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New State Density Bonus for Student Housing Takes Effect

As of January 1, State law offers a new density bonus to qualifying student housing developments. The legislation (Senate Bill 1227) is one of several bills the Legislature has passed over the last two years to address California's unprecedented shortage of affordable housing. As explained by Senator Skinner, the sponsor of SB 1227, the bill is intended to allow student housing projects to become eligible for a density bonus regardless of whether they include apartment-style units or dormitory-style bedrooms. The State Density Bonus Law previously was written to apply only to "units." SB 1227 amends the Density Bonus Law by adding a bonus for eligible student housing developments in which at least 20 percent of units, or rental beds, are restricted to lower-income students for 55 years. For purposes of calculating a student housing density bonus, the legislation provides that the term "unit" is equivalent to one rental bed and its pro rata share of associated common area facilities. To qualify, a project must meet these requirements:

- All student housing units must be used exclusively for students enrolled full time at an accredited institution of higher education. The developer must enter into an operating agreement or master lease with one or more institutions to occupy all the student housing units.
- Qualifying "lower-income students" must have a verified household income and asset level that does not exceed the level for "Cal Grant A" or "Cal Grant B" award recipients.
- Rent in the units restricted to lower-income students may not exceed 30 percent of 65 percent of the area median income for a single-room occupancy unit type.
- The development must provide a priority for its affordable units for lower-income students experiencing homelessness.

Cities and counties are required to grant qualifying projects a "density bonus" of 35 percent of the student housing units -- in other words, a density increase of 35 percent over the otherwise maximum allowable gross residential density. These projects also can become eligible for the several other benefits already available under the Density Bonus Law, including incentives or concessions, waivers or reductions of development standards, and limitations on parking requirements.

Authors