

# Density bonuses overview

Density bonuses encourage the production of affordable housing by allowing developers to build more units than would ordinarily be allowed on a site by the underlying zoning code, in exchange for a commitment to include a certain number of below-market units in the development.

This arrangement enables developers to recoup some or all of the foregone revenue associated with offering some of the units at prices affordable to low- or moderate-income households. A policy to provide a density bonus to qualifying developments is essentially a type of voluntary inclusionary zoning policy, though many communities simply refer to the policy as a “density bonus.” Density bonuses are also common cost offsets in mandatory inclusionary zoning policies. Depending on how the policy is structured, the additional density may be used to build up or out; that is, to add more floors to a multifamily building or additional structures to a planned development. Density bonuses are most likely to yield affordable housing in neighborhoods with a robust level of construction or redevelopment activity, where residential development types include moderate- or high-density development, and where the bonus is carefully calibrated to make it financially advantageous to developers.