any affordable housing obligation, but can count towards eligibility for a density bonus.

How does compliance with AHPP integrate with State Density Bonus?

Projects that include on-site affordable units pursuant to the AHPP are entitled to the density bonuses, incentives or concessions, and waivers or reductions of development standards allowed by State Density Bonus Law.

For projects of 20 or more units providing an even distribution of on-site affordable units between 50% AMI, 80% AMI, and Moderate Income, the total AHPP requirement (i.e. 15% affordable) can be counted as the income level that achieves the highest bonus and number of incentives and concessions granted under State Density Bonus Law. In other words, a 100-unit project providing 15% onsite affordable units evenly split amongst income categories (5% VLI/ 5% LI/ 5% moderate) would be treated as if it was providing 15% VLI (the highest bonus category in this situation) under State Density Bonus Law and would be eligible for 50% density bonus and up to 3 incentives/concessions.

Do replacement units required by Senate Bill (SB) 330/SB 8 count towards AHPP?

Yes, replacement units that are required by SB 330/SB 8 and are deed restricted as affordable, can "double count" towards a project's AHPP obligation and State Density Bonus.

What are the affordable housing fees? When can they be applied? And how are they calculated?

To review the most current affordable housing fees, please refer to the following website:
<https://www.santamonica.gov/housing-ahpp-developers>

Projects 5 units or less are eligible to pay an affordable housing fee in-lieu of providing affordable units. To calculate the in-lieu fee, the following formula shall be used:

$$(Affordable\ Housing\ Unit\ Base\ fee) \times (floor\ area\ of\ multiple\ unit\ project)$$

Currently, the Affordable Housing Base Unit fees are:

- \$39.12 / square foot for apartments (effective 12/01/22; updated annually)
- \$45.70 / square foot for condominiums (effective 12/01/22; updated annually)

Example:

An applicant develops a 3-unit apartment complex that totals 6,000 sf and elects to pay the affordable housing fee. Then the fee is:

$$\$39.12/sf\ per\ apartment \times 6000\ sf = \$234,720$$

For projects 6 or more units with a fractional affordable housing units of less than 0.5, a partial Unit Development Cost fee can be paid to fulfill the fractional affordable housing obligation. To calculate this in-lieu fee, the following formula shall be used:

$$(Unit\ Development\ Cost) \times (fractional\ percentage)$$

Currently, the Unit Development Cost fee is:

- \$410,451 Unit Development Cost (effective 12/1/22; updated annually)

Example:

An applicant of a 14-unit condo project must provide 15% affordable Very Low Income units.

$$15\% \times 14\ units = 2.1\ units\ must\ be\ affordable$$

In that case, the applicant must provide 2 affordable units on-site and can pay a fee for the 0.1 fractional unit:

$$\$410,451 \times 0.1\ fractional\ unit = \$41,045$$

Frequently Asked Questions

What is State Density Bonus (SDB) Law?

State Density Bonus law (Government Code Section 65915 to 65918) allows a developer to increase density above the maximum allowable in a City's General Plan or Zoning Ordinance (whichever greater) and utilize incentives, concessions, and waivers in exchange for providing on-site affordable units. [Chapter 9.22](#) of the Santa Monica Municipal Code (SMMC) codifies SDB.

What are the eligibility requirements for using State Density Bonus?

A project must answer "YES" to all of the following:

1. Does the project have at least 5 base units (before applying State Density Bonus)?
 - Note that pursuant to California Government Code Section 65915(o)(7), if the density allowed under the Zoning Ordinance is inconsistent with the density allowed under the City's General Plan (i.e., Land Use and Circulation Element – LUCE) or a specific plan, the greater shall prevail.
2. If the parcel of land does or did have any rental unit occupied by low or very low income households, or any unit covered under rent control, currently or in the past 5 years, will the project replace all of those units at the same or lower affordability level (no net loss)?
3. Does the project provide on-site affordable units for at least 55 years?

How does State Density Bonus integrate with the City's Affordable Housing Production Program (AHPP)?

Projects that include on-site affordable units pursuant to the City's AHPP (see [Chapter 9.64](#) of the SMMC) are entitled to the density bonuses, incentives or concessions, and waivers or reductions of development standards allowed by State Density Bonus law. Therefore, if a project provides on-site affordable units in compliance with the AHPP (i.e., 15%), it will automatically be eligible for a 50% density bonus and up to three incentives or concessions.

How does density work on tiers?

Density bonus can be requested off of all tiers.

How much density bonus does a project get?

The amount of density bonus a project is eligible for is determined based on the amount of on-site affordable units and the income level of affordable units provided in the project pursuant to [State Density Bonus law](#).



Guide to Density Bonus

For projects of 20 or more units that provide on-site affordable units in compliance with the AHPP (i.e., 15% evenly split across moderate, low, and very low income categories), the City provides a local maximum bonus of 50% (which is equivalent to if all affordable units were provided as very-low income).

Does a project need to incorporate a density bonus to be eligible for incentives, concessions, or waivers?

An applicant for a qualifying project may utilize an incentive, concession, or waiver regardless of whether or not they elect to incorporate density bonus units. Similarly, an applicant may also request a density bonus without utilizing an incentive, concession, or waiver.

What is an incentive or concession?

An incentive or concession is a reduction in site development standards or modifications of zoning code or architectural design requirements that result in identifiable and actual cost reductions to provide for affordable housing.

- *Examples:* Floor Area, Unit Mix, Unit Size, Parking

What is a waiver?

A waiver is a reduction or modification in a development standard and other regulations that physically precludes the construction of the project.

- *Examples:* Floor Area, Maximum Building Height, Number of Stories, Daylight Plane

How many concessions, incentives, or waivers can a project request?

- Incentives/Concessions: The number of concessions and incentives are limited to the following based on the percentage of on-site affordable units provided:

Minimum Percentage of Affordable Units	Number of Incentives and Concessions Permitted
<ul style="list-style-type: none"> • 5% Very Low, • 10% Low, or • 10% Moderate in for-sale developments 	1
<ul style="list-style-type: none"> • 10% Very Low, • 17% Low, or • 20% Moderate in for-sale developments 	2
<ul style="list-style-type: none"> • 15% Very Low, • 24% Low, or • 30% Moderate in for-sale developments 	3
<ul style="list-style-type: none"> • 100% Affordable Housing Projects or projects meeting the criteria of Section 9.22.040(A)(1)(g)* 	4

* In addition to the above, for 100% Affordable Housing Projects or projects meeting the criteria of SMMC Section 9.22.040(A)(1)(g), a height increase of up to 3 additional stories or 33 feet is permitted. This increase shall not count towards one of the four incentives or concessions.

Guide to Density Bonus

- **Waivers:** A developer can request an unlimited number of waivers except in the following:
 - A 100% affordable housing project that: (i) receives a waiver from any maximum controls on density pursuant to Section 9.22.050(3)(d)(ii) and up to three additional stories or 33 feet in height in accordance with 9.22.060(A)(4), and (ii) is located in the Pico Neighborhood Area shall not be eligible for waivers.

What is a by-right incentive or concession?

A by-right incentive or concession is automatically granted when requested and does not require documentation that the incentive or concession would result in identifiable and actual cost reductions. These include:

Residential zones	Non-residential zones
<ul style="list-style-type: none"> • Up to a 15% deviation from one side setback requirement. • Up to a 10% increase in parcel coverage per floor and/or story (one concession per floor and/or story). • Up to a 15% deviation from rear setback requirements. • Up to one additional story and six feet of building height. 	<ul style="list-style-type: none"> • Up to an additional 11 feet of Building Height. • Up to a 10% reduction in Minimum Ground Floor height. • Up to a 50% decrease in private outdoor living area per unit, provided that an equivalent amount is substituted for common outdoor living area. • Up to a 5% decrease in unit mix requirement for market rate units only. • Up to a 10% decrease in residential parking requirement • Up to a 10% decrease in long-term residential bicycle parking. • Additional floor area to accommodate the density bonus units based on project's average unit size.

How is a density bonus, incentive, concession, or waiver requested and what information is required?

- *When information is required*
 - An application for a density bonus, incentive or concession, waiver or reduction of development standards, or revised parking standard shall be submitted with the first application for approval of a housing development.
 - Applicant is allowed to amend the requests as part of project review but must continue to document in accordance with State Density Bonus law.

Guide to Density Bonus

- *What needs to be provided*
 - Applicant is required to provide a density study and breakdown of all incentives, concessions, and waivers into separate written requests.
 - For incentives and concessions, documentation must be provided showing evidence that the requests result in identifiable and actual cost reductions and that the cost reduction allows the applicant to provide affordable units or affordable sales prices.
 - For a waiver or reduction of a development standards, the applicant shall provide evidence that the development standard for which the waiver or reduction is requested will have the effect of physically precluding the construction of the residential project with the density bonus incentives requested.

Can the City deny an incentive, concession, or waiver?

Yes, but only if the granting of the incentive, concession, or waiver would either:

1. Not result in an identifiable and actual cost reduction to providing affordable units (incentive/concession only)
2. Have a specific, adverse, and unavoidable impact on public health and safety; or
3. Have an adverse impact on a property that is listed in the California Register of Historical Resources
4. Be contrary to state/federal law.

How to Calculate Density Bonus

Multi-Unit Residential Zones (R2, R3, R4, OPD, OP2, OP3, & OP4)

- *Step 1: Determine base density*
 - Divide parcel size by maximum allowable density
 - Due to density inconsistencies between the Zoning Ordinance and the LUCE, the following density calculations shall be used to determine the base number of units for eligibility (5 or more units) and application of State Density Bonus law:
 - R2/OPD/OP2: 1 unit per 1,500 SF of parcel area with no density cap
 - R3/OP3: 1 unit per 1,500 SF of parcel area with no density cap
 - R4/OP4: 1 unit per 1,250 SF of parcel area with no density cap
 - When calculating base density, fractions of one-half (0.5) or greater shall be rounded up to the nearest whole number, and fractions of less than one-half (0.5) shall be rounded down to the nearest whole number
- *Step 2: Calculate percentage of affordable units provided*
 - Divide number of affordable units by total number of proposed units
 - If multiple affordable units are provided at different affordability levels, calculate each percentage by income level
- *Step 3: Determine maximum density bonus percentage*
 - Compare each income level percentage (Step 2) to [State Density Bonus law](#) to determine eligible density bonus percentage
 - If advantageous to achieve a higher density bonus percentage, the following income levels can be grouped together for purposes of achieving the highest bonus:
 - Very low income units can be counted towards the low income category
 - The same can be done for counting very low and low income units as moderate income, but the units considered as moderate income must be for sale.
- *Step 4: Apply density bonus*
 - Select the highest percentage based on Step 3
 - Multiply proposed number of units by density bonus percentage (Step 3) to calculate number of density bonus units eligible

Guide to Density Bonus

- When calculating density bonus units, units are always rounded to the next whole number
- Add allowable density bonus units to base density (Step 1) to determine maximum number of units allowed in the proposed project

Example 1:

The project site is a vacant 15,000 sf R2 lot. Applicant wants to know what their maximum density bonus is.

Step 1: $15,000/1,500 = 10$ base units

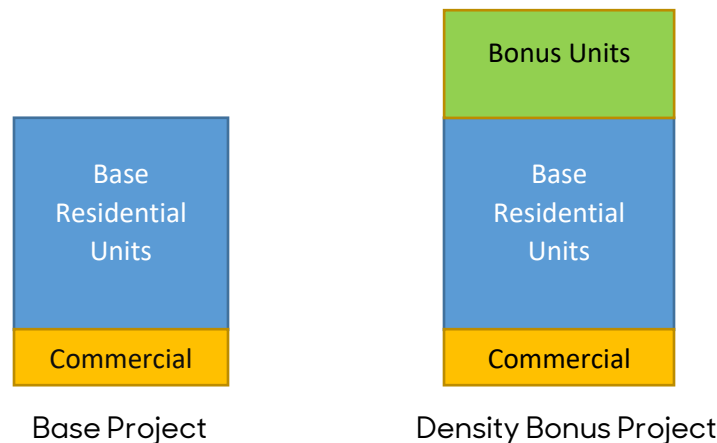
Step 2: $10 \text{ units} \times 15\% \text{ City AHPP requirement} = 2$ affordable units required (rounded up from 1.5)

Step 3: Determine density bonus % eligible depending on level of affordability (27.5% for low income, or 50% for very low income)

Step 4: If provided as VLI, eligible for 50% bonus = $10 \text{ units} \times 50\% = 5$ bonus units permitted above base

Non-Residential Zones

To determine the amount of density bonus that a multi-unit development project is eligible for, an applicant must provide a base density study that shows a “pre-bonus” base project. Pursuant to AB 2334, for jurisdictions that control density through FAR, the following methodology must be used in order to determine application of State Density Bonus.



- *Step 1: Determine base project size*
 - Multiply the parcel size by the allowed FAR to determine maximum floor area of the project

Guide to Density Bonus

- *Step 2: Calculate average unit size of base project*
 - Divide residential floor area in base project by base number of units (amount of units the applicant is proposing to fit within the base project's residential floor area)
 - Residential floor area includes all square footage associated with the residential component of the development (e.g. common areas, lobbies, hallways, laundry rooms, etc.)

- *Step 3: Calculate percentage of affordable units provided*
 - For each income level, divide number of affordable units by base number of units

- *Step 4: Determine permitted density bonus percentage*
 - *Option A: All projects meeting the AHPP on-site requirement of 15% evenly split amongst income levels are automatically eligible for the local maximum density bonus percentage of 50%*

 - *Option B: For projects not meeting the AHPP on-site requirement of 15% evenly split, use the following to determine density bonus:*
 - Compare each income level percentage (Step 3) to [State Density Bonus law](#) to determine eligible density bonus percentage
 - If advantageous to achieve a higher density bonus percentage, the following income levels can be grouped together for purposes of achieving the highest bonus:
 - Very low income units can be counted towards the low income category
 - The same can be done for counting very low and low income units as moderate income, but the units considered as moderate income must be for sale.

- *Step 5: Apply density bonus percentage to calculate bonus units*
 - Select the highest applicable percentage based on Step 4A or 4B
 - Multiply base number of units by density bonus percentage to calculate number of density bonus units eligible
 - When calculating density bonus units, units are always rounded to the next whole number (example: 11.2 units is rounded to 12 units)

- *Step 6: Check compliance*
 - Add number of density bonus units (calculated in Step 5) to base number of units

Guide to Density Bonus

- Compare to proposed number of units within the proposed final project.
- The project must not exceed the total units permitted with the density bonus

How to determine if an incentive, concession, or waiver is necessary for additional floor area

- *Step 7: Calculate floor area needed with density bonus*
 - Multiply number of density bonus units (Step 5) by average unit size (Step 2) to calculate floor area needed for density bonus units
 - Add density bonus floor area to base floor area (Step 1)
- *Step 8: Determine if incentive, concession, or waiver is necessary*
 - If the proposed project floor area exceeds the total floor area permitted with SDB, the project needs either an incentive, concession, or waiver for additional floor area

Example 2:

The project site is 16,250 sf, located in NV, and has a maximum FAR of 4.0. The project applicant submits the following:

- *Base Density Study: The base project is 65,000 sf with 5,000 sf of commercial and 100 residential units (comprising 60,000 sf) with 15 affordable units evenly split in compliance with AHPP.*
- *Proposed Project: The proposed project is 90,000 sf with 5,000 sf of commercial and 150 residential units (comprising 85,000 sf) with 15 affordable units evenly split in compliance with AHPP.*

Step 1: $16,250 \times 4.0 = 65,000$ (maximum base floor area)

Step 2: $60,000 \text{ sf residential area} / 100 \text{ units} = 600 \text{ sf per unit}$ (average unit size)

Step 3: $15 \text{ affordable units} / 100 \text{ units} = 15\% \text{ affordable}$, evenly split 5 VLI, 5 LI, and 5 Moderate

Step 4A: All units treated as 15% VLI so therefore, eligible for 50% bonus.

Step 5: $50\% \text{ bonus multiplied by } 100 \text{ units} = 50 \text{ bonus units}$

Step 6: Check that the project's total number of units (150 units) does not exceed the base # of units (100) plus density bonus (50)

Step 7: Determine floor area needed for bonus units - $50 \text{ units} \times 600 \text{ sf per unit} = 30,000 \text{ sf}$ additional floor area

Step 8: $30,000 \text{ sf floor area for bonus units} + 60,000 \text{ sf base floor area} = 90,000 \text{ sf permitted with SDB}$

Therefore, no incentive or concession is necessary.

Guide to Density Bonus

Example 3:

The project site is 20,000 sf, located in IC, and has a maximum FAR of 4.0. The project applicant submits the following:

- Base Density Study: The base project is 80,000 sf with 24,000 sf of office and 40 residential units (comprising 56,000 sf) that includes 6 affordable units evenly split in compliance with AHPP.
- Proposed Project: The proposed project is 95,000 sf with 24,000 sf of office and 46 residential units (comprising 71,000 sf) with 6 affordable units evenly split in compliance with AHPP.

Step 1: $20,000 \times 4.0 = 80,000$ (maximum base floor area)

Step 2: $56,000 \text{ sf residential area} / 40 \text{ units} = 1,400 \text{ sf per unit}$ (average unit size)

Step 3: $6 \text{ affordable units} / 40 \text{ units} = 15\% \text{ affordable}$, evenly split 2 VLI, 2 LI, and 2 Moderate

Step 4A: All units treated as 15% VLI so therefore, eligible for 50% bonus.

Step 5: 50% bonus multiplied by 40 units = 20 bonus units permitted

Step 6: Check that the project's total number of units (46 units) does not exceed the base # of units (40) plus density bonus (20)

Step 7: Determine floor area needed for bonus units – $6 \text{ bonus units} \times 1,400 \text{ sf per unit} = 8,400 \text{ sf}$ additional floor area

Step 8: $8,400 \text{ sf floor area for bonus units} + 80,000 \text{ sf base floor area} = 88,400 \text{ sf permitted with SDB}$

The project is proposed as 95,000 sf (exceeding the 88,400 sf calculated in Step 8), therefore, incentive or concession is necessary.