

TX 20  
36

# Housing Affordability in Texas

An Overview



# Table of Contents

Acknowledgements	03
Executive Summary	04
<b>How We Arrived at the Edge of a Crisis</b>	06
1. Texas Home Prices Are Unaffordable for the Median Household	
2. Land Use is a Major Component of Housing Costs	
3. High Prices Result From Insufficient Supply	
<b>Factors Impacting Texas' Housing Shortage</b>	
1. Minimum Lot Sizes	13
2. Minimum House Size Requirements	16
3. The "Tyrant's Veto"	18
4. Floor Area Ratio Parity	21
5. Accessory Dwelling Units	23
6. Single Stair Buildings and Code Requirements	24
7. Parking Minimums	27
8. Zoning Restrictions	29
<b>Case Study:</b> How Faith-Based Institutions Are Pioneering Efforts to Increase Affordable Housing	31

# Acknowledgements

In 2023 and 2024, Texas 2036 hosted stakeholder meetings to discuss rising housing costs in Texas. This blueprint reflects some of the ideas and policy concepts discussed at those meetings. The contents presented here by Texas 2036 are not necessarily reflective of the individuals and organizations that participated in those meetings. Texas 2036 is grateful to all those that participated in our coalition.



**Emily Brizzolara-Dove**

Policy Advisor  
Texas 2036

# Executive Summary

For decades, Texas has enjoyed strong economic and population growth, sustained in part by its abundance of housing affordable to families. Now, an unprecedented confluence of events — the skewing effects of COVID, dramatic swings in interest rates, rising insurance costs, continued high demand driven by strong household formation growth, and a decade of severe underproduction of housing threatens to decimate one of the state's greatest competitive advantages.

The problem of unaffordability is primarily caused by a lack of supply available to meet market demand. While estimates of the precise number of housing units needed to rectify this housing shortage vary, the housing research organization Up for Growth estimates that **Texas needs approximately 320,000 housing units** to best serve its population. This shortage has had extreme effects on housing prices. According to the Texas A&M Real Estate Research Center, **between the summers of 2019 and 2024, the median home price in Texas rose nearly 40%.**

**Unaffordable housing poses a risk to the economic success of Texans.** Housing is often the largest line item in a family's budget. As it monopolizes more of Texans' income, the path to homeownership — an effective way for Texans to accumulate wealth — becomes more difficult. As an economic development issue, employers that relocate to Texas often cite the prospect of affordable housing for their employees as a reason for doing so. This advantage, while significant, is tenuous, and should housing and the prospect of homeownership continue to fall beyond the means of middle-class families, Texas risks its reputation as a pro-business state.

## Several Factors Are Contributing to the Current Housing Challenges, Including:

- **Historically low housing inventory** coupled with a decade of rising home prices.
- **"Missing middle" housing.** Housing typologies like duplexes, townhomes or small apartment buildings are often prohibited by land use regulations. These "missing middle" home types fill a critical market gap between high-density apartment complexes and detached single family homes. These types of homes could infuse the market with more affordable options for a broader range of incomes and household sizes.
- **Minimum lot sizes** that restrict the number of homes that can be built in a given area.
- **Minimum house size requirements** that incentivize the construction of more inefficient and expensive homes resulting in fewer options at lower price points.
- **The "tyrant's veto"** that allows neighbors to restrict what a landowner is allowed to build on their property.
- **Requiring multiple staircases and parking minimums,** limiting the usability of space in a housing development.

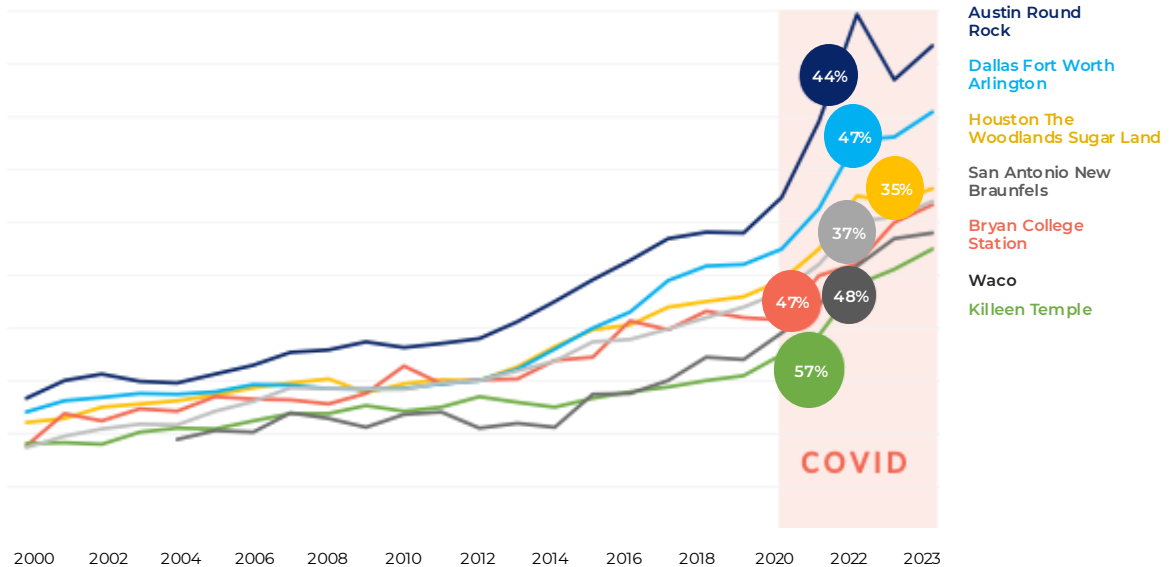
**The private sector has a role to play in addressing housing underproduction.** Recognizing that a talented workforce requires access to quality, affordable housing, the private sector can collaborate with government and community leaders to:

- **Develop innovative housing solutions**, such as building smaller homes, townhouses, and utilizing new materials and construction techniques to lower construction costs.
- **Invest in infrastructure and the rehabilitation of existing homes and buildings** to increase the supply of affordable housing options.
- **Advocate for policies that enable the construction of a range of housing types** to meet the needs of all Texans, regardless of their income level or household size.

As Texas balances on the edge of a housing affordability crisis, the Legislature has an opportunity to address the economic conditions restricting the use of the land upon which our housing sits and pave the way for more housing of all kinds to be built faster. In the intervening year and a half since the conclusion of the 88th Texas legislative session, recognition that housing unaffordability is a supply issue has gained momentum on the national stage. Decision makers at the city, state and federal levels are exploring ways to better enable market actors to infuse the market with additional units of all kinds. Texas can take advantage of this growing momentum to retain its position as a leader in affordable living.

# Background: How We Arrived at the Edge of a Crisis

## Texas Home Prices Are Unaffordable for the Median Household



Texas home prices are unaffordable for the median household. The erosion of housing affordability has been particularly acute since the onset of COVID. Median home prices in Texas exploded nearly 40% — from \$244,000 in February 2020 to \$340,000 in August 2024 — and homes priced under \$200,000 have all but disappeared from the Texas Triangle, the area of the state with the greatest population growth. Deteriorating housing affordability is not limited to the state’s big cities like Austin and Dallas. While prices in those cities have climbed by 35-45%, they’ve also increased 51% in Waco, 57% in College Station and 34% in Lubbock. Despite an increase in household wages – the median household income in Texas rose from \$68,400 to [\\$79,060](#) from 2020-2023 — the median home price in Texas now exceeds three times median household income, a common metric of affordability.

Both renters and homeowners are struggling with housing costs. [45.2%](#) of Texas renters are housing cost-burdened, meaning they spend at least 30% of their income on housing, as are 26.4% of homeowners.

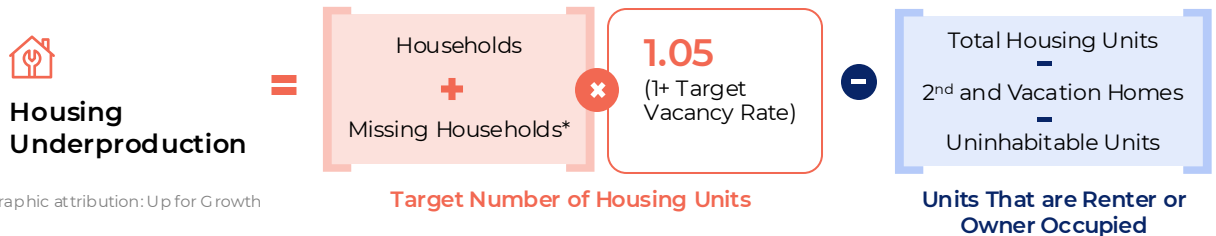
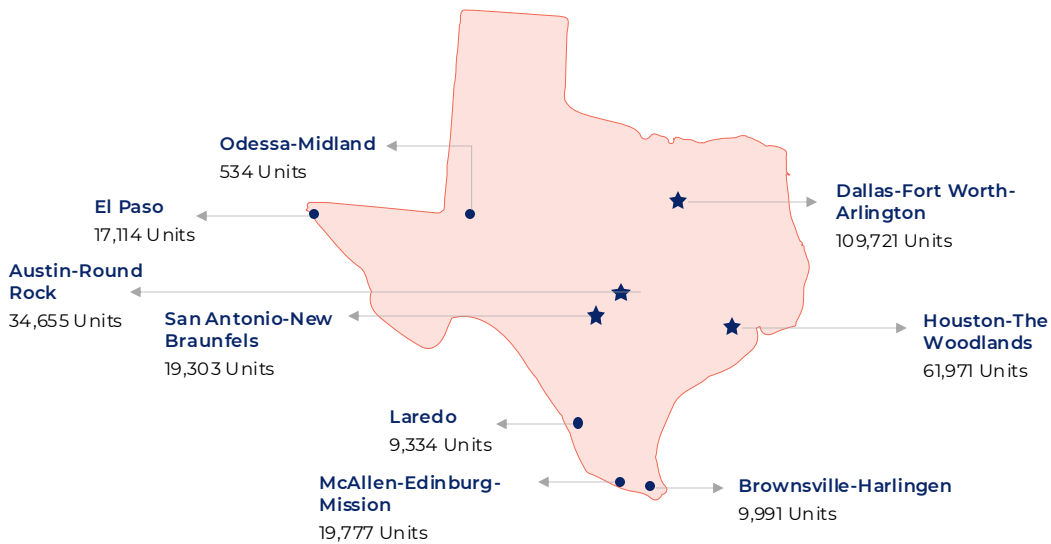
Rising home prices have long-lasting impacts on overall prosperity, as home ownership is a driver of financial success- the net worth of the median homeowner is nearly forty times that of the median [renter](#).

From January 2020 to January 2024, the income needed to afford the median priced home in Texas rose over 30% to [\\$100,629](#).

The extreme rise in home prices and the persistence of those prices even as supply has ticked up from 2023 to 2024 are driven by a major undersupply of housing units. While estimates of the extent of the national housing shortage vary widely — from [1.5 million](#) units to over [seven million](#) units — the consensus is clear: there is not enough housing to adequately meet market demands.

Using one of the most transparent calculations, the housing research organization Up for Growth estimates a national housing shortage of 3.9 million homes. Up for Growth estimates the Texas housing shortage at 320,000 units, and while the bulk of those missing units are in the major cities within the Texas Triangle, smaller towns across the state suffer from missing units as well.

### The Texas Housing Shortage, Quantified by Metro Area



Graphic attribution: Up for Growth

Not only did the U.S. build the lowest number of homes in the decade following the financial crisis than in any decade since the 1960s, but, with an average age of 40 years, our existing housing stock is **older** than ever and more at risk of damage from natural disasters. An [analysis](#) from Realtor.com reports that nearly 45% of homes are “at risk of severe or extreme damage from environmental threats,” and “Almost \$22 trillion in residential real estate is in danger of flooding, wind damage, wildfires, heat, or hazardous air quality.” Losses in housing stock due to catastrophes like wildfires and severe weather events can perpetuate the existing housing shortage.

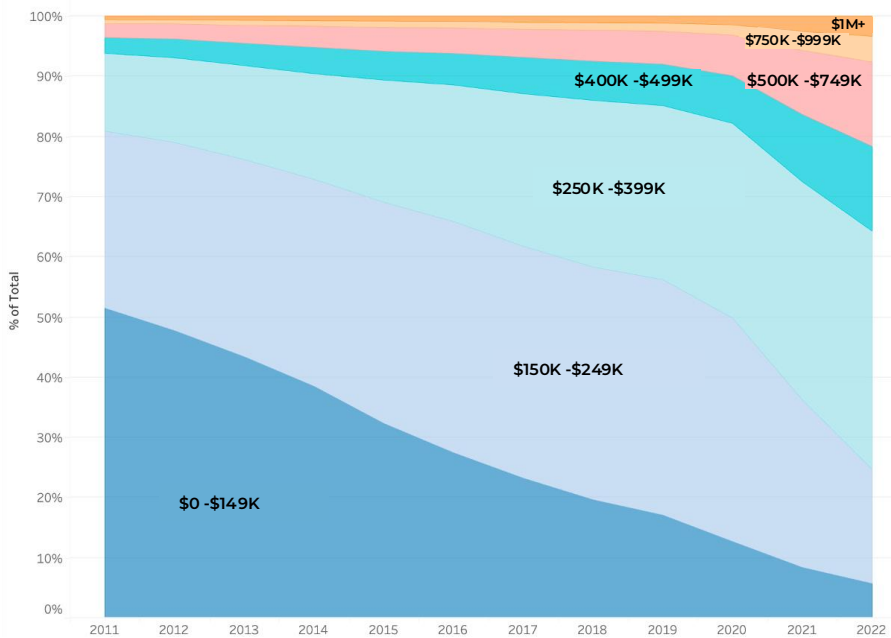
\*Missing Households: Because buying or renting a home has become so expensive, new households are failing to form. Instead, more unrelated people are choosing to share a single residence, and more adults are living with their parents.

In the decade following the 2008 financial crisis, Texas' economic and job growth was enabled in part by the low price of housing available in every region of the state. But, in 2017, the median home price in Texas surpassed three times the median household income. In the years since, affordability has eroded even further.

The rising costs of insurance — from 2018 to 2023, the effective rate change in home insurance in Texas [rose](#) nearly 60% to an average annual [premium](#) of nearly \$4,500 — is also contributing to deteriorating affordability.

## Affordable Homes Are Disappearing from the Texas Triangle

*Home prices are rising statewide. We chose to focus on disappearing affordability in the Texas triangle because of its rapid population growth.*



Data gathered from the Texas Real Estate Research Center at Texas A&M. Includes data from the following MSAs: Austin Round Rock, Bryan College Station, Dallas Fort Worth Arlington, Houston The Woodlands Sugar Land, Killen Temple, San Antonio New Braunfels, and Waco.

## Land Use Is a Major Component of Housing Costs

Understanding the factors affecting the cost of land is necessary to understanding land use-based housing reforms. Restrictive land use and exclusionary zoning remove land from the efficient workings of the free market, artificially limiting housing development in areas of high demand. This contributes to rapid and unsustainable price increases, as land appreciates while structures typically depreciate.

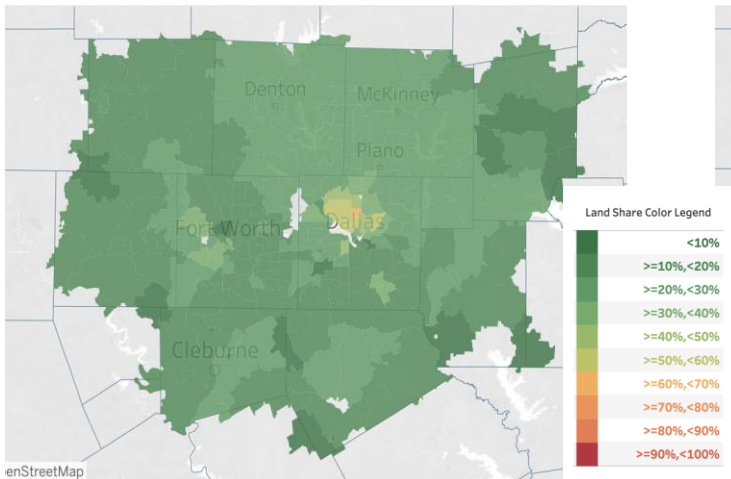
In addition to regulatorily-induced scarcity, the broad availability of land for housing is dwindling as well. Developed lot availability has [declined](#) 11% nationwide since 2020, and 42% since 2015.

The extent to which zoning and restrictive land use limit housing development can be illustrated by the American Enterprise Institute's (AEI) Land Price and Land Share Indicators [map](#). The map indicates the growing economic potential for land as it becomes a greater share of a home's overall price than the improvement value of the structure. The map of the Dallas-Fort Worth region on the following page shows how quickly land has become the driving factor of housing costs. In 2012, 95.6% of the analyzed properties had a "land share" value of less than 50%. By 2023, only 9.2% of analyzed properties had a land share of less than 50%. Higher land share percentages are a strong indicator of market demand for increased development.

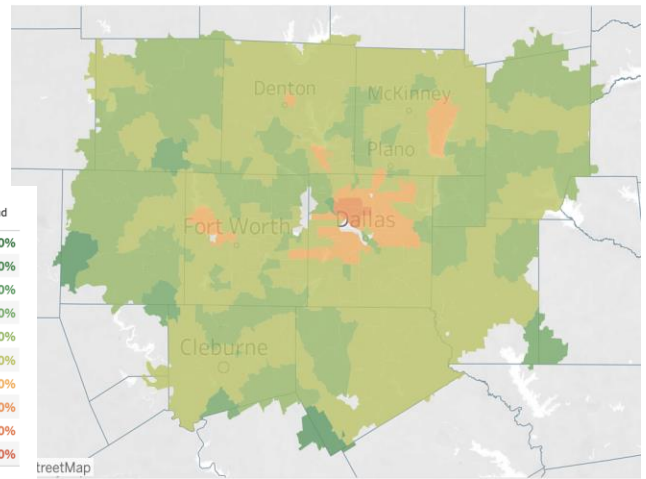


# Land Share by ZIP Code by Year in the Dallas Fort Worth Region

2012



2023

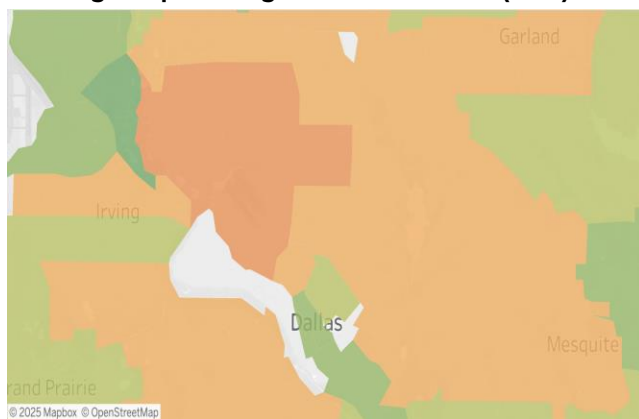


Graphics attribution: American Enterprise Institute Land Price and Land Share Indicators

The significance of the land share value of home price and its relationship to single family zoning comes into sharp relief when the two data sets are compared to one another. In the graphics below, land share value in DFW (left) are closely approximated with single family zones in the same area (right). This shows that there is a significant amount of land in the Dallas area zoned for single-family usage that could house more people in a more efficient manner. Doing so could generate higher returns for incumbent land owners, homeowners and developers while also creating the conditions for the development of more affordable homes. The relationship holds across major cities throughout Texas.

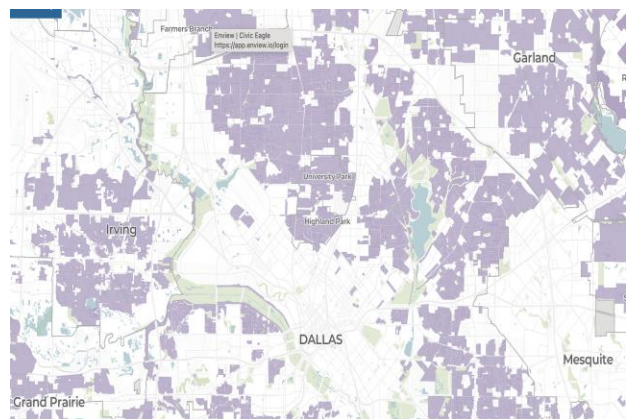
Land use restrictions too often incentivize developers to build large single-family homes instead of building lower-priced multi-family units such as triplexes or small apartment buildings when developing or redeveloping a plot, especially where the price of land is high. These "missing middle" housing typologies, which are often small multifamily buildings, are underutilized compared to both single family homes and larger multifamily development. In January of 2025, of the over 1.3 million housing starts recorded by the Census Bureau, only 18,000 of them were for buildings with 2-4 units.

**Inset from image in upper right of this page: Zip codes in DFW where land share value accounts for the highest percentage of a home's value. (2023)**



Graphic attribution: American Enterprise Institute Land Price and Land Share Indicators

**Purple shading: Areas in DFW where only single-family homes are allowed**



Graphic attribution: National Zoning Atlas

The map on the previous page shows that land is more expensive closer to an urban center. Why should we care if we can continue to build outward away from the urban core and towards cheaper land?

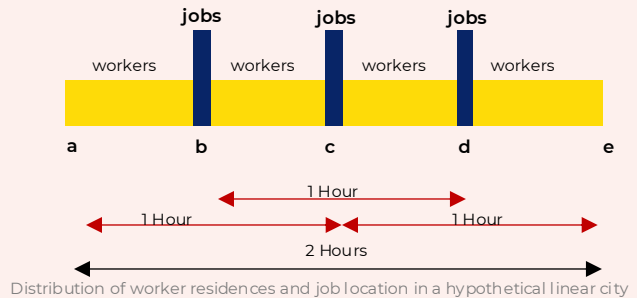
The network effects of job opportunities and physically proximate housing increase both productivity and wages, benefitting employers and workers alike. Simply, the greatest concentration of high opportunity jobs exist in cities where land costs are high. These higher-cost plots of land have potential to house many families only if zoning regulations allow for the most appropriate type of housing for the area to be built. Lifting zoning regulations that artificially restrict the number of people that can live in these high opportunity areas has utility for employers and employees alike.

[Previous research](#) has found that worker productivity is correlated with “employment accessibility,” which is the number of jobs that can be accessed within an hour commute. When “employment accessibility” increases by 10%, wages increase by about 1%. This “urban agglomeration” effect shows an alignment of employer and employee interest around increasing employment accessibility, as longer commutes increase costs for both. Continuing to build outward, away from employment centers, or by not building enough housing to keep prices affordable so that workers can live within reasonable commuting distances to employment, limits the productivity of cities.

Urban planner and architect Alain Bertaud provides a visual representation of how the spatial layout of worker residences in relation to workplaces affects the overall labor market of the city, using the principle of “employment accessibility.” In the hypothetical “city” in the figure below, jobs are concentrated in three areas. The 50% of workers living between **b** and **d** can access 100% of the city’s jobs within the one hour commuting limit, but the 50% of workers living between **a** and **b** and **d** and **e** can only access 2/3 of the city’s jobs. Therefore, the effective size of the city’s labor market is about 83%.

$$(\frac{1}{2} \text{ workers} \times \frac{3}{3} \text{ jobs}) + (\frac{1}{2} \text{ workers} \times \frac{2}{3} \text{ jobs}) = 83.3\%$$

When more workers can access more jobs by living closer to them, the effective size of the labor market increases. This leads to increases productivity, which increases wages.



Graphic attribution: Alain Bertaud, "Order Without Design"

## High Prices Result from Insufficient Supply, Despite Public Belief to the Contrary

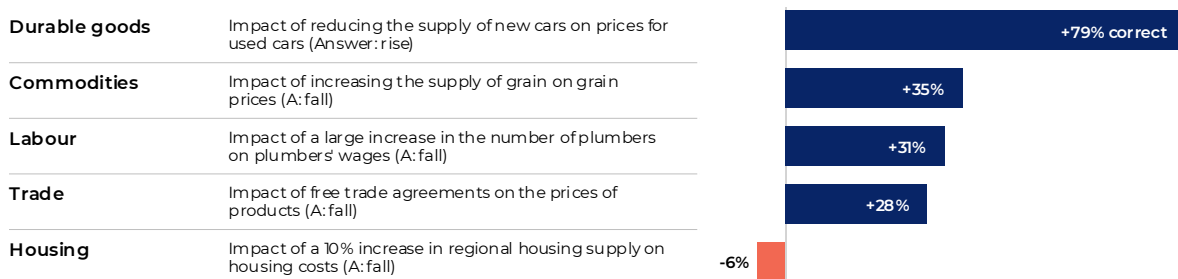
The remedy for high housing prices is increasing the supply of available housing units of all types that are affordable for families across the income spectrum. An influx of supply has proven to be the best market-based solution to moderate housing costs. Notably, Austin experienced a 9.5% year over year [decline](#) in rents from June 2023 to June 2024, in part due to a surge of new rental units: in 2023, nearly 20,000 new units for rent came online in the city. Completions in the first quarter of 2024 alone added nearly 8,700 units.

While Austin’s pricing swings are a nationwide outlier, so too is a 37% increase in inventory from pre-pandemic levels, providing a strong suggestion that the substantial increase in inventory is a major driver of lower rents. The evidence for supply’s effect on lowering prices is stacking up. The Minneapolis Fed released [research](#) showing that construction of market rate apartments starts a chain reaction of moves that gives renters in lower income neighborhoods access to an abundance of open units— about 70 new openings for every 100 new apartments.

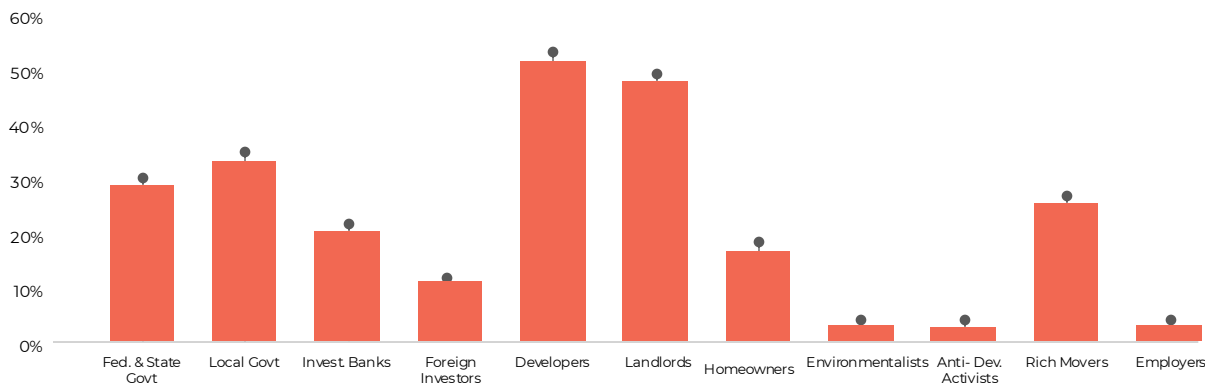
The public’s perception of housing supply’s effect on prices is uniquely affected by “supply skepticism,” a misunderstanding of the relationship between prices and supply that is unique to the housing market. The skepticism is outlined in more detail in the chart below from the Financial Times:

**People are generally good at predicting how changes in supply impact prices— except when it comes to housing**

Net correct minus incorrect answers to questions\* about the impact of supply shocks



The [paper](#) from which the Financial Times derived their chart found that while most people (both renters and homeowners) want housing prices in their cities to decline, “only 30-40% believe that a higher supply would lead to this outcome. This skepticism towards the ‘supply and demand’ principle in housing starkly contrasts with respondents’ otherwise accurate understanding of other markets. Instead, for housing, there is a strong, stable ‘folk economic’ belief blaming high prices on landlords and developers.”

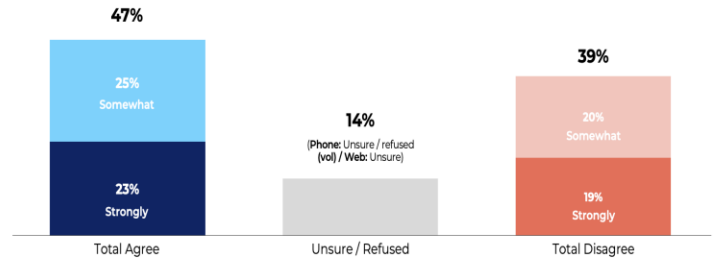


Attribution of blame for “high housing prices in your area.” Respondents were allowed to select up to three actors.

## Supply skepticism is strong in Texas

In our latest voter poll, Texas 2036 found that supply skepticism is prevalent among registered voters in Texas. Such skepticism represents a significant challenge to the success of pro-housing land use reforms.

Do you agree or disagree that building more homes would lower housing costs?



## Conclusion

Texas is experiencing an unsustainable rise in housing prices that threatens the state’s economic future. Addressing land-use policies that restrict the supply of housing could improve market conditions and improve the supply of housing consistent with the changing needs of Texas families. “Missing middle” units — multi-family developments which have tremendous potential to infuse markets with more affordable housing — are the ones most hindered by current market restrictions.

# 1. Minimum Lot Sizes

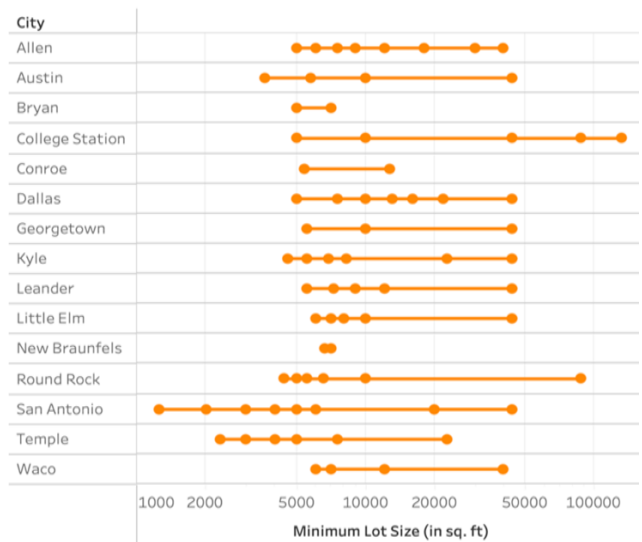
Minimum lot sizes prevent developers from building more units in a given area. Reducing these minimums could allow more people to afford to live in a given area. Houston is an example of a metro area with substantially reduced minimums.

Minimum lot size requirements, one of the nation's most ubiquitous zoning elements, proliferated widely in municipalities in the decades following World War II. A modern review of the negative consequences of these regulatory requirements — namely that such minimums increase the floor for home prices and are a driver of housing unaffordability — has led to a wave of minimum lot size reforms across the country. While some municipalities in Texas have been leaders in reducing minimum lot sizes so that Texas families are not compelled to purchase more land than they need, others widely utilize the regulations, sometimes requiring single-family homes to sit on lots no smaller than a full acre.

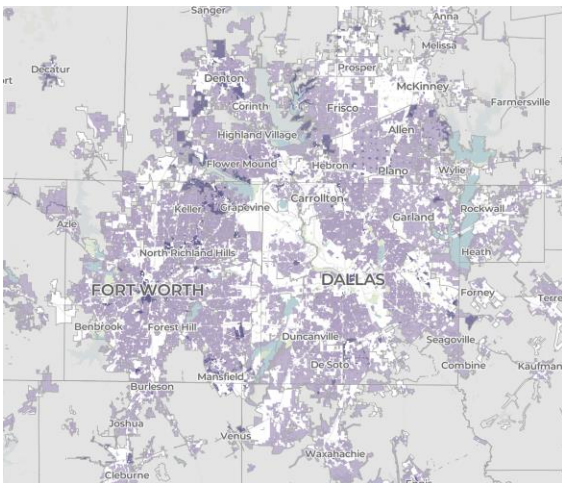
## How pervasive are minimum lot sizes across Texas?

Thanks to the work of the National Zoning Atlas, an organization dedicated to mapping the zoning limitations of municipalities across the country, the picture of the land dedicated for single-family neighborhoods becomes clear. The snapshots below of the Dallas Fort Worth metroplex shows areas (in purple) where single-family homes can be built. The map on the left shows the land where single-family homes can be built. On the right are those single-family zones that **also** have minimum lot sizes. The **nearly identical** maps are indicative that nearly all the 200 incorporated cities in the region utilize minimum lot size requirements.

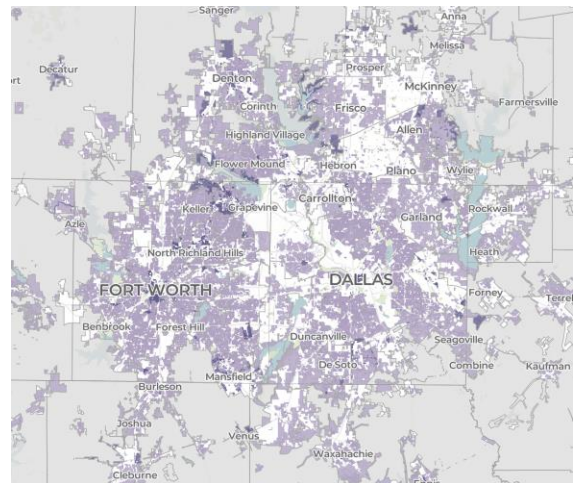
## Minimum Lot Sizes Across Texas



Various minimum lot sizes used by Texas municipalities. Each point represents a different zoning district within that city.

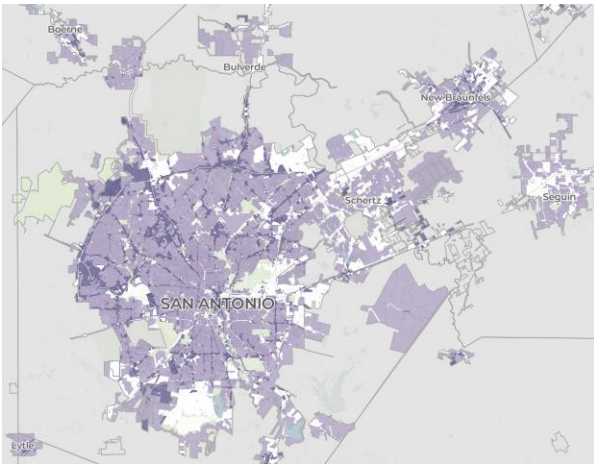


DFW Single Family Zones

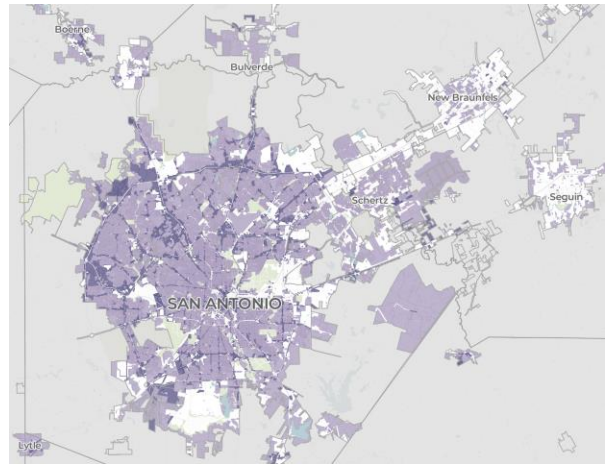


DFW Single Family Zones with Minimum Lot Sizes

The ubiquity of single-family zones with minimum lot sizes is echoed across Texas, as seen below in the greater San Antonio area.



San Antonio Single Family Zones



San Antonio Single Family Zones with Minimum Lot Sizes

## A brief history on minimum lot sizes

The usage of minimum lot sizes began to take shape as early as 1916, when the first city-wide zoning ordinance was passed in New York and included references to lot dimensions, setbacks, and how lots could be utilized. Austin was an early adopter and established a 3,000 square foot minimum lot size in 1931 before raising it to 5,750 square feet in 1946. It was during this time following the end of World War II, when such provisions took hold nationwide. Charles Gardner with the Mercatus Center writes about the fiscal and racial motivations for these exclusionary regulations: in areas where services were funded primarily by property taxes, a minimum lot size — essentially a floor on land and housing prices — would keep out young baby boomer families, who municipalities did not think would pay enough in taxes to cover the costs of educating their children. The timing of these regulations also correlated with school desegregation and the influx of Black Americans into those cities.

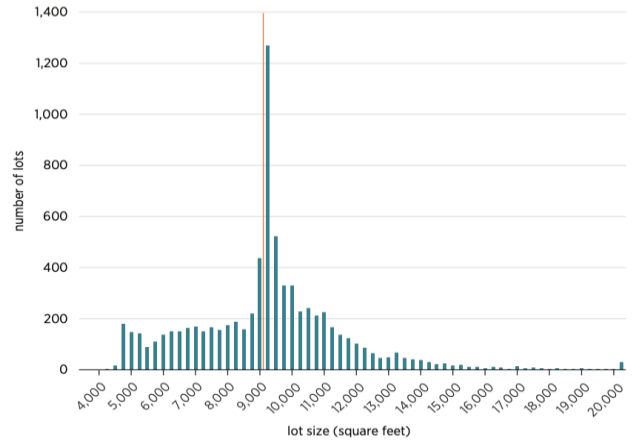
The consequences of minimum lot sizes have been a topic of study since shortly after they were widely implemented. Charles Gardner's [paper](#) "Cutting Zoning Down to Size: Reevaluating the Legal Vulnerability of Urban Minimum Lot Sizes" summarized the results of these studies:

*The general conclusions of those research efforts were that minimum lot sizes failed to achieve their purported objectives of preserving open spaces and protecting the character of the community and, in fact, were even counterproductive to those goals: **they adversely affected housing affordability, they promoted automobile dependence, and their constitutionality—even under a rational basis standard of review—was open to question.***

The data show that often, minimum lot sizes are a barrier to what the market demands: smaller, cheaper lots. A reduction in those minimums can lead to the proliferation of affordable single-family homes.

Researchers from the Mercatus Center at George Mason University [conducted a review](#) of minimum lot provisions in Round Rock, Pflugerville, Frisco, and Pearland, and found that frequently subdivided properties have square footages within 10 percent of the minimum lot size, or are smaller than the minimum lot size, thus not in compliance with the regulation. **These findings indicate market demand for lots smaller than the absolute minimums required by the city.** To illustrate, the chart to the right from the Mercatus study shows how tightly clustered lot sizes are around Pflugerville’s minimum lot size of 9,500 sq feet.

### Pflugerville, Texas, Lot-Size Distribution and Minimum Lot-Size



Note: Orange line represents minimum lot size.

Graphic attribution: Mercatus Center at George Mason University

The usage of these minimums raises questions about how much land is needed for a home, and how much land families are required to purchase to get onto the home ownership ladder.

The city of Houston provides an excellent test case for how lowering minimum lot sizes allows for the construction of homes responsive to market demands. Beginning in the 1990s, Houston lowered its minimum lot sizes — in some cases to a mere 1,400 sq feet — first in the city’s urban core and later expanding to the entire city. Allowing the subdivision of larger lots has led to the development of tens of thousands of distinctive, Houston-style townhomes — tall, skinny single-family units that are often the most affordable housing option in Houston’s most desirable neighborhoods. University of Texas at Austin researchers Jake Wegmann, Aabiya Noman Baqai, and Josh Conrad note in their article in the scholarly journal *Cityscape*, "[Here Come the Tall Skinny Houses: Assessing Single-Family to Townhouse Redevelopment in Houston, 2007-2020](#)" that these townhomes are usually built on previously nonresidential parcels, within the urban core, at a median assessed value approximately 60% that of the median home on a non-subdivided lot.

The article's authors summarized the reforms succinctly by saying “there can be a robust supply response provided that market conditions are ripe and the new land use regulations allow for the construction of **a product that builders want to build and homebuyers want to buy**”.



Townhome listed for sale in Houston's Montrose neighborhood at \$259/sq ft.



A tall skinny town home in Houston's Montrose neighborhood priced at \$233 per sq ft

## 2. Minimum House Size Requirements

*Minimum house size requirements incentivize the construction of more expensive homes, and reducing options for starter homes*

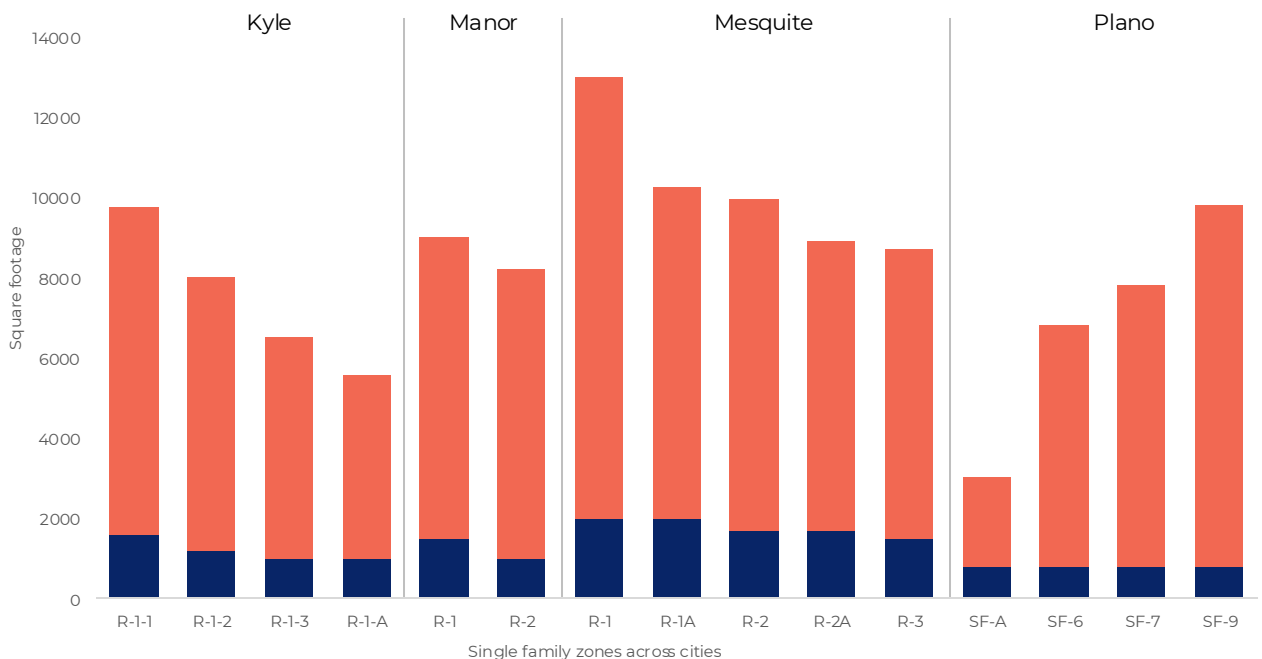
Just as minimum lot size standards compel families to purchase more land than they need, minimum house square footage requirements -- which some municipalities use in conjunction with minimum lot sizes -- compel families to purchase a bigger house than they may want or need, zoning for a specific house size serves as an exclusionary tool in a very similar vein to minimum lot sizes.

A decade's long [trend](#) of declining home sizes is particularly evident in the size of newly constructed homes. Real Estate analytics firm Parcel Labs reports that the median square footage of new construction has declined nearly 13% from 2,328 sq ft in 2014 to 2,036 sq ft in 2023 with the greatest decline happening from 2022-2023. As the market trends toward smaller homes, minimum house sizes could become a more salient factor preventing the development of single-family homes that the market desires. For example, nearly half of newly built homes nationwide would be illegal in Mesquite, Texas, where minimum home sizes reach 2,000 sq ft in some single-family zones.

**Square footage minimums limit the ability of the market to provide starter homes** at a time when Texans are seeking lower cost opportunities for homeownership. Developments like Elm Trails in San Antonio, which offers homes ranging in size from 330-660 sq ft at a price point under \$200,000 are growing in number.

### Minimum Lot and Minimum House Sizes of Single-Family Residences in Selected Texas Cities

Measure Names: ■ Min Lot Square Footage Requirement ■ Min House Square Footage Requirement





## Disappearing Starter Homes

The disappearance of the "starter home", evidenced both by rapidly increasing home prices as well as the presence of square footage minimums, represents a departure from several decades of housing production. In the early 20th century, kit homes, of which Sears was a notable producer, marketed modest homes to Americans, who could purchase a mail order floor plan, instructions, and a railway car full of precut lumber to build their own home. Many of these homes, which today are often so sought after that they are frequently targeted for historical preservation and historic homes tours, would be illegal to build in many cities across Texas.



Photos attribution: Sears Houses in Ohio [blog](#)

The Sears "Lewiston" a mail order home sold in the 1930s, was about 1,400 square feet, making it a non-conforming house size in many cities across Texas. The Lewiston home pictured above on the right is still standing in Delaware, Ohio.

Levittown developments, America's first mass produced suburbs which were built following World War II to accommodate young baby boomer families, offered single family homes for sale as small as 750 square feet. The Cape Cod, pictured below, was a popular Levittown home model.



Photo accessed at [Business Insider](#)

### 3. The Tyrant's Veto

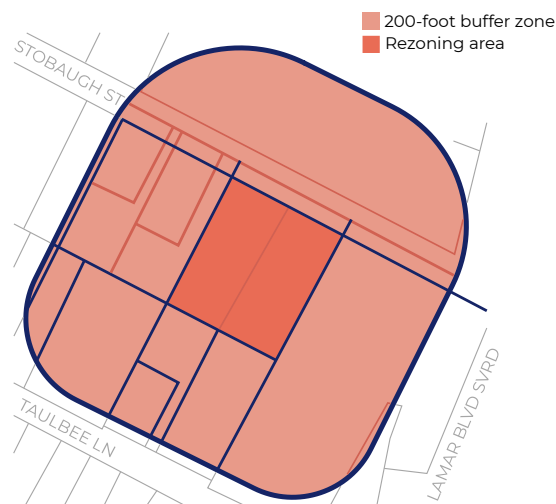
*The tyrant's veto gives outsized, undemocratic control over what property owners can build on their property to a minority of their neighbors, preventing homeowners from adapting their existing houses to meet the needs of larger families or multi-generational living situations.*

The “tyrant's veto” refers to the “valid petition” process, a nearly 100-year-old state statute governing the public input process for Texas municipal zoning decisions. The Local Government Code requires that when a **zoning change** is sought, if owners of 20% of the **area of the land** that is either covered by the change, or is within 200 feet of the zoning change, oppose the change, they can file a petition with the municipality. The filing of this petition sends the zoning change to city council for approval, where it must be approved by a  $\frac{3}{4}$  supermajority of the council's members. In a large city like Austin, this threshold requires nine of 11 council members to approve the change. A smaller city with a city council of seven members would need six votes in favor to approve a petitioned zoning change.

The statutory provision originated in the federal Commerce Department's 1922 “Standard Zoning Enabling Act”, a model bill that provided the foundation for the twenty states that still use some version of the “tyrant's veto”. Due to the negative effects that these petitions have on homebuilding and affordability, efforts to reform or eliminate these processes are happening nationwide. While petitions can be filed to block commercial projects, data shows that they are more frequently used to stop multifamily housing. Because of this, a small number of petitions can have an outsized effect on limiting the growth of potential housing stock.

One of the most prominent uses of the statute occurred in Austin during a multi-year attempt to rewrite the city's comprehensive zoning strategy when a judge ruled for the plaintiffs in *Acuña v. City of Austin* stating that the city did not comply with the Local Government Code provisions governing notice and opportunity to protest. This ruling set a precedent that the valid petition statute could be applied to city wide rezoning efforts where previously it had only been applied to individual projects. The Mercatus Center [has studied](#) the effects of the valid petition in Texas at length and found that while the number of petition filings is small (Austin, an outlier, filed 20 valid petitions in 2021-2022, while Dallas filed three) the potential for a petition causes a chilling effect over new projects.

The 200-Foot Buffer Around a Proposed Austin Rezoning



Graphic attribution: Mercatus Center, “Mostly Invisible: The Cost of Valid Petitions in Texas”

The Mercatus Center researchers write, “developers told us they have limited capacity, and thus they are less likely to invest time and money on a project that might fail to win city council approval. They tend to stick to sure things. One builder of starter homes shared how he speaks to neighbors before embarking on a project; if neighbors are opposed, he walks away. He estimates that half of his projects end at this stage.”

## Historical context for the development of the valid petition

In 1917, the Supreme Court struck down racially based zoning in *Buchanan v. Warley* under the reasoning that racially based zoning violated a homeowner's right to contract. William Warley, a black man, offered to purchase property from white landowner Charles Buchanan. When Warley refused to complete the transaction because he would be unable to build a home and live in the white neighborhood, Buchanan filed suit to force the closure of the deal on the grounds that the City of Louisville, Kentucky's racial zoning ordinance was unconstitutional. Following the decision, municipalities began devising creative ways to maintain their racially exclusive zoning. In Richmond, Virginia, for example, where interracial marriage was still illegal, an ordinance was passed forbidding a person from moving to a street if the majority of existing residents were of a race they would be forbidden to marry. While some cities took similar approaches to Richmond, others began to lean on racially restrictive private covenants and zoning provisions separating single family from multifamily housing. It was within this context that Secretary of Commerce Herbert Hoover established an advisory committee which drafted and disseminated the Standard State Zoning Enabling Act. The valid petition process was one of many of the model Act's provisions designed to guide cities in their land development. While the Act purported to promote homeownership and land owners from encroachment by commercial and industrial entities, it also set up systems for municipalities to maintain segregated neighborhoods – a system that was only strengthened when the Supreme Court upheld single-family zoning in the 1926 *Euclid v. Ambler* opinion, where Justice George Sutherland wrote "...the apartment house is a mere parasite constructed in order to take advantage of the open spaces and attractive surroundings created by the residential character of the district". The *Euclid v. Ambler* decision, combined with the Federal Housing Administration's 1930s policy of insuring mortgages exclusively in white neighborhoods—a practice that guided private lenders—effectively restricted many black Americans to renting in multifamily housing. This further entrenched segregation and reinforced racial divides between neighborhoods.



### LOOK At These Homes NOW!

An entire block ruined by negro invasion. Every house marked "X" now occupied by negroes. ACTUAL PHOTOGRAPH OF 4300 WEST BELLE PLACE.

SAVE YOUR HOME! VOTE FOR SEGREGATION!

73

1915 postcard from the United Welfare Association encouraging St. Louis to vote for segregation. Hosted digitally by the Missouri Historical Society.

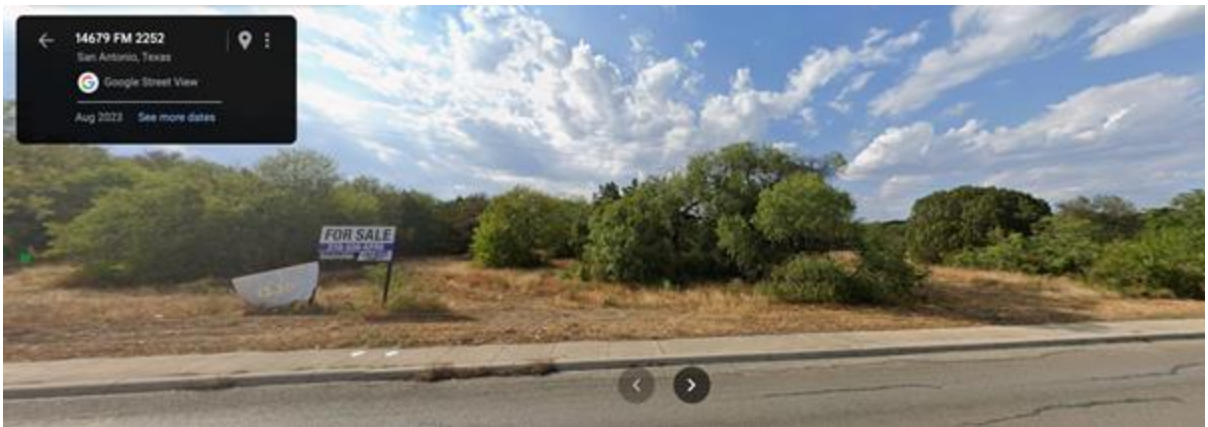
## Case study

As recently as September of 2024, the tyrant's veto was used to kill an 84-unit apartment complex in San Antonio.

Mayor Ron Nirenberg of San Antonio, after noting that the city council unanimously supported the development's initial application for a state tax credit, [said](#) the following before the final vote on the development took place:

*...in a sense, council has already said yes to this development and its location. The current zoning C2 is conditional with auto, boat and RV storage. That means that a lube and tune up shop, tire repair shop, appliance sales and repair shop and more could be built on that site tomorrow with zero intervention from this city council. The proposal in front of us will enable housing to be built, which to me is far more important and fits far better with the character of the residential neighborhood.*

The apartment project was blocked by the vote of just 4 of the 11 Councilmembers, a perfect example of how the neighbor veto enables an undemocratic minority to inhibit private property rights.



Site of scuttled affordable housing project in San Antonio

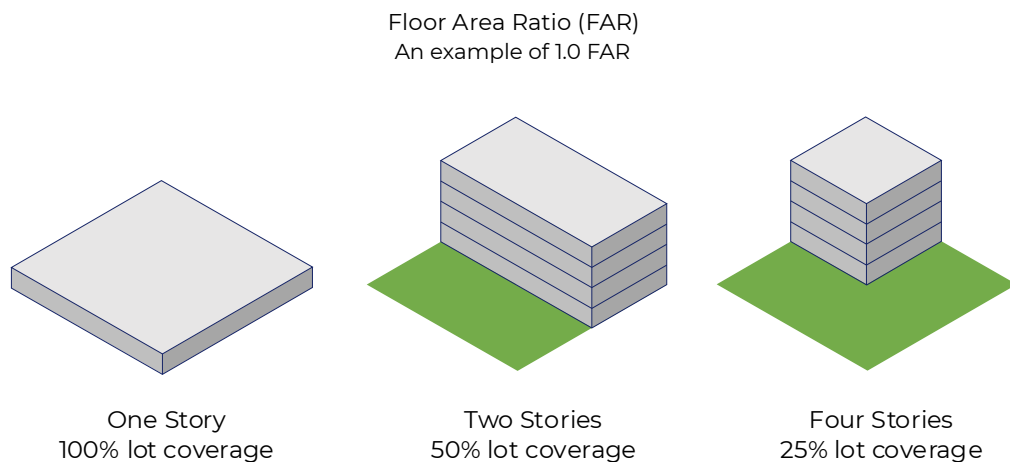
# 4. "Floor to Area Ratio" (FAR) Parity

*Homeowners should have the right to use their own land as intensively as their neighbors*

Floor to area ratio (FAR) is a measurement of a building's footprint in relation to the size of the lot it sits on. Municipalities use this zoning calculation to govern the scale of buildings or the intensity of land use in a given area.

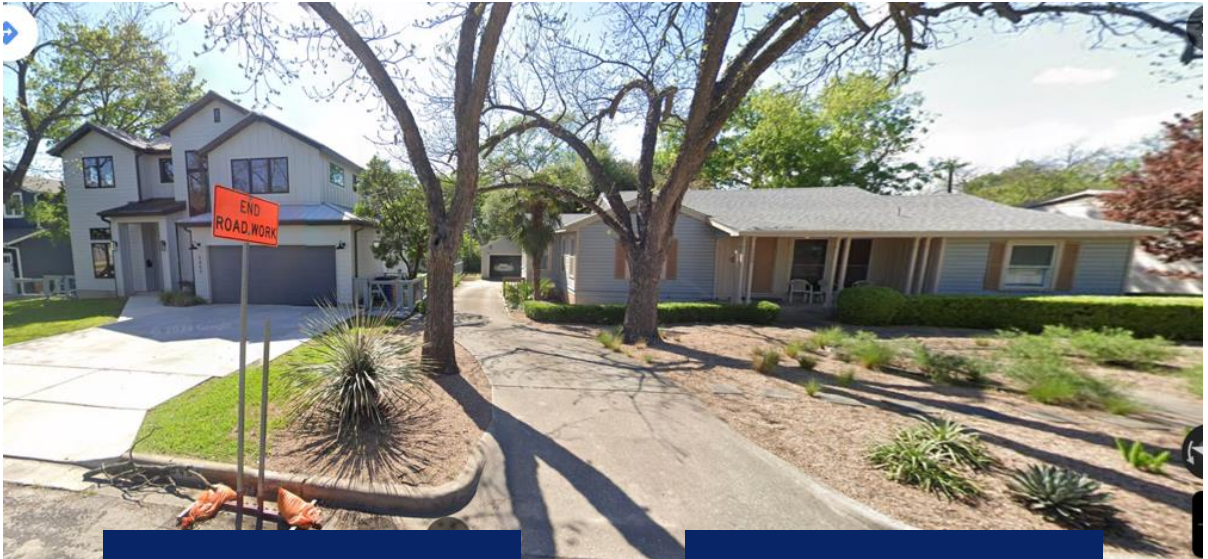
Under current law, a property owner who wishes to add an additional unit to their property, may need to seek a zoning change to do so. Seeking the zoning change subjects the project to the public notice and "tyrant's veto" process.

By ensuring that neighbors cannot prevent homeowners from building up to the highest existing FAR within 200 feet of their property (the same boundaries that apply to the neighbor veto), property owners would be able to build additional housing on their property without the time, expense and other hurdles of pursuing a zoning change with the city.



## Example

In the scenario on the following page, if the neighbor on the right needed to seek a zoning change to add an additional unit to their property, the neighbor on their left, being within 200 feet of the proposal, would be able to contribute to a petition to protest the change. Depending on the makeup of the other lots within the 200-foot range, the neighbor on the left could meet the threshold for filing a petition by themselves. While the lots in the image below are similar sizes, the home on the left has about twice the FAR of the home on the right. In a scenario with FAR parity established, the home on the right would be able to build a second story apartment or a mother-in-law unit totaling about 1,812 square feet, bringing the total building footprint to a FAR of 0.35.



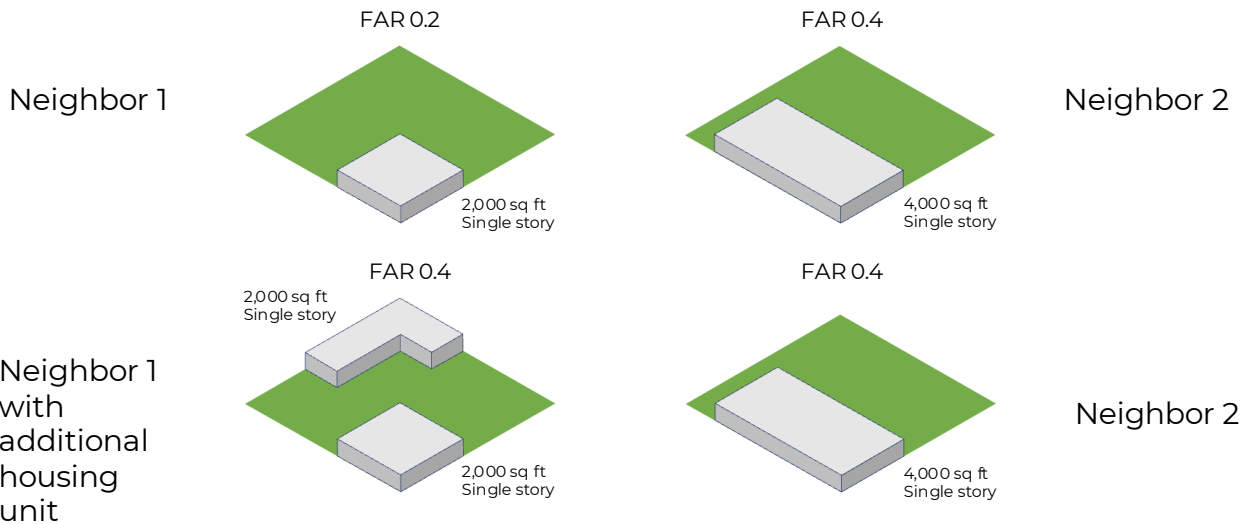
Main Area: 3,785 sq ft  
 Lot: 10,758 sq ft  
 FAR: .35

Main Area: 1,627 sq ft  
 Lot Area: 9,827 sq ft  
 FAR: .17

### Where would this be used?

The potential of FAR parity lies in older neighborhoods with large differences in existing home sizes. In a new build community where homes are relatively uniform, differences in FAR would not be great enough to entice additional construction. Because zoning changes are tied to the number of housing units on a lot and usually do not need to be sought for a simple home addition, FAR parity would be used when adding housing units to a neighborhood.

An additional example of how FAR parity could be used.



# 5. Accessory Dwelling Units (ADUs)

Allowing homeowners to build additional living spaces on their property by right in the form of an accessory dwelling unit (ADU) is a popular option for reforming land use and enabling existing homeowners to create additional housing.



Graphic attribution: AARP "The ABCs of ADUs"

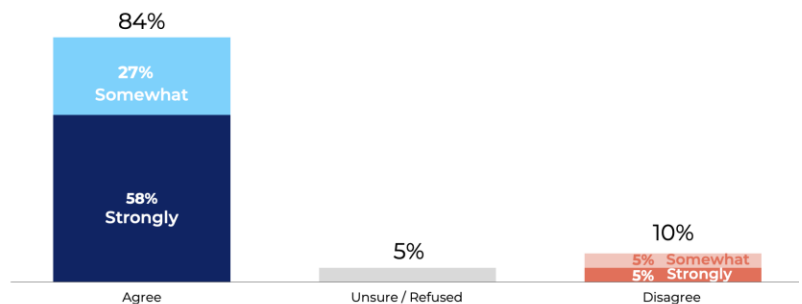
ADUs – often used for caregivers, grandparents, or adult children getting their start – are a popular way to ease housing shortages in high demand areas. These small, complete housing units built on the same lot as an existing home allow the market to accommodate the unique needs of some families.

According to a [survey](#) of ADU owners in the Pacific Northwest, 60% of ADUs are used as long-term rentals, indicating that inclusion of such units can have a modest but important impact on available housing supply. In 2019, California passed a package of bills designed to streamline the zoning and permitting processes for new ADUs. By 2022, the percentage of [permitted ADUs](#) rose 88% to 23,784 and the number of completed ADUs grew by 198% to 17,460.

While ADUs represent a fraction of the US total housing stock and take up of additional units will likely be slow due to limited options to finance ADU construction, their inclusion as a by-right use of property expands options for families wishing to live intergenerationally or for small families or single people wishing to live in lower cost accommodation.

A recent PEW [survey](#) found over 70% of Americans support allowing “apartments over garages or in backyards” and allowing “conversion of basements and attics to apartments”. In our November 2024 voter poll, Texas 2036 found that Texans overwhelmingly support allowing ADUs as an infill housing solution.

**Do you agree or disagree that homeowners should have the right to build an additional home, such as a garage apartment or tiny home, on their own property?**



November 2024 Texas 2036 Voter Poll .

Due to rounding, percentages may not add to 100.

# 6. Single Stair Buildings & Code Requirements

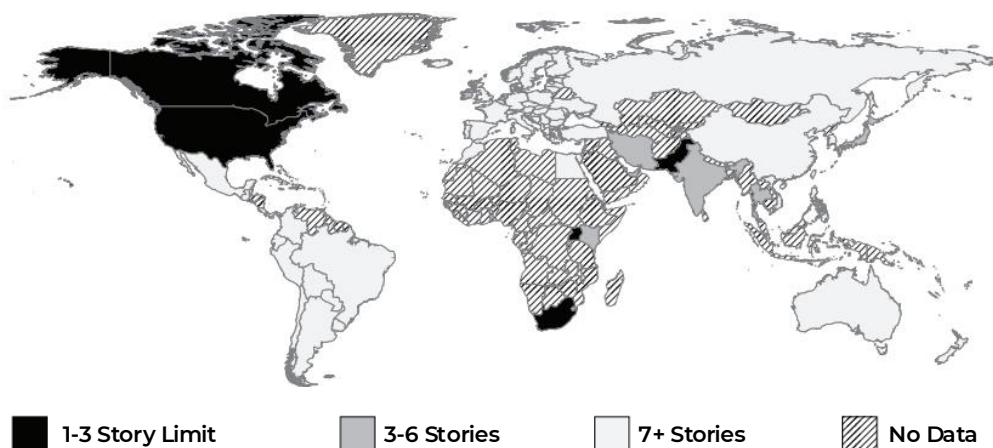
*Single stair buildings are a widely used building typology that allows for small multifamily apartment buildings to be integrated into the existing urban fabric. While these buildings are ubiquitous in most of the world, their usage is limited in the United States*

Single stair buildings are small scale multi-family housing units that are generally built with a small number of apartments per floor, all served by a single stairwell. This building typology is used widely across the globe, but in the United States they have a limited presence due to restrictions imposed by the International Building Code- a model design and building code that is used almost exclusively in the United States.

The International Building Code (IBC) dictates that for most multi-family developments, each unit is required to have access to two means of egress (stairwells) connected by a fire rated corridor. Under the IBC, multi-family development is allowed to be serviced by a single stairwell only if the building is one to three stories tall. Only five countries –Uganda, South Africa, Pakistan, Canada and the [United States](#) place such a restriction on single stair buildings.

Texas state [statute](#) designates the International Building Code as it existed in May 2012 as the municipal commercial building code for most multi-family properties. While municipalities may update the version of the IBC they use independently, in the intervening 13 years since the 2012 versions were designated as the state building codes, innovation in building materials, land use and popular sentiment towards housing construction has changed.

## Legality of Single-Stair by Number of Stories



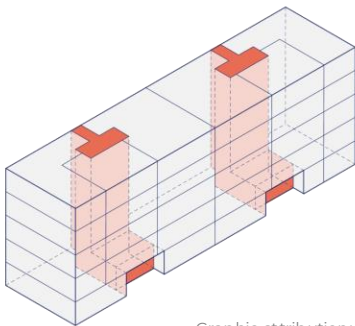
Source from City of Vancouver Report on Point Access Blocks (Eliason, 2021). And from Second Egress: Building a Code Change



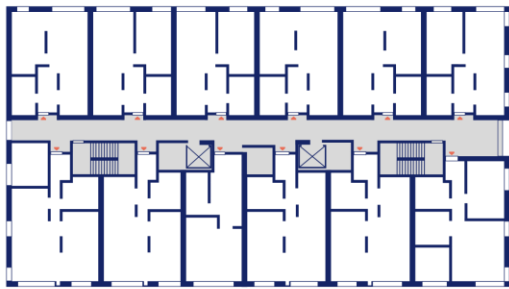
In the United States, to meet the multi-staircase requirement, apartment complexes are often built using double-loaded corridors with apartment units on both sides of a windowless hallway. Double-loaded corridor buildings suffer from limited floor plan flexibility, no cross-ventilation, and limited natural light. Unit floor plans that work in these buildings often have windows on only one side of the apartment, and frequently half of the units do not receive direct sunlight. To offset the loss in rentable space that is taken up by the second stairwell, and to take advantage of the economies of scale (a development of six stories is no more administratively complex than a building of five stories) **double-loaded corridor buildings must be large**. According to a joint Boston Indicators and Harvard University [report](#), “typical residential floor plates... need to be at **least 14,000 gross square feet** to meet financing underwriting requirements in most North American markets.” In sum, the single-stair prohibition means that multi-family apartments are only economically feasible at great density.

Conversely, a “single-stair” or “point access block” building allows multifamily buildings to exist on a **smaller scale on smaller lots – more housing with less density**. Single stair buildings can achieve 95% floor plate efficiency, compared to a low of 80% efficiency for double-loaded corridors. These smaller apartment buildings fit more cohesively within existing neighborhoods, have better cross-ventilation and energy efficiency, and, with access to more light on multiple sides of a unit, family-sized units with more bedrooms can be built.

In recognition that allowing single-stair buildings would provide a route for additional “missing middle” housing to be built where in high-demand areas, many municipalities and states are filing legislation to circumvent the IBC’s restriction on single-stair buildings. According to the Center for Building in North America, California, Colorado, Connecticut, Minnesota, New York, Oregon, Pennsylvania, Rhode Island, Tennessee, Virginia, Washington and Wyoming have embarked on efforts to increase usage of this building typology. Tennessee may provide a template for further statewide measures. Tennessee Senate Bill 2834, which became state law in the Spring of 2024, provides a path for municipalities to allow buildings up to six stories with a maximum of four units per floor to be served by a single stair.



Graphic attribution: Larch Lab



Graphic attribution: Larch Lab



### What could the usage of single-stair buildings actually produce?

The single-stair project pictured to the right contains 23 units on a 3,760 sq ft lot. If one percent of the 247,485 single family residential properties in the city of Fort Worth (whose smallest single-family minimum lot size is [3,500 sq ft](#)) was upzoned to allow for a similar building to be built, nearly 60,000 units of housing could be added in the city of Fort Worth alone.



### A note about fire safety

The most prevalent opposition to expanding the usage of single-stair buildings comes in the form of concerns about fire safety. It is true that the widespread usage of stick-built housing, a more flammable substance than the masonry or concrete used predominantly in European countries, required significant diligence to manage fire risks in the mid-twentieth century when the “two means of egress” requirements arose. However, advances in technology, materials, and fire safety measures have reduced fire-related risks, perhaps mitigating the need for extra safety measures such as multiple staircases. Requiring sprinkler systems, for example, may be a more effective protection against fire danger: Boston Indicators and Harvard report that 91% of fires occur in buildings without sprinklers and 99% of home fire deaths occur in buildings without sprinklers.

The legality of single-stair buildings does not correlate with an increase in fire deaths. In fact, with a rate of 1.11 per 100,000 residents, the United States has one of the highest rates of fire-related death in the world. The US fire death rate is over twice that of Great Britain, five times that of Switzerland and 55 times higher than the fire death rate of Singapore – all countries where single-stair buildings greater than three stories are permitted.

# 7. Parking Minimums

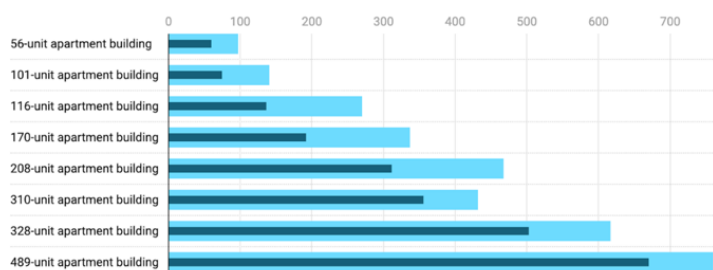
*When municipalities, not the market, make decisions about parking, land is underutilized, and high costs are passed to consumers.*

Parking minimums are municipal standards governing how many parking spaces must be included in residential and commercial development. These minimums can cause property owners to dedicate more of their land to parking than they would in the absence of the requirement, crowding out other, more productive uses. For example, as the chart to the right shows, when Austin loosened parking requirements, the market produced fewer parking spaces than the city had previously demanded. By allowing property owners – instead of city central planners or municipal governments – to determine how much parking they (and their customers) need, property owners can minimize wasted land, optimize productive use, and ensure that the expense of unneeded parking is not passed on to their customers.

## Without parking requirements, developers build fewer parking spots

Since 2019, the Austin City Council has let developers build as much parking as they want as long as they build homes for low-income people. This program gives us a sense of what might happen across the city.

- Previously required parking minimums
- How many parking spots were built or are under construction



This data has been pulled from development plans submitted to the city. This is a sample of the 14 projects KUT analyzed.  
Chart: Audrey McGlinchy • Source: City of Austin • [Get the data](#) • Created with [Datawrapper](#)

### → Parking is expensive to build

According to the City of Austin, surface parking spots cost \$5,000-\$10,000 each and structured parking costs \$25,000-\$60,000 per spot. These costs are passed on to the home purchaser or customers, regardless of whether the customer wanted or needed the spot.

### → Parking requires a lot of space

A single parking spot requires about 150 sq feet for the spot itself, though planners recommend allotting 350 sq feet per spot to account for buffer, turning zones, aisles, etc. In residential development, parking minimums are generally tied to the number of bedrooms in a unit. In many municipalities, setback limits (how far from the street a building or feature needs to be located) necessitate additional off-street parking.

### → Parking minimums are arbitrary

Parking minimums are not calculated based on observed patterns of parking usage but instead on arbitrary metrics like the square footage of a business, the number of students in a classroom, residents in a fraternity house, patient beds in a hospital, seats in a church, lanes in a bowling alley, plots in a cemetery or holes on a golf course. Arbitrary measures are less responsive to observed reality than the property owners themselves.

### → Parking minimums add up, demanding a significant amount of land in aggregate

Substantial percentages of some downtown areas in Texas are devoted to parking. According to the Parking Reform Network, over one quarter of many Texas cities is dedicated to off-street parking. The graphics on the following page show several cities across the state where parking dominates their downtowns. When such a considerable percentage of real estate is dedicated to a function, public policy should be sure that this function is actually needed.



Graphics sourced from the Parking Reform Network



In A-5 single-family zones in Fort Worth -- one of the zones in the city that has the smallest minimum lot size requirement -- two off-street parking spots are required. If setback requirements won't allow a garage to be built abutting the street, in a neighborhood like the one pictured the right, we can estimate that approximately 900 sq ft are devoted to parking on the property.



## 8. Zoning Restrictions

*When commercially zoned areas cannot be used as residential areas, cities limit availability of land that can be used for the creation of housing in a way that is palatable to incumbent residents.*

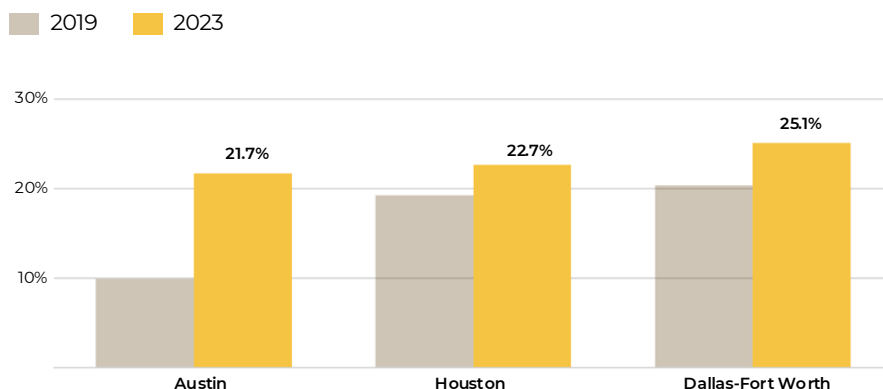
One strategy to enable additional housing units – especially multi-family units – in existing built-up areas like urban cores is to allow homes to be built in commercially zoned areas. This strategy allows almost anywhere to be a residential neighborhood. While allowing apartments in single-family zones often faces significant pushback from incumbent homeowners, converting commercial zoning to enable residential units is widely popular. The Pew Research Center [found](#) that 75% of Texans support allowing apartments to be built near “transit or job centers” and 68% support apartments near “offices, stores, restaurants”.

Florida Governor Ron DeSantis, whose state is suffering a housing crisis of a scale similar to Texas, signed into law the omnibus “Live Local Act” in 2023 that provided new pathways, funds, and incentives for housing development. Notably the bill requires municipalities to authorize residential development in any area zoned for commercial, industrial or mixed-use, provided that 40% of the new housing units meet certain state requirements for affordability.

In 2022, the city of Austin adopted a code change to similarly allow residential development in commercially zoned areas if 10% of the newly created units are designated affordable. In doing so, Austin expanded the lot availability for housing by a **significant 7,474 commercially zoned properties**. This housing incentive program was [struck down](#) by a Travis County judge a year later for procedural reasons. In 2023, as part of its wide-ranging package of pro-housing reforms, Montana passed SB 245, which allows multifamily residential development in commercially zoned areas in municipalities with a population greater than 5,000.

### Texas metros are seeing more office vacancy

Austin’s office vacancy rate has grown more than 11 percentage points since 2019. The rate in other metro areas in Texas have grown by just under 5 percentage points.



Note: This chart reflects vacancy rates in the third quarter of 2019 and 2023.

Source: CBRE

Credit: Victoria Stavish

In addition to allowing the development of commercial spaces for housing, some housing proponents have raised the possibility of converting underutilized commercial spaces like offices into multifamily housing – a prospect supported by 71% of Texans. The concept has garnered significant bipartisan support and could unlock over 170,000 units of multifamily housing in 15% of the nation’s commercial district office buildings. In Texas, such conversions may be a useful way to intensify land use in light of an office vacancy rate that has risen significantly since before the COVID pandemic, as seen in the graphic above from the Texas Tribune.

The financial feasibility of such conversions varies. Fannie Mae reports that there is likely more potential for complete redevelopment of a commercial space rather than an adaptive reuse of a space. As it becomes clearer in upcoming years whether work-from-home policies will shift, the desirability of such conversions may shift as well. That said, offering the option for conversion to housing could be a tool to consider in the housing abundance toolbox.

# Case Study: How Faith-Based Institutions Are Pioneering Efforts to Increase Affordable Housing

Nationwide, declining church attendance has left many congregations "land rich but cash poor," burdened with rising maintenance costs and underused buildings and spaces. To address financial shortfalls while serving their communities, many churches are repurposing this surplus land for affordable housing. The transformative potential that churches have for infusing additional housing into existing neighborhoods has led to the emergence of the "Yes In God's Backyard" (YIGBY) movement, which advocates for zoning exemptions that allow churches to build multifamily housing on their unused land.

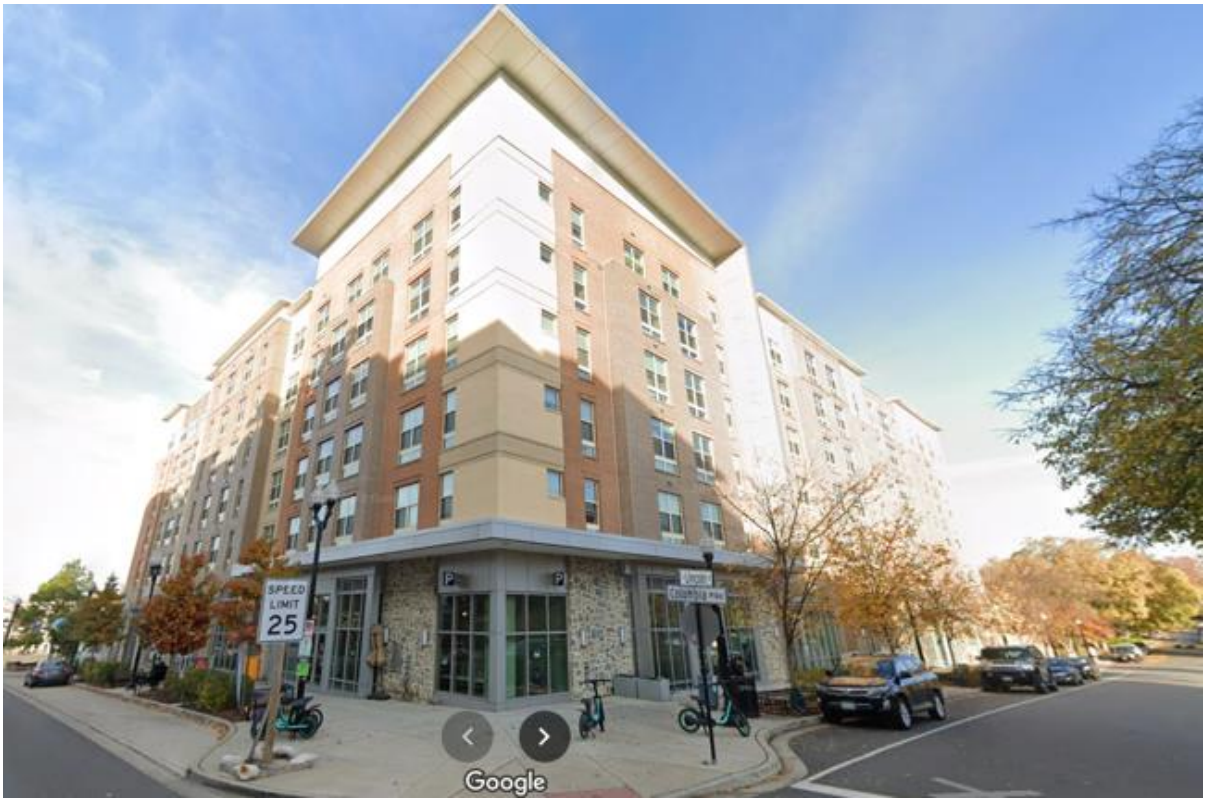
Supporting these housing efforts through policy is a relatively new effort. A pioneer of YIGBY was Clairemont Lutheran Church in San Diego, which in 2019 proposed building affordable housing over an existing parking lot but faced significant regulatory and administrative challenges in their attempt to do so. These hurdles prompted church and nonprofit leaders to formalize the YIGBY strategy, advocating for streamlined permitting processes that would expedite affordable housing development on nonprofit-owned land. Today, the official YIGBY nonprofit in San Diego aims to facilitate the construction of 3,000 affordable housing units in the region by 2025.

Recognizing the influx of housing (including income-restricted housing) that could be gained by streamlining zoning for church land, legislative efforts outside of Texas have progressed to encourage further development on church land. In 2023, California passed into law the Affordable Housing on Faith Lands Act, which overrides zoning restrictions and guarantees "by right" approval for homes built on faith-based or nonprofit land.

Even without the administrative and regulatory streamlining that policy makers could implement, faith-based organizations have been transforming their underutilized spaces into housing for years and have provided an evidence-based use case for the potential of those properties. Arlington Presbyterian Church in Arlington, VA, for instance, sold its property to a developer after years of declining membership. The original building was demolished, and in its place, a 173-unit apartment complex was constructed, with space for the church on the first floor.



Arlington Presbyterian Church in Arlington, VA, Developed an Affordable Housing Project on its property. (Arlington Presbyterian Church/Wikimedia Commons)



As congregations already take steps toward housing development, streamlining the process could unlock tens of thousands of buildable acres.

In Texas, precise data on church land available for housing is limited, though in San Antonio alone, Good Acres, an organization in San Antonio created to help churches take better advantage of their existing property to serve their faith communities, estimates there are **3,000 acres** of underutilized church property that could be repurposed to provide community benefits like affordable housing for Texas families.



Good Acres is an effort to work with churches to mobilize them to meet the need of the housing challenges in San Antonio... churches want to be doing this work but they may not always know exactly where to plug in. So we're working with churches across the city of San Antonio to help them figure out what their place is in the spectrum of addressing housing affordability.

**Ramiro Gonzalez**

Community Development Consultant  
Mission Affordable





TX 20  
53  
36