

LEGISLATIVE HOUSING CHANGES

SB 245 – Revise municipal zoning to allow multifamily and mixed use development

Sen. Daniel Zolnikov (R) SD 22

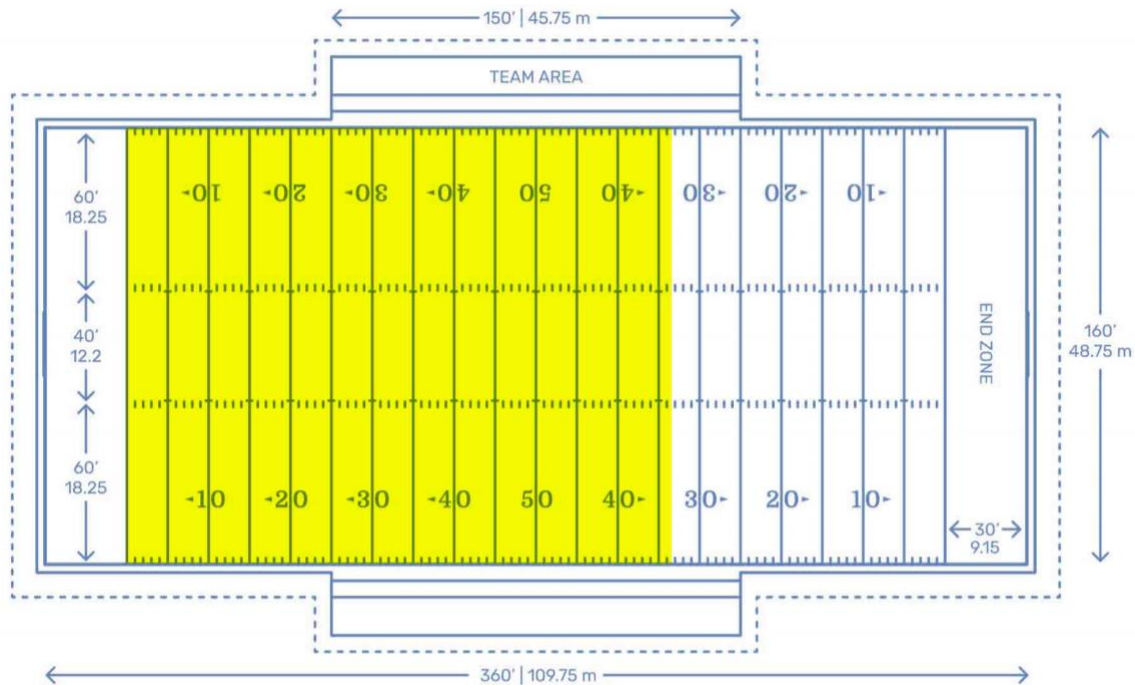
Effective: Immediately

This bill allows mixed-use development (in which nonresidential < 50% and limited to first floor) and multiple-unit (5+) dwellings by right in any commercial zone, allowing more housing to be built closer to jobs. It also limits parking requirements to one off-street spot per unit and accessible spots as required by ADA.

Impacts to Billings: Currently, Billings allows mixed-use dwellings in its CMU1 (corridor mixed use 1) and CMU2 (corridor mixed use 2) zones. This bill would allow multiple-unit dwellings by right in CMU1 and CMU2 zones and allow either mixed-use or multiple-unit dwellings in heavy commercial zones (found largely along Main Street and interstate).

The more important change for Billings is the reduction in parking requirements. Billings zoning code required 1.5 spaces per dwelling unit (du), plus another space for every 10 du in a multiple-unit structure. So, a 100 du structure would be required to have 160 parking spaces, and accessible parking spaces as required by ADA. This bill reduced that number to 100 parking spaces, and accessible spaces per ADA. When it comes to mixed-use development, Billings zoning code required 2 parking spots per du. Thanks to SB 245 a mixed-use development with 100 dwelling units will now only have to provide 100 parking spots (with ADA spots made available) instead of Billings' previously required 200.

Why it's important: **Parking mandates prioritize homes for cars over homes for people.** In the example above, the 100-unit mixed-use development will now require 100 fewer parking spaces, a land area savings of approximately 32,000 sq ft (100 spaces x 320 sq ft / stall avg.). That's 2/3 the length of a touchdown drive!!!



Studies show reducing parking mandates leads to more housing and more business. See this American Planning Association article: <https://www.planning.org/planning/2022/spring/a-business-case-for-dropping-parking-minimums/>

BTW: The National Parking Association, North America's leading parking trade organization, "supports reducing or eliminating outdated and costly minimum parking space requirements and allows free-market developers to set parking minimums based on demand."

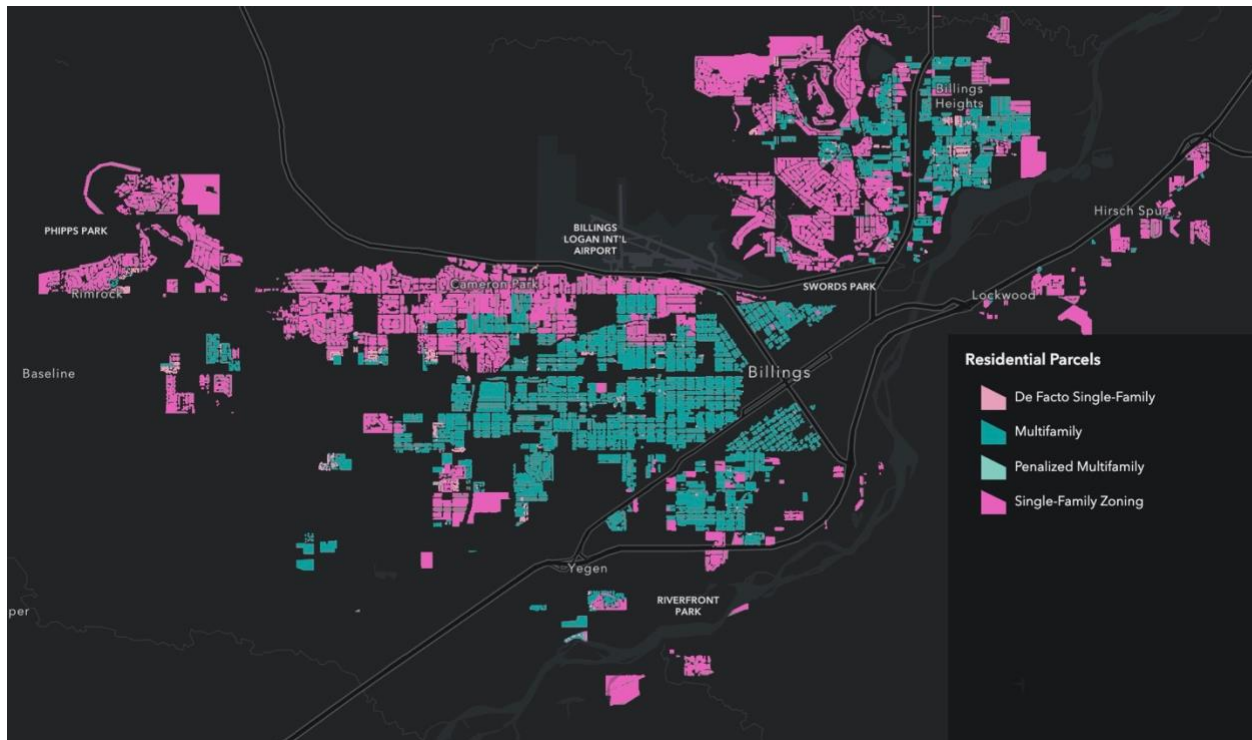
LEGISLATIVE HOUSING CHANGES

SB 323 - Allow for duplex, triplex, and fourplex housing in city zoning
Sen. Jeremy Trebas (R) SD 13
Effective: January 1, 2024

This bill eliminates exclusionary zoning by allowing duplex homes (though not Tri-and four-plex) to be built on a lot. Many local zoning codes mandate exclusionary zoning throughout a majority of residential areas, including Billings, making housing less available and more expensive. The Governor's Housing Task Force identified this as **recommendation (3B)** in its final report. The bill also prohibits local governments from imposing regulations on duplex development that is more restrictive than on single-family housing.

Impacts to Billings: *Billings' N3 suburban residential zone is single-family only, known as exclusionary zoning. Once the bill goes into effect, property owners in the N3 zones will be allowed to develop or redevelop duplex housing by right.*

Why it's important: *Exclusionary zoning constitutes a majority of Billings' residential zoning. These are large lots that require the most expensive form of housing be built on the lots. With a majority of Billings residential land required to be the least dense, most expensive housing, is it any wonder why we face housing undersupply challenges? Interestingly, while SB 323 will allow for additional housing to be built on a lot, the zoning requirements still require no more than 40% of the lot be built on, leaving 60% to NOT housing. We have a policy prescription for housing unaffordability.*



An opinion article in the American Journal of American Planning points out, "Most American cities have a zoning designation prohibiting all development except detached single-family homes. Many cities apply this designation to most of their land. We think this designation, usually called R1, should not exist. R1 is inequitable, inefficient, and environmentally unsustainable. It lets a small number of people amass disproportionate property wealth, excludes many others from high-opportunity neighborhoods, and forces others to pay more for housing than they should (Lens & Monkkonen, 2016; Reeves, 2017)." <https://www.tandfonline.com/doi/full/10.1080/01944363.2019.1651216>

LEGISLATIVE HOUSING CHANGES

SB 528 – Revise zoning laws related to ADUs

Sen. Greg Hertz (R) SD 6

Effective: January 1, 2024

This bill eliminates restrictions to allow an ADUs on any property that also includes a single-family dwelling. In addition, it prohibits governments from placing certain restrictions on ADUs such as owner occupancy requirements, additional parking for the ADU, and onerous development standards. Detached ADUs may be 75% of the gross floor area of the single-family dwelling or 1,000 sq. ft., whichever is less.

Impacts to Billings: *This bill makes significant changes to Billings' ADU zoning.*

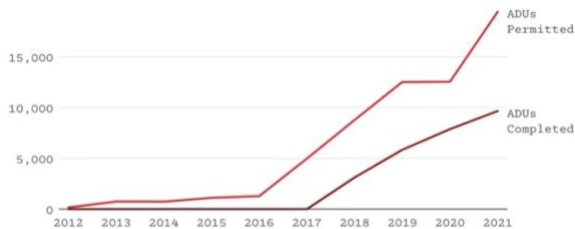
CURRENT CODE	LEGISLATIVE CHANGE
ADUs allowed by right in N1, N2, but N3 (majority of residential zoning) requires special review	ADUs allowed by right on all lots that contain a single-family dwelling
Requires minimum lot size of 3,000 sq ft for lots with both primary dwelling and ADU	Removes requirement for minimum lot size
Requires owner occupancy in either the primary dwelling or ADU	Removes owner occupancy requirement
Gross floor area limited to 80% of primary dwelling or 750 sq ft whichever is less	Raises to 80% of primary dwelling unit or 1,000 sq ft, whichever is less
Requires ADUs to maintain architectural design, style, appearance of primary structure	Removes design conformity requirement
Requires additional off-street parking	Removes additional parking requirement

Why it's important: *AARP's The ABCs of ADUs points out on page 14:*

Rules that discourage ADUs

- ADU-specific regulations that don't apply to primary dwellings (e.g., owner-occupancy requirements)
- Complex design compatibility criteria and approval steps
- Off-street parking requirements beyond those required for the primary dwelling
- Restrictions that limit ADUs to certain areas, particular zoning categories or to large lots
- Caps on square footage relative to the primary house that make it easy to add an ADU to a large home but hard or impossible to add one to a small home

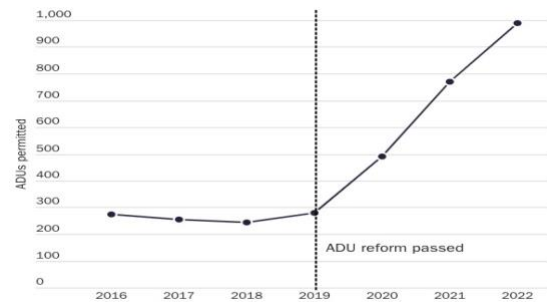
When local government regulations are removed, ADUs become a more appealing option for homeowners to provide a win-win for communities—additional income for the homeowner and additional housing for the community. A recent Atlantic article points out that after decades of attempting to incentivize local governments to allow ADUs, the state finally stepped in and removed the barriers to ADU development, resulting in major increases in the provision of ADUs. <https://www.theatlantic.com/ideas/archive/2022/10/california-accessory-dwelling-units-legalization-yimby/671648/>. A CATO Institute Study reflects a similar result for Seattle. <https://www.cato.org/blog/results-accessory-dwelling-unit-reform-so-far>



Source: California Department of Housing and Community Development



ADU permitting increased rapidly in Seattle after ADU reform



Note: Council Bill 119544 legalized up to two ADUs per property, eliminated owner-occupancy and parking requirements for ADUs, and reduced minimum lot sizes for ADUs.

LEGISLATIVE HOUSING CHANGES

SB 382 - Create the Montana Land Use Planning Act

Sen. Forrest Mandeville (R) SD 29

Effective: Immediately

This bill makes a number of changes to land use and zoning processes in Montana's 10 largest cities. It provides a three-year window for cities to revise and adopt a new land use plan. Development approvals become administrative rather than discretionary, reducing the time and costs of development. Most importantly, the bill requires cities to analyze existing and projected housing needs over 20 years and provide regulations that allow for the rehabilitation, improvement, or development of the number of housing units needed. Cities must select a minimum of five housing strategies listed in the bill to accommodate needed housing. Lastly, the bill restricts local governments from treating manufactured housing differently than other residential units.

The list of zoning changes to encourage housing development, from which a minimum of five must be selected:

1. Allow, as a permitted use, for at least a duplex where a single-unit dwelling is permitted
2. Zone for higher density housing near transit stations, places of employment, higher education facilities, and other appropriate population centers, as determined by local government
3. Eliminate or reduce off-street parking requirements to require no more than one parking space per dwelling unit
4. Eliminate impact fees for accessory dwelling units or developments that include multi-unit dwellings or reduce the fees by at least 25%
5. Allow, as a permitted use, for at least one internal or detached accessory dwelling unit on a lot with a single-unit dwelling occupied as a primary residence
6. Allow for single-room occupancy developments
7. Allow, as a permitted use, a triplex or fourplex where a single-unit dwelling is permitted
8. Eliminate minimum lot sizes or reduce the existing minimum lot size required by at least 25%
9. Eliminate aesthetic, material, shape, bulk, size, floor area, and other massing requirements for multi-unit dwellings or mixed-use developments or remove at least half of those requirements
10. Provide for zoning that specifically allows or encourages the development of tiny houses
11. Eliminate setback requirements or reduce existing setback requirements by at least 25%
12. Increase building height limits for dwelling units by at least 25%
13. Allow multi-unit dwellings or mixed-use development as a permitted use on all lots where office, retail, or commercial are primary permitted uses
14. Allow multi-unit dwellings as a permitted use on all lots where triplexes or fourplexes are permitted uses

Why it's important: First, it requires cities to analyze and understand their existing and projected housing needs. Having good data is necessary to making good decisions. And it's important to have a statutory requirement for considering housing, something missing from our current processes like zone changes. Of the 10 criteria that must be considered when deciding whether to approve the zone change, none deal with whether it will assist with our housing shortage by adding housing.

Second, the list of zoning changes that cities must pick from is pretty good. Ideally, more than five are implemented and the somewhat arbitrary 25% reduction increased to a more meaningful reform.

Finally, it requires that cities document every five years their progress on meeting 20-year housing projection needs. This will give guidance on whether existing measures are having an impact or if more needs to be done to ensure housing needs are met.

LEGISLATIVE HOUSING CHANGES

HB 819 - Create the MT community reinvestment act to fund workforce housing
Rep. Paul Green (R) HD 41

This bill appropriates \$50 million for an affordable housing mortgage buy-down program and \$6 million for distribution to communities near facilities that house state inmates or behavior health patients (both distributed through Community Reinvestment Orgs), \$106 million for housing revolving loan fund and \$12 million for workforce housing for communities near facilities that house state inmates or behavior health patients (both administered by Board of Investments), \$1 million in planning grants (through Dept. of Commerce), and \$50 million of Coal Tax Trust monies made available for lending to low- and moderate-income multifamily housing projects. Total of new housing-related monies: \$225 million.

Program	Entity	Bill Section for Appropriation	General Fund Amount
Montana Community Reinvestment Act	CRO	Section 19	50,000,000
State Workforce Housing Incentive	CRO	Section 20	6,000,000
Planning Grants	DOC	Section 22	1,000,000
Montana Housing Infrastructure Revolving Loan Fund	BOI	Section 23	106,000,000*
Workforce Housing Appropriations	BOI	Section 15	12,000,000
Total General Fund			175,000,000
Total Additional Coal Tax Trust Authority	BOH	Section 16	50,000,000

Why it's important: The amount of money included in this housing bill is historic for Montana. The new mortgage buy-down program is new but once the kinks are worked out could provide a good model for providing affordable housing in the future. The \$50 million from the Coal Tax Trust for revolving loans to build low- and moderate-income multifamily housing is nearly double what had been approved in previous legislative sessions.