**BILL ANALYSIS**

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| Senate Research Center | S.B. 2477 |
| 89R17386 DRS-F | By: Bettencourt |
|  | Local Government |
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**AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

S.B. 2477 addresses a growing issue in Texas cities: high office vacancy rates and a severe housing shortage, especially for middle-income families. Since the pandemic, office buildings in major urban centers have become underutilized, with vacancy rates approaching 25 percent in cities like Dallas, Houston, and Austin. Meanwhile, Texans face rising housing costs and limited options near job centers.

The current regulatory process makes converting offices to housing prohibitively expensive and complex. Property owners and developers must navigate a maze of zoning changes, often requiring costly consultants, legal reviews, and months of delay. Even after rezoning, permitting and inspections involve high fees, extended timelines, and overlapping requirements that increase financial risk. These barriers compound the cost of retrofitting a building to residential standards, leading many viable projects to be abandoned—not due to lack of demand, but because the red tape makes them financially unworkable.

S.B. 2477 removes unnecessary regulatory barriers to make office-to-residential conversions more feasible. Adaptive reuse projects are faster, less resource-intensive, and more environmentally friendly than new construction. They add housing in job-rich areas without expanding infrastructure or contributing to sprawl. By bringing underused properties back to life, cities can meet housing demand in neighborhoods where people want to live and work.

To preserve public safety and responsible land use, S.B. 2477 excludes buildings near heavy industrial zones, airports, and military bases. It also preserves local authority over short-term rentals and historic districts. All conversions must still comply with local permitting requirements and meet applicable building, health, and safety codes—ensuring that adapted structures meet modern construction and life-safety standards.

Importantly, this bill supports the long-term economic vitality of Texas. Thriving downtowns and housing near jobs are essential for attracting and retaining talent, supporting small businesses, and sustaining local economies. By facilitating adaptive reuse, S.B. 2477 helps maintain vibrant city centers while expanding housing supply where it is needed most.

S.B. 2477 is a practical, pro-housing solution that revitalizes underused properties, supports vibrant communities, and gives more Texans access to housing—without sacrificing safety or local oversight.

As proposed, S.B. 2477 amends current law relating to certain municipal and county regulation of conversion of certain office buildings to mixed-use and multifamily residential occupancy.

**RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

**SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subtitle C, Title 7, Local Government Code, by adding Chapter 249, as follows:

CHAPTER 249. REGULATION OF MIXED-USE AND MULTIFAMILY RESIDENTIAL USE AND DEVELOPMENT IN CERTAIN MUNICIPALITIES AND COUNTIES

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 249.001. DEFINITIONS. Defines "heavy industrial use," "mixed-use residential," "multifamily residential," and "permit."

Sec. 249.002. APPLICABILITY OF CHAPTER. Provides that this chapter applies only to a municipality with a population greater than 90,000 that is wholly or partly located in a county with a population greater than 300,000 and to a county with a population greater than 300,000.

Sec. 249.003. NO EFFECT ON OTHER RESTRICTIONS AND RULES. Provides that this chapter does not limit a municipality or county from adopting or enforcing an ordinance, regulation, or other measure to protect historic landmarks or include properties within the boundaries of local historic districts or related to the use and occupancy of a residential property that is rented for a period not longer than 30 consecutive days, or a property owner from enforcing rules or deed restrictions imposed by a property owners' association or by other private agreement.

SUBCHAPTER B. FEES AND REGULATIONS APPLICABLE TO CONVERSION OF CERTAIN USES

Sec. 249.101. APPLICABILITY. (a) Provides that this subchapter applies only to a building or the structural components of a building that is being used primarily for office use, is proposed to be converted from primarily office use to mixed-use residential or multifamily residential occupancy for at least 65 percent of the building and at least 65 percent of each floor of the building that is fit for occupancy, and was constructed at least five years before the proposed date to start the conversion.

(b) Provides that this subchapter does not apply to a building proposed to be converted to mixed-use residential or multifamily residential use that is located in an area subject to a zoning classification that allows heavy industrial use or within 1,000 feet of an existing heavy industrial use or development site, airport, or military base.

Sec. 249.102. FEE WAIVER. Prohibits a municipality or county, notwithstanding any other law, from charging a fee in connection with the submission, review, or approval of an application for a permit related to the use, development, or construction of a building proposed to be converted to mixed-use residential or multifamily residential use, including any fee for acquiring a building permit, the closure of a street or sidewalk adjacent to the proposed converted building, or an expedited permit review for the proposed converted building if the municipality or county has adopted an accelerated residential building permit review process.

Sec. 249.103. PARKLAND DEDICATION AND FEE PROHIBITED. (a) Defines "parkland," "parkland dedication," and "parkland dedication fee."

(b) Prohibits a municipality or county, notwithstanding Subchapter H (Multifamily, Hotel, and Motel Parkland Dedication: Municipalities with Population of More Than 800,000), Chapter 212 (Municipal Regulation of Subdivisions and Property Development), from requiring the dedication of parkland or impose a parkland dedication fee in connection with a building proposed to be converted to mixed-use residential or multifamily residential use.

Sec. 249.104. CERTAIN REGULATIONS PROHIBITED. (a) Prohibits a municipality or county, notwithstanding any other law, in connection with the use, development, construction, or occupancy of a building proposed to be converted to mixed-use residential or multifamily residential use, from requiring certain actions.

(b) Provides that, for the purposes of Subsection (a)(8) (relating to the change of a zoning district or land use classification), an amendment, exception, or variance to a zoning district or land use classification or regulation includes a special exception, zoning variance, site development variance, subdivision variance, conditional use approval, special use permit, comprehensive plan amendment, or other discretionary approval to allow conversion of a building to mixed-use residential use or multifamily residential use.

Sec. 249.105. IMPACT FEE PROHIBITED. Prohibits a municipality or county from imposing an impact fee, as defined by Section 395.001 (Definitions), on land where a building has been converted to mixed-use residential or multifamily residential use unless the land on which the building is located was already subject to an impact fee before a building permit related to the conversion was filed with the municipality or county.

Sec. 249.106. ADMINISTRATIVE APPROVAL REQUIRED. Provides that, notwithstanding any other law, if a municipal or county authority responsible for approving a building permit or other authorization required for the conversion of a building to mixed-use residential use or multifamily residential use determines that a proposed conversion meets municipal or county regulations in accordance with this subchapter, the municipal or county authority is required to administratively approve the permit or other authorization and is prohibited from requiring further action by the governing body of the municipality or county for the approval to take effect.

SUBCHAPTER C. ENFORCEMENT

Sec. 249.201. CIVIL ACTION. (a) Defines "housing organization."

(b) Authorizes a person adversely affected or aggrieved by a violation of Section 249.102, 249.103, 249.104, 249.105, or 249.106, except as provided by Subsection (c), to bring an action for economic damages or declaratory or injunctive relief against a municipality or county or an officer of a municipality or county in the officer's official capacity.

(c) Authorizes a housing organization to bring an action for declaratory or injunctive relief for a violation of Section 249.102, 249.103, 249.104, 249.105, or 249.106 against a municipality or county or an officer of a municipality or county in the officer's official capacity.

(d) Entitles a claimant who prevails in an action brought under Subsection (b) or (c) to recover court costs and reasonable attorney's fees.

(e) Requires that an action brought under this section, notwithstanding any other law, including Chapter 15 (Venue), Civil Practice and Remedies Code, be brought in a county in which all or part of the real property that is the subject of the action is located.

(f) Provides that, notwithstanding any other law, the Fifteenth Court of Appeals has exclusive intermediate appellate jurisdiction over an action brought under this section.

(g) Provides that governmental immunity of a municipality or county to suit and from liability is waived to the extent of liability created by this section. Provides that official immunity of a municipal or county officer or employee is waived to the extent of liability created by this section.

Sec. 249.202. ATTORNEY GENERAL ENFORCEMENT. (a) Defines "no-new-revenue tax rate" and "tax year."

(b) Authorizes a person to submit a complaint to the attorney general of a suspected violation of Section 249.102, 249.103, 249.104, 249.105, or 249.106.

(c) Prohibits the municipality or county, notwithstanding any other law, if the attorney general determines that a municipality or county has violated Section 249.102, 249.103, 249.104, 249.105, or 249.106, from adopting an ad valorem tax rate that exceeds the municipality's or county's no-new-revenue tax rate for the three tax years that begin on or after the date of the determination.

SECTION 2. Amends Section 395.011, Local Government Code, by amending Subsection (b) and adding Subsection (b-1), as follows:

(b) Creates an exception under Section 249.105 and Subsection (b-1). Deletes existing text authorizing political subdivisions to enact or impose impact fees on certain land only by complying with Chapter 395 (Financing Capital Improvements Required by New Development in Municipalities, Counties, and Certain Other Local Governments), except that impact fees are prohibited from being enacted or imposed in the extraterritorial jurisdiction for roadway facilities.

(b-1) Creates this subsection from existing text. Prohibits a political subdivision from enacting or imposing an impact fee on land within its extraterritorial jurisdiction for roadway facilities.

SECTION 3. Makes application of Chapter 249, Local Government Code, as added by this Act, prospective.

SECTION 4. Effective date: September 1, 2025.