

BILL ANALYSIS

Senate Research Center

S.B. 2477
By: Bettencourt
Local Government
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Enrolled

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.

(Original Author's/Sponsor's Statement of Intent)

S.B. 2477 amends current law relating to certain municipal 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 A, Title 7, Local Government Code, by adding Chapter 218, as follows:

CHAPTER 218. REGULATION OF MIXED-USE AND MULTIFAMILY RESIDENTIAL
USE AND DEVELOPMENT IN CERTAIN MUNICIPALITIES

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 218.001. DEFINITIONS. Defines "heavy industrial use," "mixed-use residential," "multifamily residential," and "permit."

Sec. 218.002. APPLICABILITY OF CHAPTER. Provides that this chapter applies only to a municipality with a population greater than 150,000 that is wholly or partly located in a county with a population greater than 300,000.

Sec. 218.003. NO EFFECT ON OTHER RESTRICTIONS AND RULES. Provides that this chapter does not limit:

- (1) a municipality 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;
- (2) a property owner from enforcing rules or deed restrictions imposed by a property owners' association or by other private agreement;
- (3) except as otherwise provided by this chapter, a municipality from applying the following regulations that are generally applicable to other developments in the municipality: sewer and water access requirements, building codes, or stormwater mitigation requirements; or
- (4) a municipality from enforcing a deed restriction, to the extent authorized by Section 212.153 (Suit to Enforce Restrictions).

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

Sec. 218.101. 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 certain areas.

Sec. 218.102. CERTAIN REGULATIONS PROHIBITED. (a) Prohibits a municipality, 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 imposing certain requirements.

(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. 218.103. IMPACT FEE PROHIBITED. Prohibits a municipality 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 and, for an impact fee related to water and wastewater facilities, the conversion increases the demand for water and wastewater service for the building.

Sec. 218.104. ADMINISTRATIVE APPROVAL REQUIRED. Provides that, notwithstanding any other law, if a municipal 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 regulations in accordance with this subchapter, the municipal authority is required to administratively approve the permit or other authorization and prohibited from requiring further action by the governing body of the municipality for the approval to take effect.

SUBCHAPTER C. ENFORCEMENT

Sec. 218.201. CIVIL ACTION. (a) Defines "housing organization."

(b) Authorizes a housing organization or other person adversely affected or aggrieved by a violation of this chapter to bring an action for economic damages or declaratory or injunctive relief against a municipality.

(c) Requires a court to award reasonable attorney's fees and court costs to a prevailing claimant in an action brought under this section.

(d) 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.

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

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 218.103 and Subsection (b-1). Deletes existing text providing that political subdivisions are authorized 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 218, Local Government Code, as added by this Act, prospective.

SECTION 4. (a) Makes application of this Act contingent upon passage of S.B. 840, 89th Legislature, Regular Session, 2025.

(b) Provides that it is the intent of the 89th Legislature, Regular Session, 2025, that Chapter 218, Local Government Code, as added by this Act, be harmonized with Chapter 218, Local Government Code, as added by S.B. 840, 89th Legislature, Regular Session, 2025, and that this Act is prohibited from being construed to supersede, limit, or narrow the application of that legislation. Provides that, to the extent that a provision of Chapter 218, Local Government Code, as added by this Act, irreconcilably conflicts with a provision enacted by S.B. 840, 89th Legislature, Regular Session, 2025, it is the intent of the 89th Legislature, Regular Session, 2025, that the provision enacted by S.B. 840, 89th Legislature, Regular Session, 2025, be required to control.

SECTION 5. Effective date: September 1, 2025.