

# Texas Senate Bill 15:

How New Minimum Lot Size Rules Could  
Reshape Single-Family Development

*September 2025*

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Texas is changing the rules for single-family development, setting the stage for a shift in how land is valued and competed for. A new state law, which took effect September 1, will allow smaller lots and remove some of the most common local barriers to building. The change opens the door for higher-yield projects, new formats and fresh possibilities for sites that didn't pencil under past zoning constraints. For example, a 50-acre site previously limited to 80 homes could now hold up to 560 homes on smaller lots, lowering the land cost per home and improving project feasibility.

### How SB 15 and SB 840 Fit into the Bigger Picture

Texas Senate Bill 15 (SB 15) is part of a broader legislative push to expand the Texas housing market by making more sites viable for development. The complementary Texas Senate Bill 840 (SB 840) tackles the same problem from the commercial side, allowing many non-residential zones to add multifamily or mixed-use without rezoning. Together, they expand the map for feasible projects.

	SB 15	SB 840
<b>WHERE IT APPLIES</b>	Single-family-zoned, unplatted tracts five acres or larger in cities with more than 150,000 people located in counties with more than 300,000 people	Commercial, office, retail and mixed-use zones in cities with more than 150,000 people located in counties with more than 300,000 people
<b>MAIN CHANGE</b>	Caps minimum lot size and removes certain small-lot design limits	Allows multifamily and mixed-use by right in those commercial zones
<b>ZONING OVERRIDE</b>	No, works within existing single-family zoning	Yes—no rezoning or public hearings if standards are met
<b>CITY APPROVAL</b>	Normal plat and permit process	Administrative approval if requirements are met
<b>PARKING &amp; DESIGN</b>	Cities cannot over-require parking, setbacks, bulk and similar limits on small lots	Caps parking at one space per unit; limits setbacks and buffers
<b>DENSITY &amp; IMPACT</b>	Cities may no longer enforce minimum lot sizes above 3,000 square feet	Density cannot be lower than the city's highest residential or 36 units per acre
<b>FEES</b>	Standard impact and permit fees apply	Fee and study relief for certain commercial-to-residential conversions



## Why SB 15 Matters

Affordability has been a key draw for people moving to Texas. If home prices don't stabilize, that could affect future migration. SB 15 aims to keep the state competitive by creating more housing opportunities:

- Unlock sidelined parcels where high land cost and low lot yields made projects unworkable
- Close the gap between seller expectations and builder pro formas by supporting higher density
- Give developers more leverage with municipalities without going through full rezoning
- Shift land-use competition by making certain sites more attractive than before
- Enable new formats such as small-lot single-family, townhomes and duplexes while maintaining livability

## What This Looks Like on the Ground

To see how SB 15 might change development in practice, I connected with Connor Duggan, Land Acquisition Manager at UnionMain Homes.

"The biggest effect I see from this is that we can squeeze more lots into each project assuming the city grants the proper zoning. I'm truly curious to see how it plays out."

SB 15 applies to Texas municipalities with a population over 150,000 that are wholly or partly located in counties with populations over 300,000. Based on recent census and population estimates, here is a list of cities that meet this criteria and are therefore expected to be impacted by SB 15.

### DALLAS-FORT WORTH METROPLEX

Arlington

Dallas

Fort Worth

Frisco

Garland

Grand Prairie

Irving

McKinney

Plano

### AUSTIN METRO AREA

Austin

Round Rock

### SAN ANTONIO METRO AREA

San Antonio

Corpus Christi

### OTHER CITIES

El Paso

Lubbock

## Hypothetical Land Value Comparison

TOTAL PARCEL SIZE	50 acres	50 acres
LOT SIZE	3,000 SF Lots (±14 UPA)	21,780 SF Lots (±2 UPA)
PROJECTED LOT COUNT	560	80
PROJECTED HOME PRICE	\$250,000	\$850,000
PRICE PER PAPER LOT	\$12,800	\$50,000
TOTAL LAND VALUE	\$7,168,000	\$4,000,000

#### Footnotes:

\* Paper lots are entitled residential lots, which are typically acquired by horizontal developers and homebuilders.

\* Projected Lot Count assumes 20% of total parcel size designated for infrastructure.

\* UPA refers to Units Per Acre.

## What Developers Should Watch

- Reevaluate land portfolios for tracts that meet SB 15's criteria
- Track how cities adjust their codes to comply with SB 15
- Engage a commercial real estate advisor early to identify opportunities
- Consult a land-use attorney to navigate local interpretations
- Explore pairing small-lot single-family with townhomes or duplexes
- Look for ways to combine SB 15 with SB 840 on nearby commercial parcels



## Final Thoughts

SB 15 isn't going to solve Texas's housing shortage overnight, but it's a meaningful step in the right direction. It gives developers more flexibility to make sites work that were previously sidelined by unreasonable lot requirements.

The next few months will be about watching local interpretations, moving quickly when opportunities open and engaging the right advisors to navigate any new rules.

*If home prices don't stabilize, that could affect future migration. We are thrilled to see this new policy in action!"*

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