

To: City Council

From: Nicole A. Hamilton Corr, City Attorney

Cc: Ben Williamson, City Manager  
Jawaria Tareen, Deputy City Manager

Date: September 9, 2025

Re: 89<sup>th</sup> Texas Legislature - Significant Municipal Legislation Summary

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**The information below is an excerpt of the latest update presented by the City Attorney at City Council's September 16, 2025, meeting related to H.B 2464 (No-Impact Home-Based Businesses).**

**NO-IMPACT HOME-BASED BUSINESSES**

[H.B. 2464](#) limits city authority to regulate “no-impact home-based businesses.” H.B. 2464 took effect on June 12, 2025. Under the bill, a city may not adopt or enforce an ordinance, regulation, or other measure that: (1) prohibits someone from operating a no-impact home-based business; (2) requires someone to obtain a license, permit, or approval to operate a no-impact home-based business; (3) requires someone to rezone a property for non-residential use to operate a home-based business; or (4) install a fire-sprinkler system to operate a home-based business within a single-family detached home or multi-family residential property with two or fewer units.

A “no-impact home-based business” is a home-based business that: (1) at any time on the property where the business is operated, has a total number of employees and clients at the property does not exceed a city’s occupancy limits; (2) does not generate on-street parking or a substantial increase in traffic in the area; (3) operates in a manner in which none of its activities are visible from the street; and (4) does not substantially increase noise in the area or violate a city noise ordinance, regulation, or rule.

H.B. 2464 chiefly prohibits a city from adopting or enforcing certain regulations for a no-impact home-based business. With regard to a “regular” home-based business, the bill provides that a city may not adopt or enforce a measure that requires a person that operates a home-based business to: (1) rezone the property for a non-residential use; or (2) install a fire sprinkler protection system if the residence where the business is operated consists only of a single -family residence or multi-family residence with not more than two residential units.

H.B. 2464 expressly allows a city to require that all home-based businesses (regular and no-impact home-based businesses) comply with all other federal, state, and local laws, including: (1) city fire and building codes; (2) city health and sanitation regulations; (3) city transportation or traffic control regulations; (4) city solid or hazardous waste regulations; and (5) city pollution and noise control regulations.

All home-based businesses must also be compatible with the residential use of the property, and the business use must be secondary to the residential use of the property. A city may also limit or prohibit a home-based business that sells alcohol or illegal drugs, is structured as a sober living home, or is considered a sexually oriented business.

Additionally, H.B. 2464 expressly does not prohibit homeowners' associations from enforcing private deed restrictions or rules and does not prohibit a city from adopting or enforcing local short-term rental ordinances or regulations.