

The 89th Regular Legislative Session (2025) for the state of Texas has come to an end with Governor Abbott announcing a special session to begin July 21, 2025. So far, 1,155 bills have been signed into law. Several of these new bills will impact real estate development in the Lone Star State. We will examine some of these bills in a series of posts.

SB 840 amends Chapter 211 of the Local Government Code (governing municipal zoning authority) by adding Section 211.0011 and adds new Chapter 218 of the Local Government Code. The effect of Section 211.0011 is to limit the zoning enabling legislation establishing the rights of municipalities to regulate land use by making existing Chapter 211 subject to new Chapter 218.

New Chapter 218 subsections A and B provide that a municipality shall allow “mixed-use residential” and “multifamily residential” development by right (no zoning change required) in zoning districts that permit office, commercial, retail, warehouse or mixed-use. “Mixed-use residential” is defined as “the use or development ... of a site consisting of residential and nonresidential uses in which the residential uses are at least 65% of the total square footage of the development” and includes condominiums. “Multifamily residential” is defined as “the use or development ... of a site for three or more dwelling units within one or more buildings” and includes residential condominiums.

SB 840 prohibits restrictive regulations on density, height, setbacks, parking, design and other restrictions on development, which may be a disincentive to development of residential products. However, municipalities can still restrict density, but the restrictions may not be less than the highest residential density allowed or 36 units per acre, whichever is greater. Municipalities can also still restrict building heights, but such restrictions may not be less than the highest height that would apply to an office, commercial, retail or warehouse development constructed on the site or 45 feet, whichever is greater. Municipalities can also still require setbacks or buffers, but only to the extent that such a setback or buffer requirement would apply to an office, commercial, retail or warehouse development constructed on the site or 25 feet, whichever is smaller.

Municipalities may not require more than one parking space per dwelling unit (regardless of unit size or number of bedrooms) or require multilevel parking structures. Municipalities also may not restrict the floor area ratio (FAR) – being the ratio of the number of square feet in the development to the number of square feet of lot size of the development. Further, in zoning districts currently zoned for mixed-use residential, municipalities can no longer require nonresidential uses.

Any development in compliance with Section 218 subsections A and B of the Local Government Code shall be administratively approved or permitted, and the governing body may not require any further action.

Section 218 Subsection C of the Local Government Code applies only to buildings that are currently being used for office, retail or warehouse use and are proposed to be converted from nonresidential occupancy to mixed-use residential or multifamily residential, and which were constructed more than five years prior to the conversion date. In such a case, municipalities may not require a traffic impact analysis, construction of improvements or payment of a fee to mitigate traffic effects of the converted building. Municipalities may also not require additional parking or require extension, upgrade, replacement or oversizing of utility facilities (except to provide minimum capacity to serve the converted building) or require design requirements. Further, a municipality may not impose impact fees.

The act takes effect September 1, 2025.

## Author



**Deborah C. Ryan**

Partner, Dallas

T +1 214 758 6628

E [debbie.ryan@squirepb.com](mailto:debbie.ryan@squirepb.com)