

SB840 –

COA

Clarification

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THE TEXAS SENATE



BRYAN HUGHES

June 4, 2025

COMMITTEES ON:
STATE AFFAIRS, CHAIR
JURISPRUDENCE, CHAIR
FINANCE
HEALTH & HUMAN SERVICES
NATURAL RESOURCES &
ECONOMIC DEVELOPMENT
NOMINATIONS

Mr. T.C. Broadnax
City Manager, City of Austin
301 W. 2nd St
Austin, Texas 78701

Dear Mr. Broadnax:

In response to your inquiry, I write to clarify the legislative intent of Senate Bill 840, as passed during the regular session of the 89th Texas Legislature.

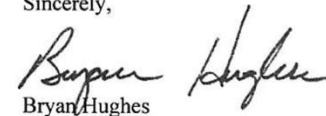
SB 840 was designed with a focused and deliberate purpose: to require cities to allow multifamily and mixed-use residential development in zoning districts that allow for office, commercial, retail, warehouse, or mixed uses. The intent is to open certain commercially zoned areas to residential development opportunities, thereby increasing housing supply and flexibility without disrupting established residential zoning frameworks.

Importantly, SB 840 does not impact traditional multifamily zoning districts. The bill includes provisions that limit how a city may regulate multi-family and, in some instances, mixed-use residential development — but these limitations are only triggered when such development occurs within zoning classifications that allow for office, commercial, retail, warehouse, or mixed uses.

Interpretation suggesting that these regulatory limits apply broadly to all multi-family zoning districts, regardless of whether the zoning districts allow for office, commercial, retail, warehouse, or mixed uses is inconsistent with the legislative intent of the bill. SB 840 was never intended to change how cities regulate purely residential or multifamily zoning districts. Instead, the bill aims to unlock housing potential in areas historically zoned for specific commercial uses.

I appreciate the opportunity to clarify the intent of this legislation and welcome any further questions as cities work to implement SB 840 in accordance with its intended scope.

Sincerely,



Bryan Hughes

cc: Patricia Link, City of Austin Land Use City Attorney
Carrie Rogers, City of Austin Intergovernmental Relations Officer

DISTRICT ONE

BOWIE, CAMP, CASS, DELTA, FANNIN, FRANKLIN, GREGG, HARRISON, HOPKINS, LAMAR, MARION, MORRIS, PANOLA, RED RIVER, RUSK, SMITH, TITUS, UPSHUR, AND WOOD COUNTIES

SB840 – COA Interpretation

- Multifamily and mixed-use residential developments in commercial zones will be allowed to:
 - 1. Reach a minimum height of 45 feet or the height that applies to commercial uses for the site.
 - 2. Reach a density of up to 54 units per acre.
 - 3. Include setbacks that are 25 feet or those imposed on commercial uses, whichever is less.
 - 4. Develop an unlimited floor-to-area ratio (FAR).

What is SB 840?

- The Texas Legislature passed [Senate Bill \(SB\) 840](#) to increase housing stock.
- SB 840 allows more market-rate housing to be built on most property zoned commercial.
- SB 840 applies to most properties that allow office, commercial, retail, warehouse, or mixed-use uses.
- SB 840 goes into effect September 1, 2025.

The Details:

- SB 840 allows multifamily residential or mixed-use residential development in any commercial zone or any commercial use building.
- Under SB 840, multifamily and mixed-use residential developments in commercial zones will, by right, be able to:
 - Reach a height that is the greater of 45 feet or the height that applies to commercial uses for the site.
 - Reach a density of up to 54 units per acre.
 - Include setbacks that are the lesser of 25 feet or those imposed on commercial uses.
 - Develop unlimited floor-to-area ratio (FAR).

How SB 840 Affects Affordable Housing & Density Bonus Programs

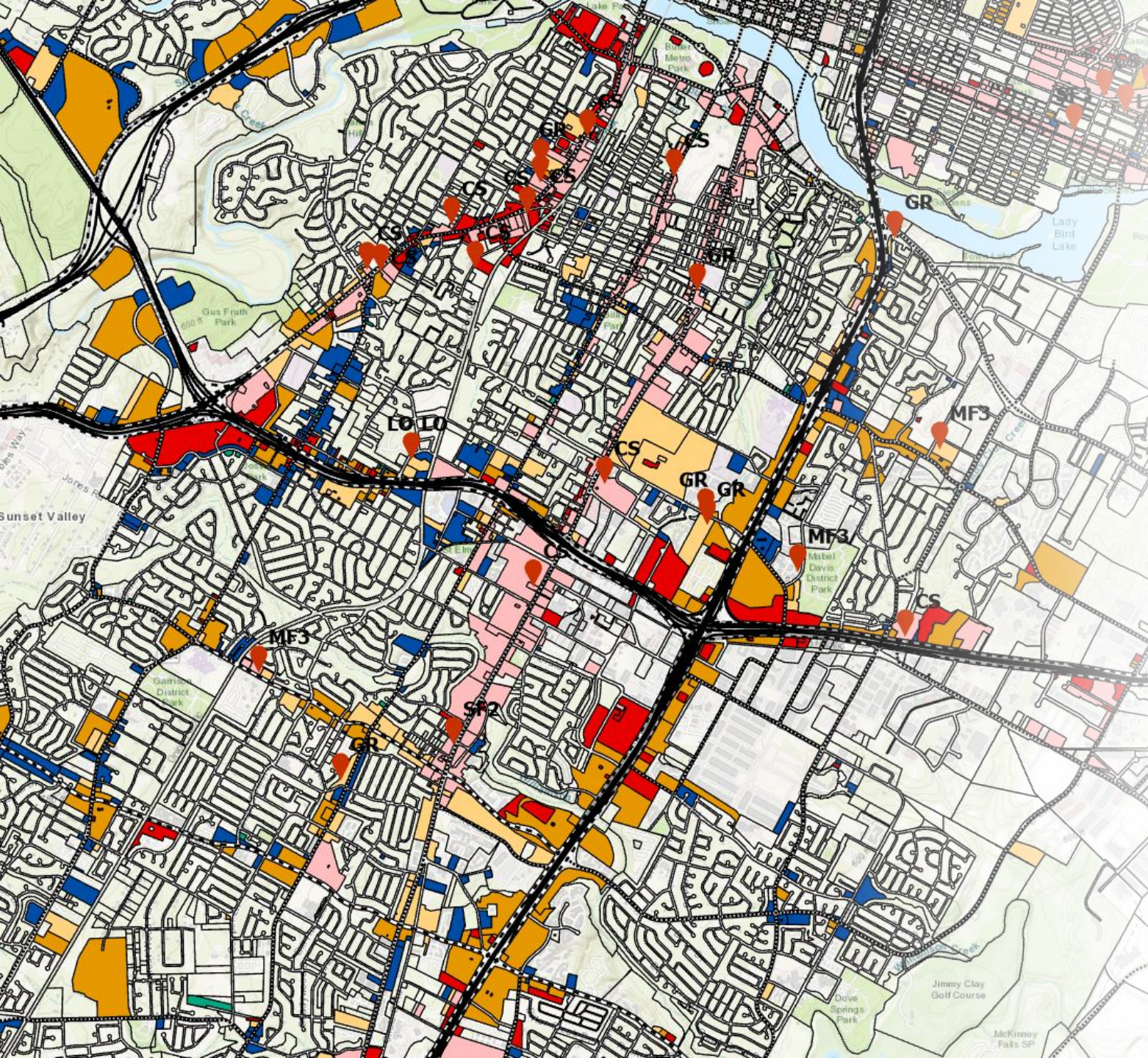
- Voluntary density bonus programs are one way the City encourages builders to include affordable housing in new developments.
- Incentives relating to density bonus programs may be reduced unless an applicant seeks additional modifications of development standards beyond what is allowed by right in SB 840, such as additional height.
- SB 840 may result in fewer affordable housing units included in new developments.
- The City remains committed to growing its affordable housing availability.

How Will the City Address SB 840?

- Austin Development Services will be ready to accept new applications consistent with the changes in SB 840 beginning September 1, 2025.
- City staff will work on process changes to improve implementation of SB 840 and develop options for City Council consideration that would support Austin's density bonus programs.
- The City remains committed to growing its affordable housing availability.

SB840 – Specific Impact on Austin Zoning

- This will allow automatic height increases in Neighborhood Office (NO - 35 to 45 feet) and Limited Office zoning (LO 40 to 45 feet) and Neighborhood Commercial (LR) with residential redevelopment. These are currently limited to 2 and 3 stories.
- It also allows the conversion of non-residential buildings and prohibits traffic impact analysis, fees for traffic improvements, and impact fees. Additionally, it restricts utility improvements to those necessary for serving the proposed converted building.
- By eliminating zoning hearings and traffic impact studies, SB 840 removes consideration of the compatibility of the project with the surrounding or nearby neighborhood.

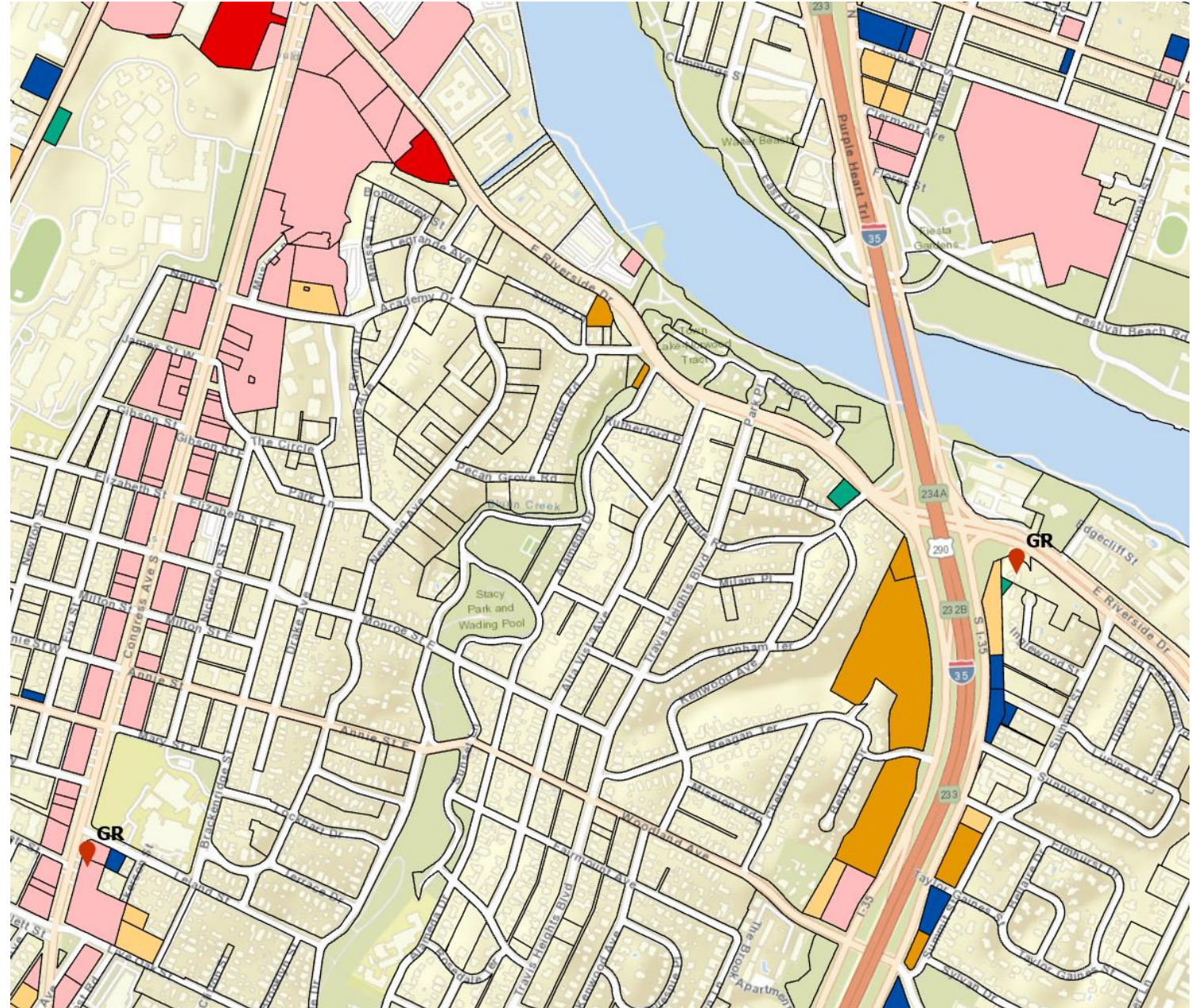


SB840 – Specific Impact SRCC

- Green- NO zoning height increased from 35 to 45
- Blue- LO,LR zoning height increased from 40 to 45
- Orange- GO,GR Mixed Use
- Light Orange- GO, GR already mixed use (Residential Now Allowed)
- Red - CS zoning residential now allowed
- Pink - CS zoning Mixed Use (Residential now allowed)

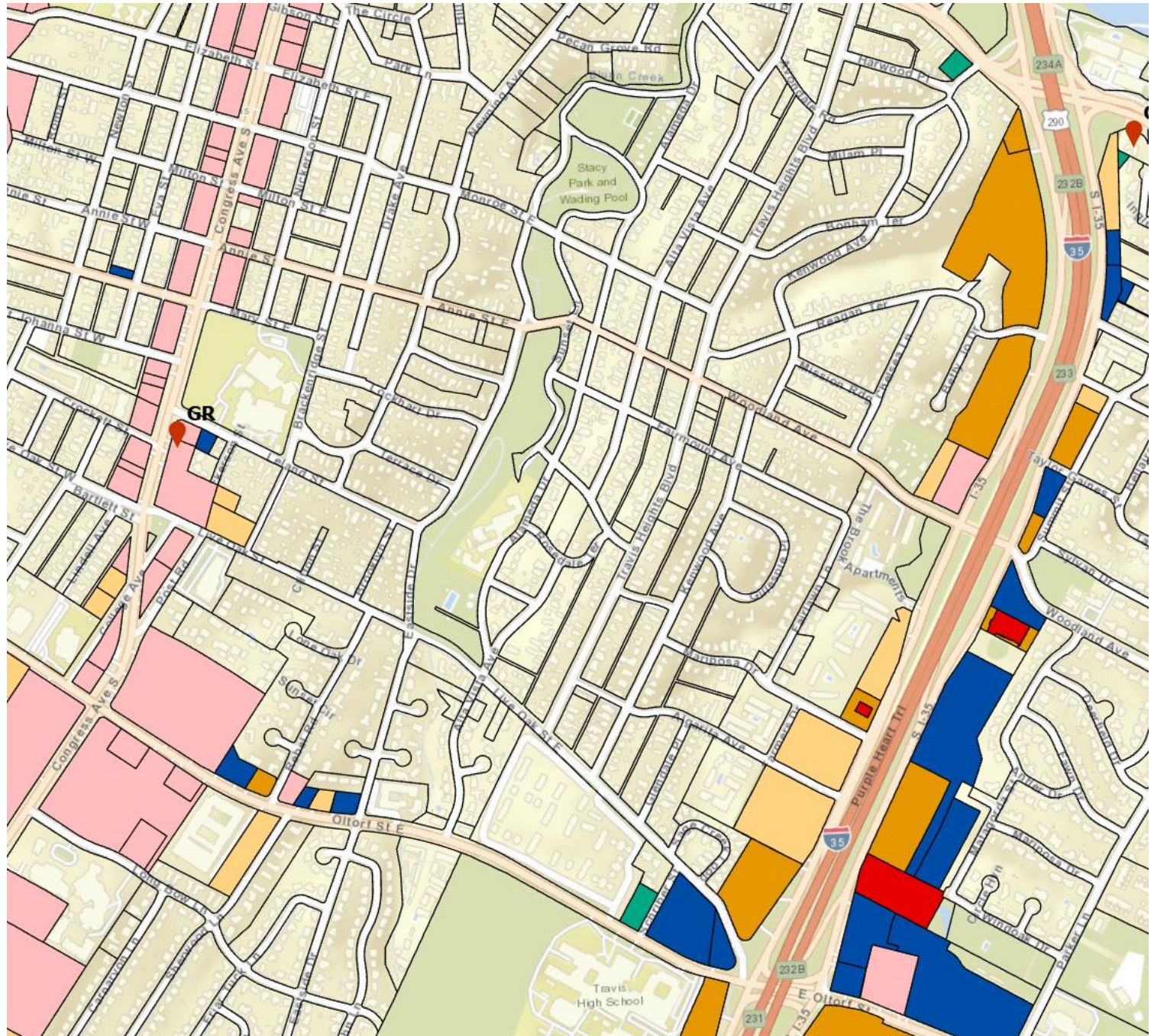
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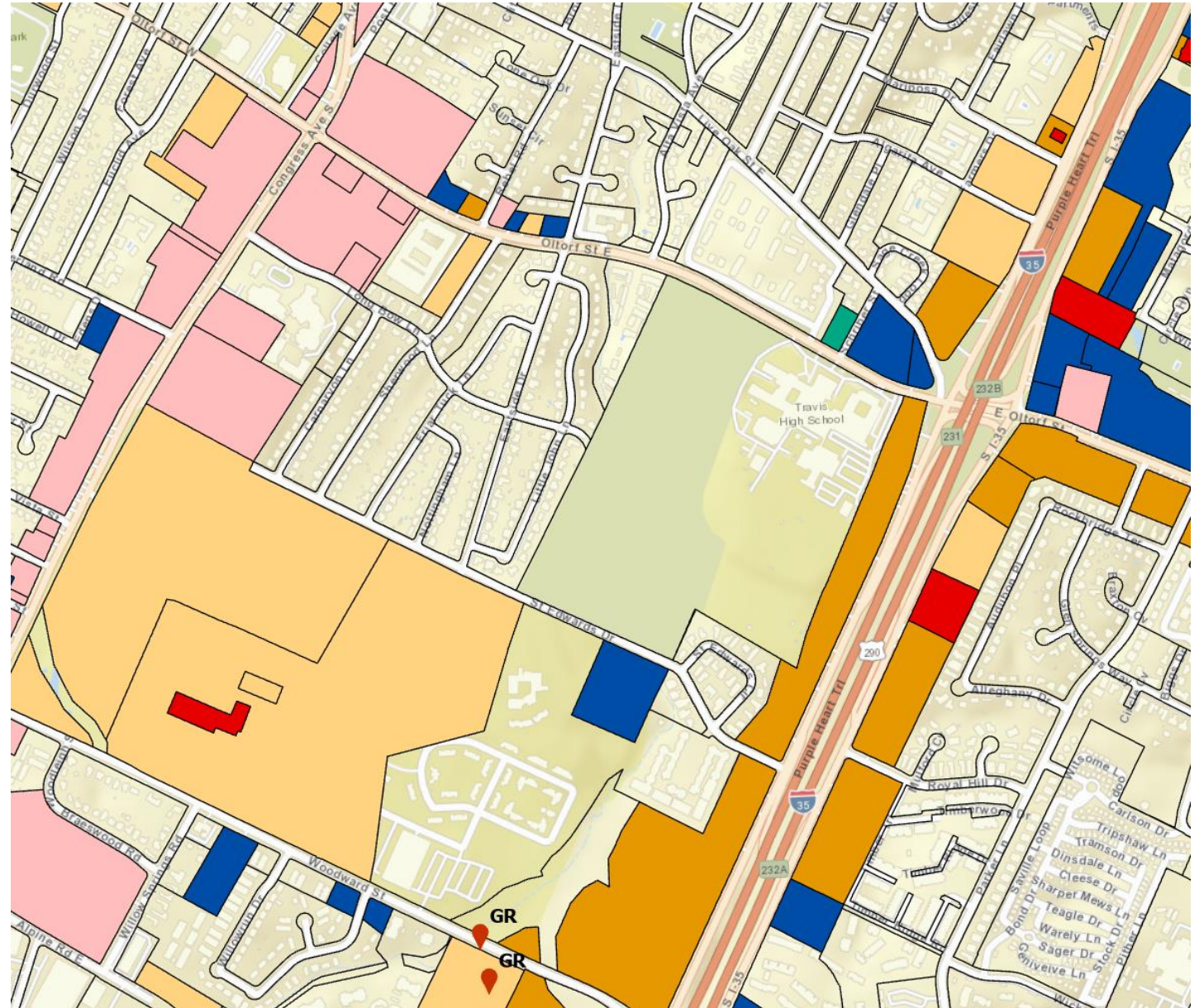
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