

MONTANA DEPARTMENT OF
COMMERCE



Prepared For: Community Technical Assistance Program (CTAP),
Montana Department of Commerce

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1.0 Introduction

The Montana housing crisis has emerged as a significant issue in recent years, driven by a combination of rapid growth, rising property prices, and a shortage of affordable housing options. As more people relocate to the state for its natural beauty and accessible outdoor lifestyle, demand for housing has outpaced the supply, leading to increased competition and skyrocketing rent and mortgage costs. This crisis highlights the urgent need for housing solutions that balance growth with each individual community's needs.

1.1 Montana Land Use Plan Statutory Requirements

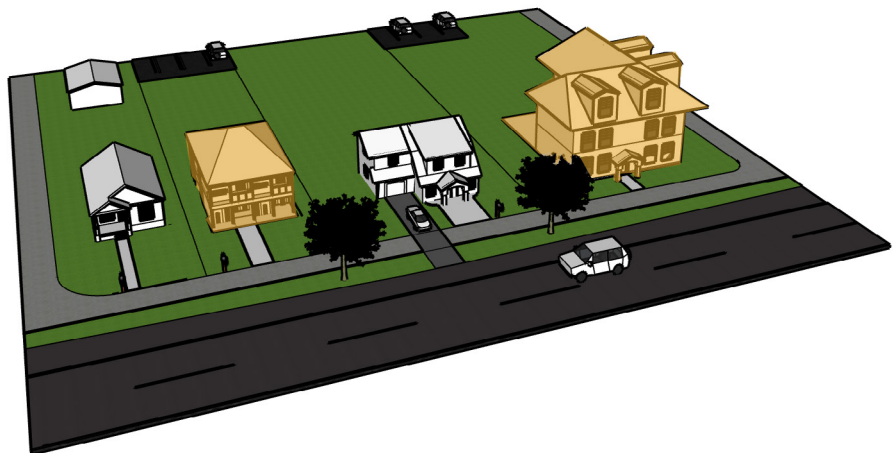
The [MLUPA](#) requires communities to include five (5) or more of the proposed fourteen (14) strategies to encourage housing development. The fourteen strategies can be found below:

1. Allow for, as a permitted use, 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 the 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, as defined in Appendix Q of the International Residential Code as it was printed on January 1, 2023;
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

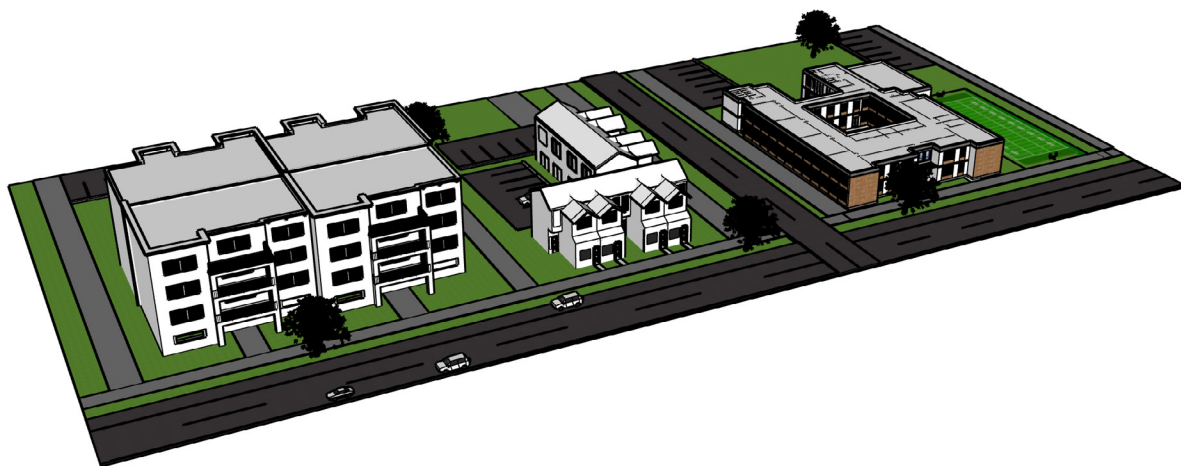
1.2 Housing Strategy #1 – Duplexes

One of the most common existing housing strategies in Montana can be achieved through zoning codes. This strategy to allow, as a permitted use, multi-family dwellings such as duplexes where a single-family dwelling is permitted. Though common in certain jurisdictions, many communities have antiquated zoning codes that either prohibit this type of development or only allow it as a conditional use. By design, it is achievable for duplexes to blend in with the traditional single-family style residential districts. The figure below graphically displays how duplex development can integrate with single-family housing.



1.3 Housing Strategy #2 – Increased Housing Density by Services

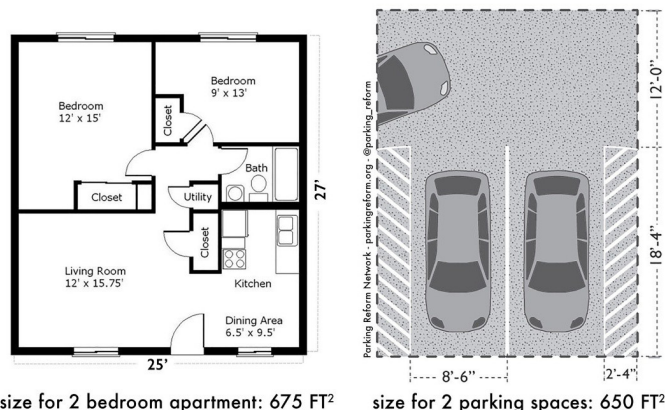
The second housing strategy that could be adopted into a zoning code is allowing higher-density housing near transit, employment areas, and higher education facilities. This strategy aims to improve citizens' access to public facilities and reduce the impact on vehicular transportation infrastructure by placing residents within walking and biking distances to key hubs. This strategy further supports the implementation of Strategy #3 by reducing the need for tenants to purchase multiple vehicles to commute to work, school, and fulfill essential needs.



1.4 Housing Strategy #3 - Parking

Providing parking for residential units has long been a hot-button issue for jurisdictions in Montana and across the country. Many planning and housing professionals have long seen parking minimums as a barrier to housing affordability, as the cost to build parking lots to meet these requirements is ultimately placed onto the homebuyer or renters and can reduce the area available for development. As a result, parking reforms in zoning codes are gaining traction. This MLUPA strategy aims to reduce requirements to one parking space per dwelling unit or to eliminate the off-street parking requirements entirely.

Living Space Vs. Parking Space



Sources: Transportation Cost and Benefit Analysis II – Parking Costs Victoria Transport Policy Institute (www.vtpi.org)
Graphic Adapted from Graphing Parking (<https://graphingparking.com/2013/07/23/parking-across-cascadia/>)
Image compiled by the Parking Reform Network - <https://parkingreform.org/> - @Parking_Reform



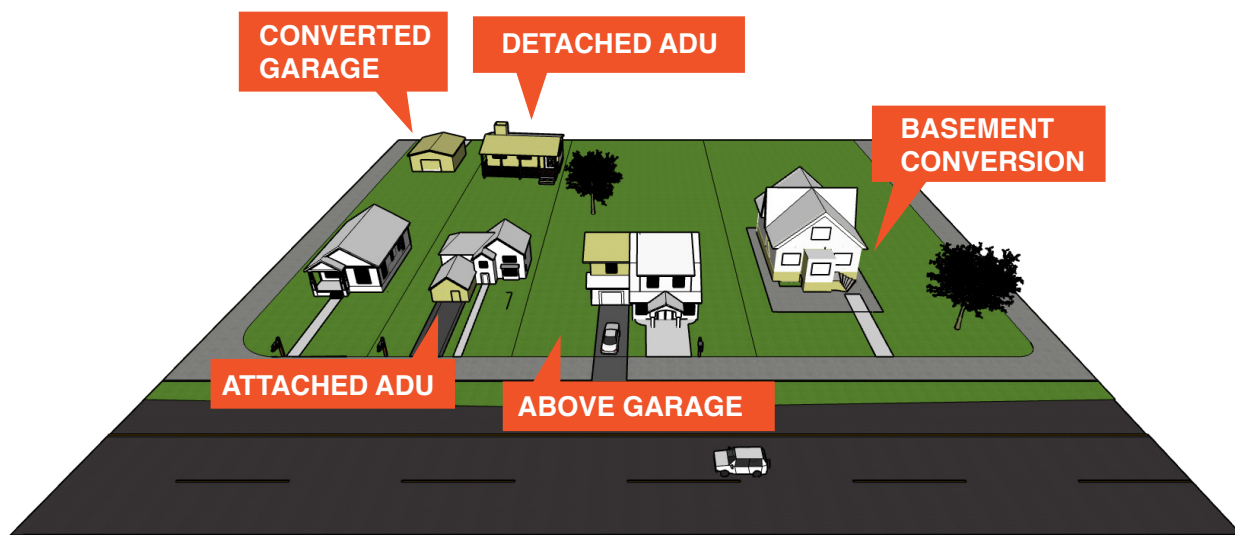
1.5 Housing Strategy #4 - Incentivization

MLUPA includes a housing strategy aimed at incentivizing certain housing developments. The strategy encourages local governments to either eliminate impact fees for accessory dwelling units or multi-unit dwellings, or to reduce the impact fees by at least 25%. Impact fees are guided by Montana Code Annotated Title 7, Chapter 6, Part 16, and are defined as any charge imposed upon development by a government entity as part of the development approval process to fund the additional service capacity required by the development from which it is collected. An impact fee may include a fee for the administration of the impact fee not to exceed 5% of the total impact fee collected.



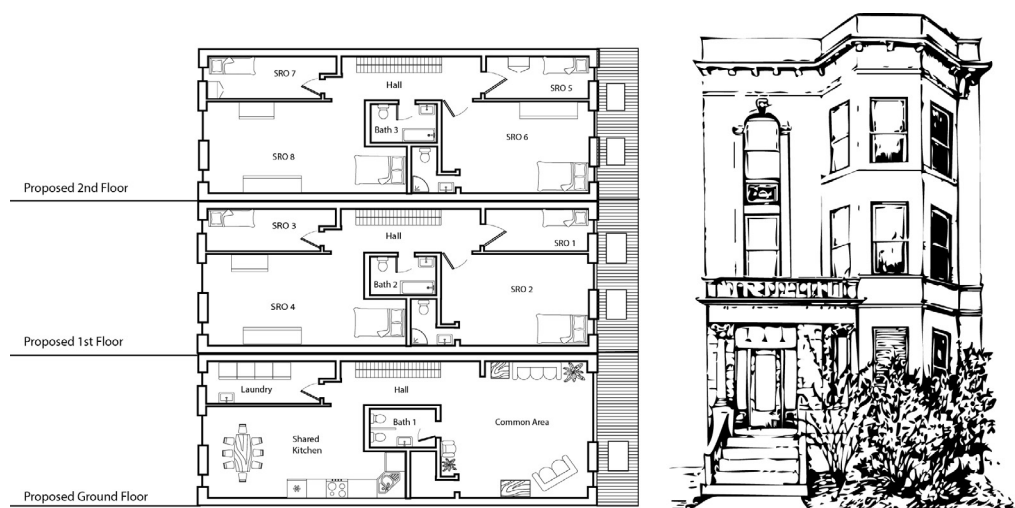
1.6 Housing Strategy #5 – Accessory Dwelling Units (ADU)

Accessory dwelling units, or ADUs, are commonly found throughout the country. These are often colloquially referred to as mother-in-law suites, garden cottages, garage apartments, etc. This strategy for creating additional housing includes allowing either an internal ADU or detached ADU as a permitted use in a zoning district that allows for single-unit dwellings. A strategy that is becoming more prevalent across the United States is for a local jurisdiction to go out to bid for architectural drawings for ADUs that are deemed permit-ready by the governing body. This would mean that if one of the plans is selected by a developer, then they are in full compliance with the zoning code. This can lead to a more expedited process and reduce costs for the property owner, further incentivizing their implementation. Communities are encouraged to look at other regulations within the zoning code that may be a barrier to ADUs, such as height or setback restrictions.



1.7 Housing Strategy #6 – Single Occupancy Rooms

Another housing strategy is to allow for single-room occupancy units. MLUPA defines a single-room occupancy development as having dwelling units where residents rent a private bedroom with a shared kitchen and bathroom facilities. It is a low-cost housing alternative that consists of small rooms that enter into a shared communal space with other occupants. This type of housing is typically found in a multi-tenant building and has been used as a model of co-housing for seniors and is also common in college towns. An example floor plan is provided below.



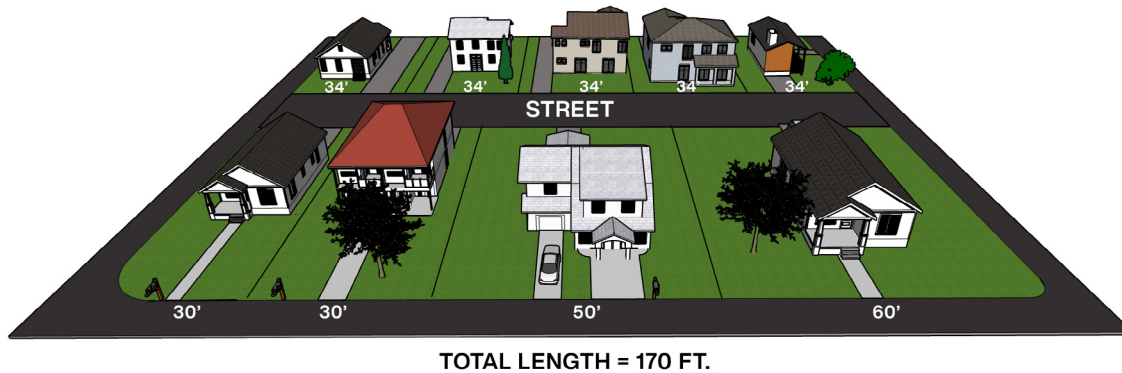
1.8 Housing Strategy #7 – Triplexes and Fourplexes

Implementation of this strategy would allow the development of triplexes or fourplexes in any zoning district where a single-unit dwelling is allowed. This strategy promotes a mixture of housing types, from single-family to multi-family, that can accommodate a wider range of residents' needs. The figure below shows an example of what this mixed-density housing may look like over time.



1.9 Housing Strategy #8 – Minimum Lot Size

Another implementation strategy gaining traction across the country addresses minimum lot sizes. MLUPA strategy recommends increasing density by eliminating or reducing by 25% the minimum lot sizes in a zoning code. This strategy may not work for communities with set minimum lot sizes for legitimate health and safety concerns, such as natural hazard risks or topography. This strategy should be thoroughly investigated prior to adoption to ensure that it is right for the community and new development is not impeded by other regulations in the zoning code, such as setbacks or open space standards.

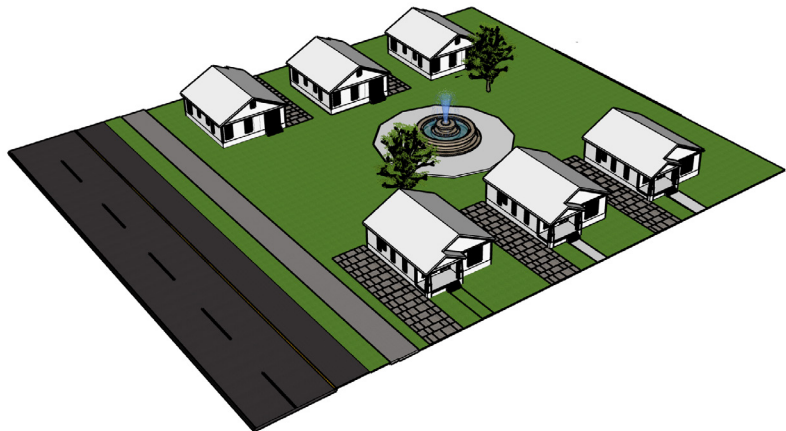


1.10 Housing Strategy #9 – Structure Design

This strategy addresses removing or reducing massing requirements in zoning codes, which guide the shape, size, and form of structures, specifically for multi-unit dwellings or mixed-use developments. Massing involves the arrangement of different building elements, such as walls, windows, doors, roof, and other components to create a unified form. Communities typically adopt design standards as a way to preserve certain features of a zoning district's character. However, inflexible and strict standards can often lead to increased development costs.

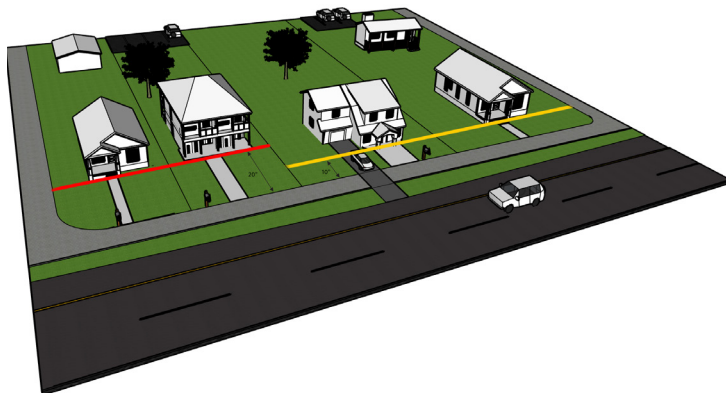
1.11 Housing Strategy #10 – Tiny Homes

Tiny homes and tiny home communities have gained popularity in recent years as an affordable living option. This MLUPA strategy aims to encourage and incentivize tiny home developments by ensuring they are permitted in a community's zoning code. Montana Code Annotated defines a tiny dwelling as "a residential dwelling unit that is 350 to 750 square feet, is on a permanent foundation, and is used as a single-family dwelling for at least 45 days or longer. An example lot layout of a tiny home development is shown (right).



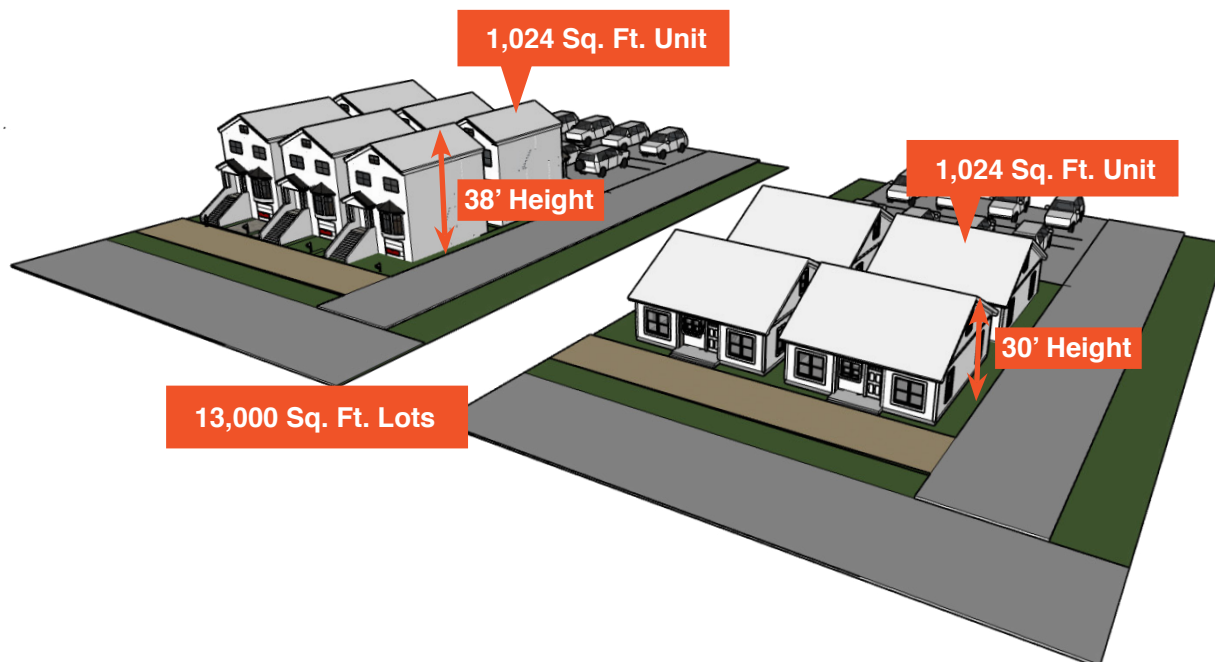
1.12 Housing Strategy #9 – Structure Design

Another strategy a community can adopt is eliminating setback requirements or reducing setbacks by 25% in their zoning code. Setbacks are known to constrain the amount of buildable land on a lot. Where appropriate, reductions in setback restrictions encourage the full use of a property for accessory dwelling units or multi-family development. When establishing setbacks, communities should consider whether setback restrictions are a barrier to development or a tool to serve a function related to public health and safety (i.e. development in floodplains). The figure below shows an example of what a reduction in the setbacks could look like in a community.



1.13 Housing Strategy #12 – Building Height

Building height restrictions are a common design standard for structures in zoning codes, often used to preserve view sheds, and zoning district character, and to restrict building height within an airport-affected area for safety reasons. The MLUPA proposes increasing the height of dwelling units by 25%. This strategy, particularly when paired with an elimination or reduction in setbacks, aims to discourage sprawl by encouraging the construction of builds upwards instead of outwards. It could impact communities where a 25% increase in height restrictions provides an additional story, or allows a developer to build additional units without sacrificing square footage. Over time, this may aid communities in efficiently utilizing infrastructure, increasing property values, and maximizing the best use of land.



1.14 Housing Strategy #13 – High-Density Development

Communities are encouraged to allow high-density residential development, such as multi-family dwelling units or mixed-use development, as a permitted use on all lots where office, retail, or commercial are primary permitted uses. This method focuses on the development of property that is suited for high-impact uses where infrastructure is already in place. This strategy is exemplified in many historic commercial districts, where building mixed-use buildings with ground floor commercial space and residential above was commonplace.

However, as the graphic demonstrates below, dwelling units may also be sited at the rear of a property behind street frontage commercial buildings. Coordinating this strategy with Strategy #2 further supports meeting residents' needs and access to key services.



1.15 Housing Strategy #14 – Multi-Unit Dwellings

The fourteenth housing strategy seeks to allow multi-unit dwellings as permitted uses in any district that allows for triplexes and fourplexes. This may be applied to zoning codes that only allow larger multi-family units as Conditional Uses or are otherwise currently prohibited. Communities may adopt this strategy to increase housing density and remove additional costs and time for projects to undergo reviews and public hearings by Planning and Zoning Commissions.

