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Unlocking Multifamily Development and Land Use in Texas Cities

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Texas's 2025 legislative session marked a major shift in land-use policy. With Gov. Greg Abbott's signature on SB 840, the state joined a broader wave of reforms aimed at unlocking housing supply by curbing municipal zoning and regulation.

But SB 840 is only part of the story, as companion bills — such as SB 2477, HB 24 and SB 15 — are all going into effect Sept. 1. These laws will work in concert to dismantle longstanding barriers to multifamily development by streamlining conversions of commercial properties, raising the bar for rezoning protests and reducing lot-size mandates. Together, these measures represent one of the most sweeping efforts to expand housing options and revive underused urban assets in Texas cities.

Nonetheless, SB 840 stands as the centerpiece of the legislation, affecting how certain Texas cities regulate multifamily housing development as it:

1. opens existing developed sites and projects for multifamily development;
2. clears regulations that may require zoning district reclassification or amendments, exceptions or variances approvals to a particular zoning district;
3. eases the ability to convert existing buildings intended for commercial use into multifamily uses;
4. causes municipalities to assess, evaluate and respond to this new

paradigm shift which will impact adopted comprehensive plans and city development and growth plans; and

5. leaves cities to navigate infrastructure challenges which will likely result in a rollout of new local rules designed to navigate the bill's impact.

At its core, the bill allows multifamily housing to be built or existing buildings to be converted in areas zoned for commercial, office, warehouse, retail or mixed-use without the need to rezone (as rezoning can be, and frequently is, opposed by surrounding communities) — essentially allowing multifamily housing use by right.

Developers that are interested in building new multifamily projects or converting existing commercial buildings (such as unused office buildings) into multifamily units stand to benefit, while developers that felt insulated by favorable zoning districts surrounding their multifamily developments which limited the scope of any new multifamily developments may feel their economic models are being threatened.

Key highlights from the perspective of developers include:

- **Select cities only.** The bill applies only to cities with populations of 150,000 or more that sit in a county with populations of 300,000 or more (which results in the impact being limited to fewer than 20 cit-

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ies across Texas, including McKinney, Frisco, Irving, Plano, Arlington, Dallas, Fort Worth, Austin, San Antonio and Houston).

- **Administrative focus.** The bill is designed to avoid the need to seek amendments or variances and rather have permits and authorization administratively approved.
- **Density.** Multifamily density can be (1) the highest multifamily density allowed in the municipality or (2) 36 units per acre, whichever is greater.
 - Since cities have allowed for higher densities in select projects, this may result in all projects citywide receiving the same favorable treatment.
- **Height.** Height limits for multifamily developments can be: (1) the tallest building height allowed on the site by the zoning code or (2) 45 feet, whichever is greater.
- **Setbacks.** Setbacks cannot exceed: (1) the required setback for buildings on the site by the zoning code or (2) 25 feet, whichever is lesser.
- **Parking.** Parking requirements cannot surpass one space per dwelling unit or require a multi-level parking structure.
- **FARs.** No imposition on the ratio of total building floor area to lot size.
- **Waiver of fees.** Certain fees (e.g., building permit, street closure, expedited review, impact and parkland dedication fees) in connection with building conversions will not be required.
- **Waiver of studies and mitigation.** Certain studies (e.g., traffic) and mitigation requirements (e.g., additional parking, mitigating traf-

fic effects, etc.) in connection with building conversions will not be required.

The companion statutes further unlock various development doors to pave the road for increased multifamily housing in Texas.

HB 24 raises the threshold for neighbor protest petitions.

Commonly called the end of the “tyrant’s veto,” HB 24 bumps the petition threshold from 20 percent to 60 percent for rezoning proposals that increase residential capacity (though any additional commercial or industrial capacity would negate the requirement of 60 percent, unless such use is limited to the first floor of any residential development and does not exceed 35 percent of the overall development) and reestablishes a simple majority city council vote, even if protests meet the new threshold. This change curtails impediments to denser development.

SB 15 standardizes lower minimum lot sizes for new single-family housing and locks in requirements for small lots.

By capping minimum lot-size requirements at 3,000 square feet in subdivisions within large cities, SB 15 prevents municipal mandates for large lot footprints (e.g., 5,000 to 7,500 square feet), encouraging more entry-level, attainable single-family homes. SB15 also limits municipalities from burdening small lots (4,000 square feet or less) by establishing maximum setback, parking and open space requirements, among other matters.

SB 2477 aims to expedite office-to-residential conversions.

Complementing SB 840’s zoning relief, SB 2477 prohibits cities from demanding select studies, excessive parking or rezoning for converting existing commercial (e.g., malls) or office buildings into multifamily units.

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While Texas's 2025 legislative package marks a decisive shift toward loosening public zoning restrictions, many of its intended impacts may be tempered by the persistence of other land-use controls. Deed restrictions; covenants, conditions and restrictions (CC&Rs); homeowners associations (HOAs); and historic district designations will remain powerful tools that local actors can wield to preserve existing neighborhood character and resist densification and redevelopment.

The legislation does not negate HOAs' enforcement of architectural guidelines, minimum lot sizes, short term rental requirements and prohibitions on multifamily housing. Likewise, expanding or newly designating historic districts may serve as a workaround for cities seeking to maintain tighter development standards in certain areas. Local municipalities may also enact or enforce other ordinances that may prevent or slow down development, such as environmental or erosion control requirements, compliance with construction requirements, etc.

These private and quasi-public mechanisms could become the next frontier in the battle over housing reform, shaping where — and how — the state's ambitious deregulatory agenda actually plays out. Going forward, the effectiveness of Texas's reforms may hinge not only on state law, but also on how localities and property owners strategically adapt through private governance and land-use controls.