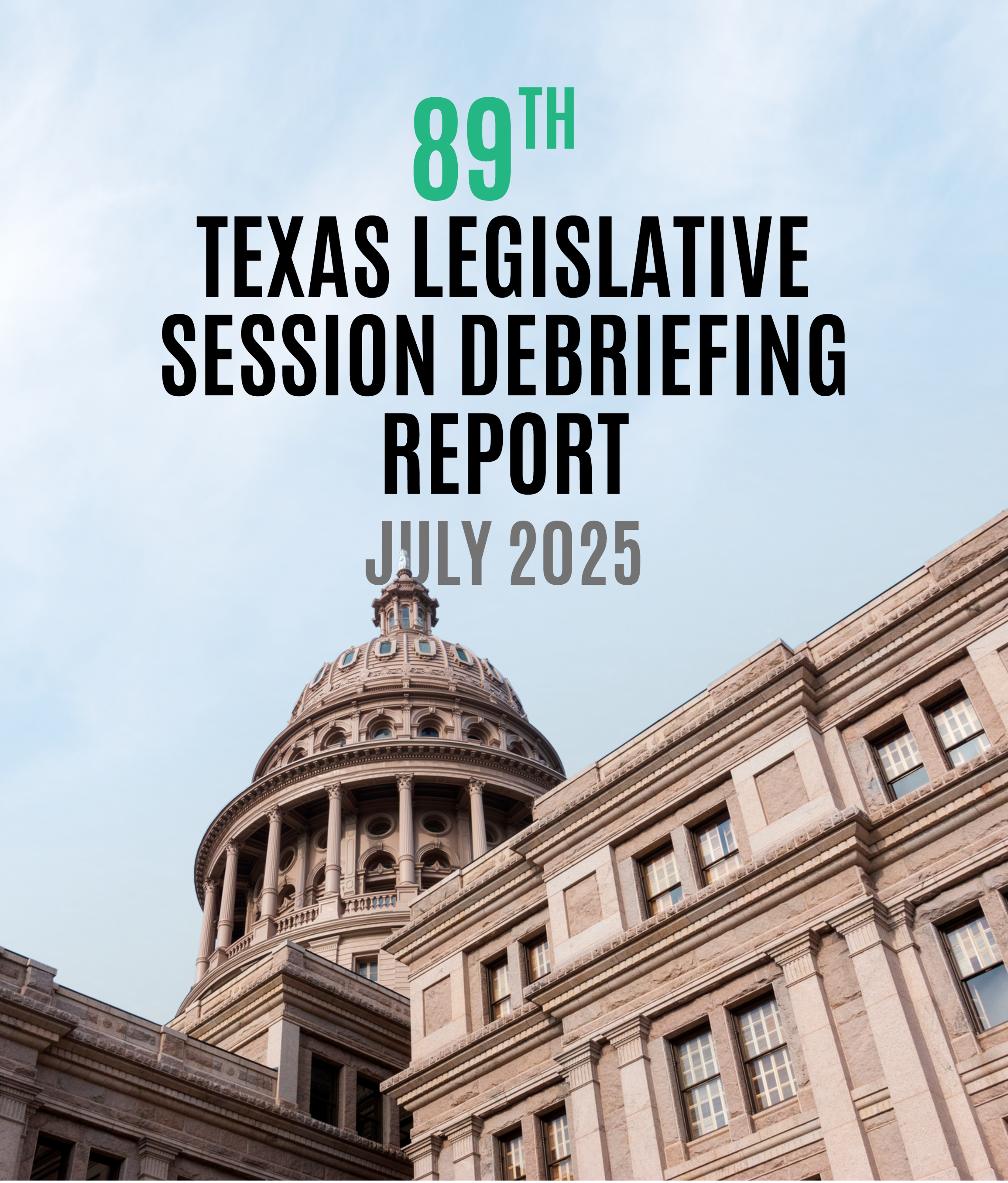
89TH TEXAS LEGISLATIVE SESSION DEBRIEFING REPORT

JULY 2025



tacdc Texas Association of Community Development Corporations

The 89th Texas Legislature addressed a broad array of policy priorities, reflecting ongoing debates around public safety, education, housing, healthcare, and the role of local government. Key issues included property tax relief, school funding formulas, teacher pay, and continued efforts to expand mental health services across the state. Lawmakers also revisited border security funding and immigration enforcement measures, alongside controversial bills related to higher education governance and free speech on college campuses.

On housing and land use, legislators took up significant proposals to increase supply and reshape eviction laws. Throughout the session, there was a clear focus on shifting authority from local governments to the state, with potential long-term consequences for how policy is implemented at the community level.

Over the course of the 89th Texas Legislature, we closely tracked more than 157 bills that touch on housing, land use, planning, infrastructure, and local governance. These bills reflect the wide range of issues shaping our communities, from zoning reform to tenant protections to new models of affordable housing. You can explore the full list of tracked legislation here.

This session, 8,719 bills were filed in both the Senate and the House chambers, with only 1,213 passed. 26 bills were vetoed by Governor Greg Abbott, including the controversial Senate Bill 3, which would ban all consumable hemp products containing THC.

On Tuesday, May 6th, TACDC members gathered at the Texas Capitol to meet with House and Senate offices and uplift the critical work happening in communities across the state. It was a productive day of collaboration and advocacy, highlighting the importance of continued investment in affordable housing and community development. TACDC members also joined a broader coalition of housing advocates for Housing Day at the Dome, uniting voices from across Texas in support of stronger housing policies and increased access to safe, affordable homes for all.

Senate Bill 38 – Eviction Bill

Author(s): Bettencourt | Blanco | Campbell | Creighton | Hagenbuch | Huffman | Hughes | Kolkhorst | Middleton | Parker | Paxton | Sparks

Effective: January 1, 2026, except Section 16, which takes effect September 1, 2025.

Section 16 of SB 38 adds a new requirement for tenants who file a pauper's affidavit to appeal an eviction judgment without paying the appeal bond. It requires the tenant to swear that the appeal is made in good faith and not intended to delay the eviction. Filing a false affidavit is subject to perjury penalties, introducing potential criminal consequences for tenants and increasing the legal risk of appealing an eviction without full payment.

Texas already has one of the fastest and least tenant-protective eviction processes in the country. SB 38 does not overhaul the core structure of Texas eviction law but makes targeted, procedural changes that clarify landlord rights, limit emergency modifications, and marginally modify tenant protections while removing many controversial provisions from its introduced version.

Eviction Process Structure

Topic	Current Law	SB 38 (Final Version)
Jurisdiction	Justice Courts have jurisdiction over possession, not title (Prop. Code § 24.004)	Reinforces existing jurisdiction language
Filing & Trial Timeline	Trial must occur 10–21 days after filing (TRCP 510.7(a))	No change
Appeal Deadline	5 days to appeal judgment (TRCP 510.9(a))	No change
Writ of Possession	May issue 6 days after judgment if no appeal (TRCP 510.8(d))	Allows off-duty law enforcement to serve writs with visible ID

Notice to Vacate & Delivery

Topic	Current Law	SB 38 (Final Version)
Notice to Vacate Requirement	3-day minimum unless lease provides otherwise (Prop. Code § 24.005)	Requires a "Notice to Pay or Vacate" for the first nonpayment offense
Delivery Methods	Mail, personal delivery, or posting (Prop. Code § 24.005(f))	Codifies and limits to those methods; removes vague delivery language
Challenge to Delivery	Tenant may contest improper notice	Actual receipt cannot be contested based on method

Summary Disposition / Default Judgment

Topic	Current Law	SB 38 (Final Version)
Default Judgments	Allowed if defendant fails to appear (TRCP 510.6(a))	Clarifies summary disposition applies only to squatters or trespassers
Summary Disposition	Not defined in current law	Codified but limited to forcible entry and detainer cases

Appeals and Payments into Court Registry

Topic	Current Law	SB 38 (Final Version)
Appeal Affidavit	May appeal by affidavit of inability to pay (TRCP 510.9(c))	Adds “good faith” requirement under penalty of perjury
Payment into Registry	Tenant must pay rent into court registry to stay during appeal (TRCP 510.9(d))	Further specifies payment rules, may duplicate payment obligations
Rent Amount (No Lease)	Not clearly defined	Defaults to $250 or court-determined fair market rent

Emergency Powers & Local Flexibility

Topic	Current Law	SB 38 (Final Version)
State Emergency Authority	Texas Supreme Court may alter rules (Gov. Code § 22.0035)	Restricts emergency changes unless applied to all cases
Local Governments / Courts	Local governments and courts can issue temporary protections	Preempts local variation; only Legislature may change eviction rules

Remote Hearings & Court Access

Topic	Current Law	SB 38 (Final Version)
Remote Hearings	Justice courts may use remote appearances	Allowed only if both parties agree

Senate Bill 2835 – Single Stairway Bill

Author(s): Johnson

Effective: September 1st, 2025

SB 2835 allows Texas municipalities to approve the construction of certain apartment buildings with only one stairway, even if the city has not adopted local amendments to the International Building Code. This is permitted only under strict safety and design criteria.

A municipality may authorize a single-stairway apartment building if the building:

1. Has no more than six stories and is not classified as a high-rise.
2. Has no more than four dwelling units per floor.
3. Includes automatic sprinklers in each interior stairway that meet NFPA 13 standards.
4. Uses either an exterior stairway or an interior stairway where:
   - Interior doors swing into the stairway.
   - Exterior doors swing in the direction of egress.
5. Has interior stairway enclosures with:
   - Two-hour fire resistance.
   - No elevator openings.
6. Has one-hour fire-rated corridors leading from each unit to the stairway.
7. Has no more than 20 feet from any unit door to the stairway.
8. Has no more than 125 feet of total exit access travel distance.
9. Ensures that exits do not discharge through areas with different occupancy types (e.g., parking garages).
10. Requires egress courts to allow exit in both directions if court depth exceeds width.
11. Limits openings near stairways to those with a one-hour fire resistance rating.
12. Requires emergency escape and rescue openings on each floor served by a single exit.
13. Prohibits electrical outlets in interior stairways.
14. Requires a smoke and fire detection system that activates occupant notifications in:
    - Common areas
    - Laundry/mechanical/storage rooms
    - Interior corridors
    - Stairway landings

Senate Bill 15
Small Lot Housing in Large Municipalities

Author(s): Bettencourt | Campbell | Creighton | Gutierrez | Hagenbuch | Hughes | Middleton | Nichols | Paxton | West

Effective: September 1, 2025

SB 15 limits the ability of large Texas cities to impose certain size, setback, parking, and density requirements on single-family residential lots. The goal is to encourage the development of smaller, more affordable homes by reducing regulatory barriers and preempting local zoning ordinances that mandate larger lots or excessive spacing.

Applies To:
• Municipalities with populations over 150,000 and located in counties with populations over 300,000. Only applies to tracts of land that are five acres or more, unplatted, and zoned for single-family homes.

Lot Size Restrictions Prohibited:
- Cities may not require residential lots to be:
1. Larger than 3,000 sq. ft.
2. Wider than 30 feet
3. Deeper than 75 feet

Density Restrictions Prohibited:
- Cities may not enforce rules that prevent single-family homes from being built on 3,000 sq. ft. lots.

Setback & Parking Limits for Small Lots (≤4,000 sq. ft.):
- Cities may not require:
1. Setbacks greater than 15 ft. front, 10 ft. rear, 5 ft. side
2. Covered parking or more than one space per unit
3. Off-site parking or more than 30% open space
4. Fewer than 3 stories per structure (not exceeding 10 ft. per story)
5. Wall articulation or building bulk limits inconsistent with these standards

Allowable Local Exceptions:
- Setbacks for environmental or erosion control
- Regulation in aquifer recharge zones
- Impact and permitting fees consistent with other single-family development

Preserves:
- Municipal authority to enforce general zoning and stormwater rules
- Private deed restrictions and homeowners association rules

Enforcement & Legal Remedy:
- Allows individuals or housing organizations to sue cities that violate the law. Courts may issue injunctions, compel compliance, and award attorney's fees.

House Bill 21 – HFC Reform

Author(s): Gates | Capriglione | Martinez Fischer | Tepper | Bell, Cecil

Effective: Immediately

HB 21 reforms the operations of housing finance corporations (HFCs) in Texas by limiting their geographic reach, tightening eligibility for property tax exemptions, and increasing transparency. The law ensures that HFCs can only operate within the jurisdiction that created them and that local governments maintain full oversight over their activities.

Local Jurisdiction Requirement:
HFCs may only own, operate, or finance multifamily residential properties located within the boundaries of the local government (city or county) that created them.

Limit on Property Tax Exemptions:
HFC-owned properties are eligible for property tax exemption only if they are located within the jurisdiction of the creating local government and comply with all reporting requirements.

Restrictions on Delegation:
HFCs may not delegate their powers to other governmental entities or private organizations for use outside their jurisdiction.

Transparency and Reporting:
HFCs must file annual public reports with the governing body of their jurisdiction, detailing all owned or financed multifamily properties, their locations, the income levels served, and any property tax exemptions claimed. Reports must be presented at a public meeting.

Applies Prospectively:
The bill applies only to properties financed, acquired, or developed on or after the bill's effective date. Existing developments are not affected.

SB 840 – Regulation of Mixed Use and Multifamily Residential Development

Author: Bettencourt
Effective: September 1, 2025

SB 840 limits the authority of large municipalities in Texas to restrict mixed-use and multifamily residential developments, especially in areas already zoned for commercial or industrial use. It aims to encourage housing development by reducing regulatory barriers, streamlining the conversion of commercial properties to residential, and capping certain local requirements.

Key Provisions:

Applicability:
Applies to municipalities with populations over 150,000 located in counties with more than 300,000 residents.

Use by Right:
Cities must allow mixed-use and multifamily residential development by right in any zoning district that permits office, commercial, retail, warehouse, or mixed-use uses—unless the site is within 500 feet of heavy industrial zones, airports, or military bases.

Limits on Local Restrictions:
Prohibits cities from imposing:
- Density limits below 36 units per acre
- Height caps under 45 feet
- Setbacks greater than 25 feet
- Parking requirements exceeding one space per unit or mandating structured parking
- Requirements that multifamily housing include commercial uses in non-mixed-use zones

Commercial Conversion Protections:
Cities may not require:
- New traffic studies
- Additional parking
- Utility upgrades unless necessary
- More restrictive design standards for converting commercial or industrial buildings (pre-1990) into residential units.

Fee Limits:
Prevents cities from imposing new impact fees on these conversions unless the fees were already in place prior to application.

HB 24 – Zoning Procedures and Protest Rights Reform

Author: Orr | Hickland | Vasut | Lopez, Ray | Lalani
Effective: September 1, 2025

HB 24 updates how cities in Texas can change their zoning rules, especially for housing. It sets new rules for when neighbors can protest proposed zoning changes and when cities need a supermajority vote to approve those changes. The bill separates large-scale citywide zoning updates from smaller, one-off rezoning cases, and gives clearer protections and rights to nearby property owners.

Key Provisions:

Large vs. Small Zoning Changes:
The bill defines a "comprehensive zoning change" as one that applies across an entire zoning district or city, increases housing options, or adds a new zoning overlay along major roads or transit corridors. These types of changes are treated differently and are not subject to the protest process.

Protest Process for Smaller Zoning Changes:
For most rezoning cases (not citywide), nearby property owners can file a formal protest. If enough people protest:

- 20% of property owners within the area being rezoned, or
- 20% of nearby property owners within 200 feet (or 60% if the change only adds housing, not commercial uses), then the city council must approve the change with a **¾ supermajority vote**—meaning three-fourths of all council members, not just those who show up to vote.

Public Notice Requirements:
Cities must follow existing public notice rules, including publishing notices in the newspaper. For some rezonings, home-rule cities must also post a sign on the property or nearby street at least 15 days before the public hearing.

Presumption of Validity:
If a zoning change allows more residential development and no one sues within **60 days**, the change is automatically considered legal and valid.

SB 2477 – Office-to-Housing Conversion Reform

Author: Bettencourt
Effective: September 1, 2025

SB 2477 streamlines the conversion of aging office buildings into mixed-use or multifamily residential units in Texas cities with populations over 150,000. The bill prohibits cities from imposing certain regulatory barriers on conversions that meet specific criteria and provides a clear path to approval, aiming to promote adaptive reuse of commercial space for housing.

Key Provisions:

Applies to:
Office buildings constructed at least five years prior to conversion.
Conversions where at least 65% of the building and each floor is used for residential purposes.
Municipalities over 150,000 residents in counties over 300,000.

Restrictions on Local Regulation:
• Municipalities may not:
Require traffic impact studies or traffic-related fees.
Mandate new or additional parking.
Impose stricter utility upgrades than needed for minimum service.
Set density caps lower than 36 units per acre or the highest allowed residential density.
Block conversions based on zoning changes or variances.
Impose floor-area ratio (FAR) or impervious cover limits below existing building conditions.
Enforce design or dimension rules stricter than the International Building Code.
Add new drainage or water-quality requirements if impervious cover remains unchanged.

Permit Process:
If the proposed project complies with regulations, the city must issue approvals administratively without council action.

Impact Fees:
Cities may not impose new impact fees unless the building was already subject to such fees and water/wastewater demand increases.

Legal Enforcement:
Housing organizations and affected parties may sue for violations.
Courts may award attorney’s fees and costs.
Appeals are directed to the Fifteenth Court of Appeals.

SB 898 – Increase in Low Income Housing Tax Credit (LIHTC) Limits

Author: Blanco
Effective: Died in committee

SB 898 proposed increasing the per-development cap for 9% Low Income Housing Tax Credit (LIHTC) allocations in Texas. The bill would have raised the maximum amount of credits that could be awarded to a single development in one application round from **$2 million to $3 million**, while maintaining the **overall per-applicant cap at $6 million**.

The increase was intended to reflect rising construction costs and support the financial feasibility of larger affordable housing developments. If passed, the new cap would have applied beginning with the 2026 Qualified Allocation Plan (QAP) cycle.

SB 673 – Regulation of Accessory Dwelling Units (ADUs)

Author: Hughes
Effective: Died in committee

SB 673 would have created uniform statewide rules for how cities and counties regulate accessory dwelling units (ADUs). The bill aimed to expand housing options by limiting restrictive local regulations and requiring a streamlined permitting process for ADUs on lots zoned for single-family homes or duplexes.

Key Provisions (Proposed):

- Defined ADUs as independent residential units on single-family or duplex-zoned lots.
- Prohibited cities and counties from requiring owner occupancy, banning ADU leases, or imposing excessive setbacks, lot sizes, parking mandates, or design restrictions.
- Limited ADU impact fees and exactions unless new utility connections were required.
- Required cities/counties to approve or deny ADU permits ministerially within 60 days, or they would be automatically approved.
- Allowed certain local rules to remain, such as historic preservation laws, deed restrictions, short-term rental rules, and water-quality protections.
- Provided a legal remedy for property owners if local governments violated the law.

SB 600 – Heirs' Property Protections and Partition Reform

Author: West
Effective: Died in committee

SB 600 proposed comprehensive reforms to how heirs' property is treated in Texas, expanding on the Uniform Partition of Heirs' Property Act. The bill aimed to strengthen protections for heir cotenants and limit predatory practices that lead to forced sales.

Key Provisions (Proposed):

- Requiring plaintiffs in partition cases to disclose heir status, acquisition dates, and percentage interests.
- Mandating personal notice and a standardized "Heir's Bill of Rights" for all known residents and tax contributors.
- Requiring signage on the property within 10 days of filing and delaying hearings until at least 60 days after posting.
- Expanding the definition of "heirs' property" to include occupancy and multigenerational transfers.
- Requiring courts to appoint an attorney ad litem to locate unknown heirs or unserved cotenants.
- Creating a right of first refusal for resident heir cotenants before a non-heir cotenant could purchase or file a partition suit.
- Prohibiting non-heir cotenants with less than 50% ownership from filing partition suits for 10 years after acquiring their interest.
- Requiring settlement conferences in partition cases involving heirs' property, with access to legal aid and flexibility in reaching co-ownership or buyout resolutions.
- Standardizing appraisals and extending deadlines for cotenant buyouts from 60 to 90 days.

SB 844 – Zoning Change Procedures and Protest Thresholds

Author: Hughes
Effective: Died in committee

SB 844 proposed changes to how cities manage zoning amendments and public protests to those changes. It aimed to distinguish between large-scale "comprehensive" zoning changes and smaller-scale zoning changes, and to formalize when and how public protests can trigger supermajority votes from city councils.

Key Provisions (Proposed):

- Defined "Comprehensive Zoning Change" as any proposal that:
  - Applies uniformly to an entire district,
  - Allows more residential development than prior regulations, or
  - Creates zoning overlays along major roads or transit corridors that allow additional residential development.
- Created New Protest Procedures for all other (non-comprehensive) zoning changes:
- Protest could be triggered by:
  - 20% of the affected area,
  - 60% of adjoining land within 200 feet (or 20% if gambling/sports wagering is involved).
  - Triggered a supermajority vote requirement by the city council for adoption of the proposed change.
- Modified Public Notice Requirements:
  - For comprehensive zoning changes, only one public notice would have been required at least 15 days in advance, published online and in a local newspaper.
- Created a Presumption of Validity for zoning changes that increase residential density, if no lawsuit is filed within 60 days.
- Repealed previous protest provisions under Section 211.006(d) and (f) of the Local Government Code.

SB 854 – Development on Religious Land (YIGBY)

Author: Middleton
Effective: Died in committee

SB 854 would have restricted how municipalities regulate multifamily and mixed-use housing projects on land owned or leased long-term (40+ years) by religious organizations. The bill aimed to promote housing development by limiting zoning and permitting barriers in these specific circumstances.

Key Provisions (Proposed):

- Applies to religious land held for 40 years or more, excluding parcels within ¼ mile of heavy industrial sites, airports, seaports, or military bases.
- Multifamily and mixed-use housing would be allowed by right—development could proceed without requiring zoning changes, special use permits, comprehensive plan amendments, or variances.
- Places limits on local regulation, prohibiting cities from imposing standards that are stricter than standard commercial development, including:
  - Height limits under 40 feet or fewer than three stories
  - Setbacks greater than 15 feet front, 10 feet rear, or 5 feet side
  - Minimum parking or unit-size restrictions
  - Bans on supportive housing or group homes
- More stringent design or conversion rules than those governed by the International Building Code
- Permitted local controls included water/sewer access, stormwater mitigation, and basic building code compliance.
- Enforcement:
  - Faith-based developers or housing organizations could sue municipalities for violations, seek injunctions, damages, and attorney fees. Municipal immunity would be waived, and appeals directed to the Fifteenth Court of Appeals.

Senate Bill 208 - Workforce Housing Capital Investment Fund

Author(s): West

Effective: Died in Committee

SB 208 would establish the Workforce Housing Capital Investment Fund Program within the Texas Department of Housing and Community Affairs (TDHCA) to support the development of single-family workforce housing for households earning 30–80% of the area median income (AMI). The fund was designed to provide zero-interest loans to eligible nonprofit housing developers.

Key Provisions (Proposed):

- **Creates a Special Fund:**

Establishes the Workforce Housing Capital Investment Fund outside the general revenue fund. It may receive gifts, grants, loan repayments, fees, and legislative appropriations.

- **Zero-Interest Loans for Development:**

Loans may be used for planning, land acquisition, permitting, infrastructure, environmental controls, broadband, and other development costs related to workforce housing.

- **Administered by a Qualified Nonprofit:**

TDHCA will contract with a statewide nonprofit housing organization (with at least 15 years of experience) to administer the fund.

- **Eligibility Requirements:**

Applicants must be Texas-based nonprofit organizations with experience in building owner-occupied housing for low- to moderate-income households and providing financial literacy, mortgage services, and disaster recovery support.

- **Loan Prioritization:**

The program administrator may give preference to nonprofits that partner with construction workforce training programs.

House Bill 1585 – Traveling HFC Bill

Author(s): Bell, Cecil | Gates | Cook | Gervin-Hawkins

Effective: Died in Committee

HB 1585 would have placed new limits on the operations of housing finance corporations (HFCs) by tying their ability to develop residential projects and claim tax exemptions to geographic boundaries. In particular, the bill proposed that HFCs could only own or finance residential developments within the jurisdiction of the local government that created them. It also would have restricted the property tax exemption to developments located within that same jurisdiction.

Key Provisions (Proposed):

- **Limits Development to Local Jurisdiction:**

A housing finance corporation (HFC) may only own or finance residential developments that are located within the boundaries of the local government that created the corporation.

- **Restricts Delegation to TDHCA:**

An HFC may not delegate the authority to acquire or construct housing outside its jurisdiction to the Texas Department of Housing and Community Affairs (TDHCA).

- **Narrows Property Tax Exemptions:**

Residential developments financed or owned by an HFC qualify for property tax exemption only if they are located within the geographic limits of the creating local government.

- **Applies Prospectively:**

The restrictions apply only to acquisitions or developments initiated on or after the bill's effective date. Existing projects remain unaffected.