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Housing Solutions

An Overview



For decades, Texas has enjoyed strong economic and population growth, sustained in part by its abundance of housing affordable for middle class 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.

As Texas balances on the edge of a housing affordability crisis, the Legislature has shown an appetite for addressing the issue by considering a novel approach: address the economic levers affecting the usage 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 in May 2023, recognition that housing unaffordability is a supply issue has gained momentum on the national stage. Decision makers at the city, state and federal levels have considered policies designed to infuse the market with additional units of all kinds. Texas can take advantage of this growing momentum in the 89th Session to retain its position as a leader in affordable living. The recommendations that follow are focused primarily on actions that will allow the markets for land and housing to respond to an increasingly diverse set of demands from housing consumers.

Recommendations to Improve Housing Affordability

I. Reduce Barriers to Development

- **Reduce Minimum Lot Sizes:** By reducing minimum lot sizes, the market can respond to demand for housing in a particular area by creating more of it, allowing more people to afford to live in their chosen area. Houston offers a great example of the concept.
- **Eliminate Minimum House Sizes:** Minimum house size requirements inefficiently and expensively compel the construction of larger homes than would otherwise be demanded by the market. This results in higher home costs.
- **Reform the Tyrant's Veto:** The tyrant's veto gives outside, 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.

II. Empower Property Owners to Build Housing

- **Enable Additional Development by Utilizing Floor to Area Ratio Parity:** Homeowners should have the right to use their own land as intensively as their neighbors.
- **Allow Homeowners to Build ADUs by Right:** Allowing homeowners to build additional living spaces on their property by right in the form of an accessory dwelling unit (ADU) is one of the most practical and easy-to-implement options for reforming land use and enabling existing homeowners to create additional housing.

III. Promote Innovative Building Typologies

- **Allow Construction of Single Stair Buildings:** 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.

IV. Optimize Land Use and Parking Policies

- **Allow Property Owners to Determine the Parking They Need:** When municipalities, not the market, make decisions about parking, land is underutilized, and high costs are passed to consumers.
- **Allow Residential Units to be Built in Commercially Zoned Areas:** When commercial areas can be used as residential areas, cities can prioritize the creation of housing in a way that is palatable to incumbent residents.
- **Ease Administrative Barriers for Faith-Based Institutions to use their Land for Housing:** For many years, churches have worked to convert their underutilized land to housing. Easing zoning and regulatory restrictions for those projects supports organizations with a proven track record of serving their communities.

Reduce Minimum Lot Sizes

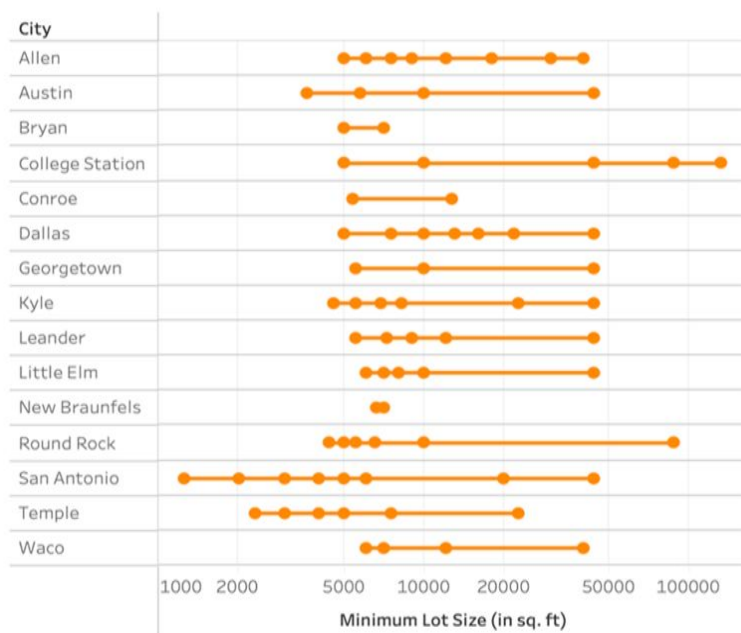
By reducing minimum lot sizes, the market can respond to demand for housing in a particular area by creating more of it, allowing more people to afford to live in their chosen area. Houston offers a great example of the concept.

Minimum lot size requirements, one of the nation's most ubiquitous zoning elements, were proliferated widely by municipalities in the decades following World War II. A modern review of the negative consequences of these regulatory requirements – namely that such minimums set a 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 do not need to purchase more land than they need, others widely utilize these regulations, sometimes requiring single family homes to sit on lots as large as a full acre. The data shows that minimum lot sizes can impede market demands for smaller, cheaper lots; and a reduction in those minimums leads to the proliferation of more affordable single-family homes.

The city of Houston provides an excellent example of how lowering minimum lot sizes allows for the construction of unique homes responsive to market demands. In the 1990s, Houston lowered its minimum lot sizes to as low as 1,400 sq feet in some cases. This process began in the city's urban core and then later expanded to the rest of the city. As a result, 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 – were able to be developed. In an article published by NYU's Furman Center entitled "Here Come the Tall Skinny Houses: Assessing Single-Family to Townhouse Redevelopment in Houston, 2007-2020", researchers found 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 lead researcher on the article, University of Texas professor Dr. Jake Wegmann, summarized the reforms succinctly by saying that a robust supply response exists, 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".

Minimum Lot Sizes Across Texas



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

Eliminate Minimum House Sizes

Minimum house size requirements inefficiently and expensively compel the construction of larger homes than would otherwise be demanded by the market. This results in higher home costs.

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. Since building codes already regulate floor plan square footage for safety, zoning for a specific house size is redundant, and only serves as an exclusionary tool in a very similar vein to minimum lot sizes.

Minimum Lot and Minimum House Sizes of Single-Family Residences by Zoning Classification

Measure Names: ■ Min Lot Sq Ft ■ Min House Sq Ft



According to the Federal Reserve Bank of St. Louis, the square footage of the median house has declined by 48 square feet in eight years – from 1,927 square feet in July 2016 to 1,869 sq feet in July 2024 -- showing the market's desire for smaller homes. This trend is especially evident in the size of newly constructed homes. Real estate research firm Parcl 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 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, where minimum home sizes reach 2,000 sq ft in some single-family zones.

Neighborhoods of small homes, like Elm Trails in San Antonio (pictured below) which consists of single-family homes ranging in size from 330-660 sq ft at a price point under \$200,000 are filling a crucial need for affordable opportunities for home ownership. Such developments are currently prohibited in many cities around Texas.

Single Family Homes in the Elm Trails Neighborhood of San Antonio



Reform the Tyrant's Veto

The tyrant's veto gives outside, 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” – sometimes referred to as the “valid petition” is a nearly 100-year-old state statute governing the public input process for Texas municipal zoning decisions. State statute 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 city council of 7, 6 members must vote in favor of a project to override a valid petition, 9 out of 11 members, etc. Notably, despite the local impact, reform of the tyrant's veto requires amending **state statute**.

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, even a small number of petitions can have an outsized effect on limiting the growth of potential housing stock.

Case Study

As recently as September 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.

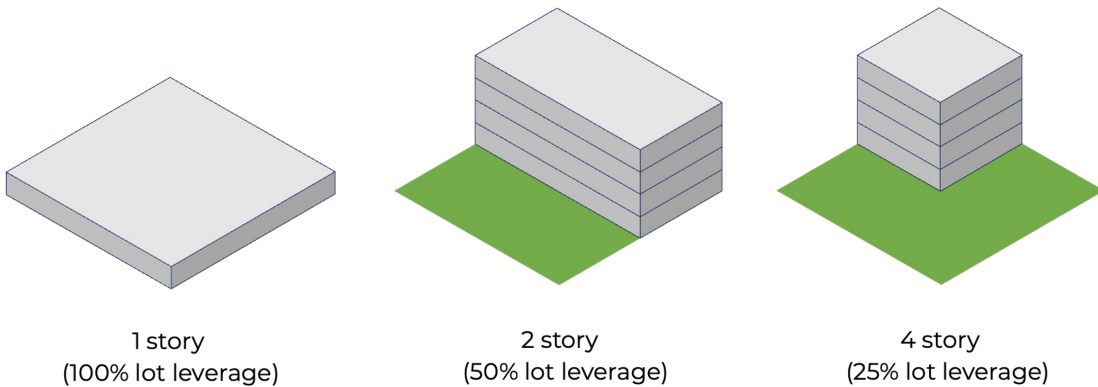
The apartment project was blocked by the vote of just 4 of the 11 Councilmembers, a perfect example of how the neighbor veto enables an undemocratic minority to inhibit private property rights.

Enable Additional Development by Utilizing Floor to Area Ratio Parity

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

Under current law, if a property owner wishes to add an additional unit to their property, they (depending on the municipality) 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. To provide a counterbalance to the “tyrant’s veto”, state statute could provide property owners with the right to build to the largest floor to area ratio (FAR) within 200 feet of their own property (the same boundaries that apply to the neighbor veto) without seeking a zoning change to do so.

Floor Area Ratio (FAR)
An example of 1.0 FAR



The floor to area ratio is a measurement of a building’s footprint in relation to the size of the lot it sits on. It’s a zoning calculation used by municipalities to govern the scale of buildings or the intensity of land use. By ensuring that neighbors cannot prevent homeowners from building up to the highest existing FAR within 200 feet of their property, 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. Because this mechanism relies on existing, already approved local structures, neighbors cannot fairly object that it would change the character of the neighborhood.

Example

In the scenario below, 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 owner of 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.



Where would this be used?

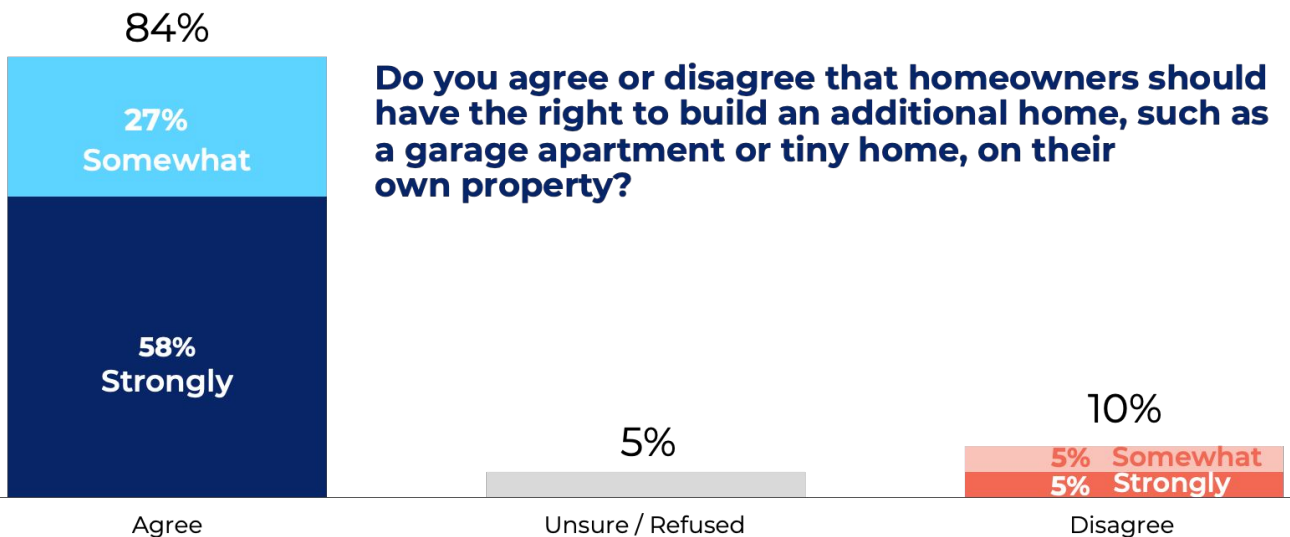
The potential of FAR equality lies in older neighborhoods with large differences in existing home sizes. In a new build community where homes are relatively uniform, differences in FAR would likely not be great enough to entice additional construction. Because zoning changes are directly tied to the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

Allow Homeowners to Build ADUs by Right

Allowing homeowners to build additional living spaces on their property by right in the form of an accessory dwelling unit (ADU) is one of the most practical and easy-to-implement options for reforming land use and enabling existing homeowners to create additional housing.

ADUs – often used for caregivers, grandparents, or adult children getting their start – are a popular way to ease housing shortages in high demand areas. 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”. ADUs allow the market to accommodate the unique needs of some families (particularly important as our population grows older). According to a survey of ADU owners in the Pacific Northwest, 60% of ADUs are used as long-term rentals, showing that inclusion of such units creates 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 mere fraction of 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.



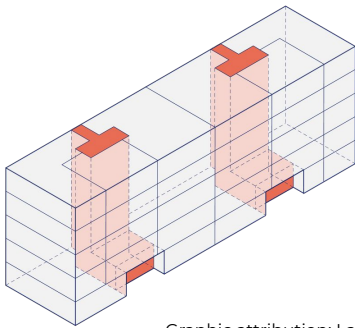
Question taken from Texas 2036 8th Voter Poll. Due to rounding, percentages may not add up to 100%.

Allow Construction of Single Stair Buildings

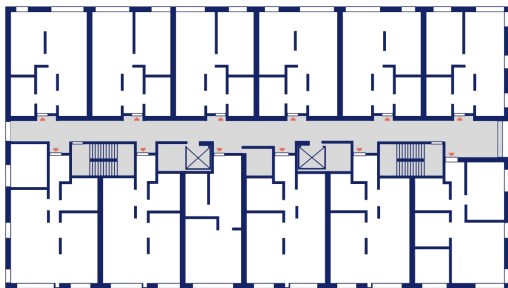
Single stair buildings are a widely used building typology that allows for small multifamily apartment buildings to be integrated into the existing urban fabric. While these buildings are ubiquitous in most of the world, their usage is limited in the United States.

The International Building Code (the code designated in Texas statute as the municipal commercial building code for most multi-family properties) 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. Multi-family development is permitted to be serviced by a single stairwell provided the building is one to three stories tall – a height limit so restrictive that it is used by only Uganda, South Africa, Pakistan, Canada and the United States.

To meet this requirement, apartment complexes are often built using double loaded corridors with apartments on either side of a windowless hallway. Double loaded corridor buildings suffer from limited floor plan flexibility, no cross ventilation, and limited natural light. It is often the case that apartments in these buildings have windows on only one side of the apartment, and typically half the units never see direct sunlight. To offset the loss in rentable space from the means of egress, 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 – these **double loaded corridor buildings are 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.”



Graphic attribution: Larch Lab



Graphic attribution: Larch Lab



Conversely, a “single stair” or “point access block” building allows multifamily buildings to exist on a smaller scale on smaller lots. 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 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 an ideal template for further statewide measures. Tennessee Senate Bill 2834, which became 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.

What could the usage of single stair buildings produce?

The single stair project pictured to the right in Seattle contains 23 units on a 3,760 sq ft lot. If, for example, 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 the Seattle building to be built, nearly 60,000 units of housing could be brought to the city of Fort Worth alone.



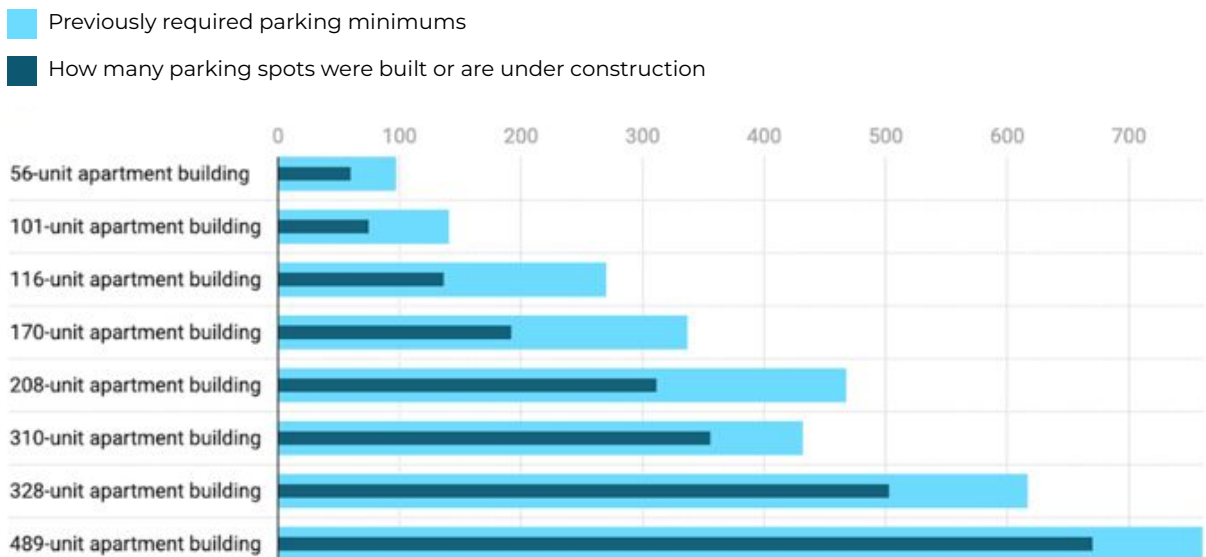
Allow property owners to determine the parking they need

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 include in residential and commercial development. These minimums can lead to an overabundance of parking built on land that has better and higher uses. For example, as the chart below shows, when Austin loosened parking requirements, data from the city and analyzed by KUT shows that the market produced fewer parking spaces than the municipality demanded. By allowing property owners (instead of city planners or municipal governments) to determine how much parking they need we can minimize wasted land and ensure that the expense of unnecessary parking is not passed on to consumers.

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.



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](#)

While parking may be seen as a byproduct of housing or commercial development, it has significant impacts on the built environment:

- **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 to the home purchaser or other customers.
- **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 prescriptive** and 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.

Example

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. Setback requirements won't allow a garage to be built abutting the street, so in a neighborhood like the one pictured to the right, an estimated 900 square feet of the property are devoted to parking.



Allow residential units to be built in commercially zoned areas

When commercial areas can be used as residential areas, cities can prioritize the creation of housing in a way that is palatable to incumbent residents.

A widely popular strategy to infuse existing built-up areas like urban cores with multi-family housing is to allow homes to be built in commercially zoned areas – allowing anywhere to be a residential neighborhood. While allowing apartments in single-family zones often faces significant pushback from incumbent homeowners, converting commercial zoning to residential 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, which is suffering housing challenges on a scale similar to Texas, passed 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 40% of the new housing units meet certain state requirements for affordability.

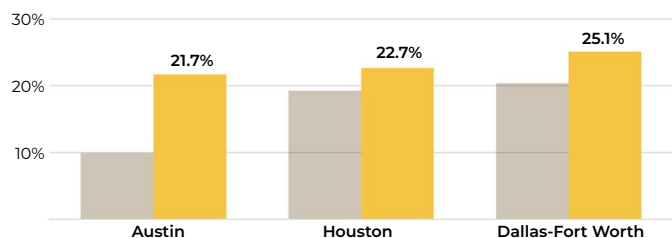
In 2022, the city of Austin adopted a code change to similarly allow residential development in commercially zoned areas if 10% of the newly created units are designated affordable. In doing so, Austin expanded the lot availability for housing by **a significant 7,474 commercially zoned properties**. This housing incentive program was struck down by a Travis County judge a year later – the City of Austin did not follow the procedures lined out in the valid petition statute. 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. Implementation of that bill has also been delayed due to a lawsuit.

In addition to allowing the development of commercial spaces for housing, some housing advocates have promoted 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 below from the Texas Tribune. The financial feasibility of such conversions varies, and Fannie Mae reports that there is likely more potential for complete redevelopment of a commercial space rather than an adaptive reuse of a space, but as the potential permanence of work-from-home policies become more clear in the ensuing months and years, offering the option for conversion to housing should be considered a tool in the housing abundance toolbox.

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.

■ 2019 ■ 2023



Note: This chart reflects vacancy rates in the third quarter of 2019 and 2023.
Source: CBRE
Credit: Victoria Stavish

Ease administrative barriers for faith-based institutions to use their land for housing

For many years, churches have worked to convert their underutilized land to housing. Easing zoning and regulatory restrictions for those projects supports organizations with a proven track record of serving their communities.

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 are now underway to encourage further development on church land. In October 2023, California Governor Gavin Newsom signed 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. Additionally, in March 2024, Senator Sherrod Brown of Ohio introduced the Yes In God's Backyard Act, which would provide technical assistance and grants to faith-based institutions and colleges seeking to develop affordable housing on their land.

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

In Texas, precise data on nonprofit and church land available for housing is limited, though in San Antonio alone, Good Acres, a mission of San Antonio based nonprofit the Impact Guild, estimates there are 3,000 acres of underutilized church property that could be repurposed to provide community benefits like affordable housing for Texas families.



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