Density Bonuses

In a Nutshell

Density bonuses are a tool offered to developers that allows for increased floor space, taller buildings, or more housing units than the traditional zoning code permits, in exchange for contributing to the community's vision by providing a defined public benefit. The public benefit can range from affordable housing units, to senior care facilities, to maximizing the use of public transit. Those priorities and policy decisions are made by the local government and based on the community's goals.

The “How To”

HUD's Regulatory Barriers Clearinghouse offers a comprehensive evaluation of how density bonuses can help generate affordable housing. The steps to create a density bonus program are:

1. A city or county needs to identify what its goals are - why are you creating a density bonus program? To provide a public good, like a new plaza, trail, or open space? Are you trying to increase your affordable housing stock? Are you trying to preserving existing areas, such as agricultural zones or historic properties?
2. Then you need to identify the areas within the community to which you want to apply density bonuses. Although such a policy can be citywide, they are typically targeted tools that align a neighborhood or business district with a particular goal. Density bonuses are an implementation strategy - so their use should align with your comprehensive or neighborhood planning for that particular district.
3. Finally you must create the program through legal, legislative, and procedural means. Typically this means adopting regulations and code through a city council, county board, or a related governing body.

Planning & Zoning

For local governments, before starting to draft ordinance language, ensure you have command of the programmatic intention and regulatory design of density bonus programs. This is reviewed on the "How To" tab in this tool. Long-term success is more likely when a city or county also has a defined vision for a district or neighborhood and deploys density bonus programs in support of those strategic goals.

Model Ordinances

For units of local government, density bonuses are a land use regulation program that requires officially adopted laws, codes, and procedures that become part of the regular planning and zoning review process. The American Planning Association's report on Smart Codes offers various zoning and land use regulation techniques that can benefit from the use of density bonuses. Included in the report are model ordinances and case studies. They specifically offer a Model Density Bonus Ordinance geared toward promoting affordable housing development. The APA's model ordinance is also suggested by HUD as an approach for affordable housing policy.

Dollars & Cents

For a local government there is really no additional cost to establishing a density bonus program. Essentially there is start-up staff time, perhaps including attorney hours or a professional consultant, in order to draft and adopt code language that creates the program. From the launch-point the municipality or county would manage this zoning program alongside all of its planning and zoning functions with existing personnel.

Measuring Success

The University of Wisconsin-Stevens Point offers a guidebook on implementing density bonus programs that outlines some strategies for evaluating your success. More importantly, it provides detailed guidance on what makes an initial program design best suited to succeed. Their briefings also include two case study examples from Wisconsin.

Often density bonus programs' success criteria is defined by the program's construction itself - for example if a municipal density bonus program states that each Planned Unit Development (PUD) residential site can increase density in exchange for the total development containing 25% community open space, that goal is inherently both defined and measurable. The same type of metric applies to affordable housing units, trail miles, agricultural acres preserved, or any other easily quantifiable exchange for the density bonus itself. A unit of local government can track how many new developments request for, apply for, and ultimately receive the density bonus. Low participation may indicate a poorly or unattractively calibrated program design. If development is built, it is fairly easy for a planning, zoning, building, or engineering department within a city or county to calculate whether the exchange metric was met - did the developer build their additional units within code? Did they also provide the public benefit?

Discover More

Density bonuses are often considered a type of incentive zoning. The difference between incentive zoning and inclusionary zoning is explained by the American Planning Association here.