



**DRAFT**

# 2023 LAND USE LEGISLATION: EASING THE HOUSING CRISIS

FINAL REPORT TO THE 69<sup>TH</sup>  
MONTANA LEGISLATURE

Local Government Interim Committee  
Toni Henneman  
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P.O. Box 201706  
Helena, MT 59620-1706  
Phone: (406) 444-3064  
Fax: (406) 444-3971

Website: <https://leg.mt.gov/committees/interim/lgic>

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**This report is a summary of the work of the Local Government Interim Committee**, specific to the Local Government Interim Committee’s 2023-2024 study as outlined in the committee’s 2023-2024 work plan. Members received additional information and public testimony on the subject, and this report is an effort to highlight key information and the processes followed by the Local Government Interim Committee (LGIC) in reaching its conclusions. To review additional information, including audio minutes and exhibits, visit the LGIC website: <https://leg.mt.gov/committees/interim/lgic>.

**A full report**, including links to the documents referenced in this print report, is available at the LGIC website: <https://leg.mt.gov/committees/interim/lgic/lgic-land-use-legislation>.

# LAND USE LEGISLATION

## EASING THE HOUSING CRISIS

Arguably, the topic of housing dominated the 2023 legislative session. Fifty-six bills with “housing” included as a subject were introduced in 2023 compared to seven in 2021 and eight in 2019. During and after the 2020 pandemic, housing prices steadily increased as the Montana population increased and the housing supply dropped. Under these conditions, compounded by high mortgage rates, many citizens struggled to purchase homes, and renters also felt the strain of high housing costs. Legislators attempted various strategies to ease the “crisis,” with most legislation falling into one of two camps: either amend the state’s regulatory framework, namely land use and planning statutes, or provide state funding for housing development.

Land use–related bills passed during the 2023 session became known through national news outlets as the “Montana Miracle.”

Both the House and Senate Local Government committees heard multiple bills that addressed land use and planning because local governments are often the entities who adopt and enforce land use planning regulations that most directly affect citizens. A raft of land use and planning bills passed the 2023 session on a mostly bipartisan basis in what became known through national news outlets as the “Montana Miracle.”<sup>1</sup>

Of these bills, one of the most complex and wide-ranging was [Senate Bill 382](#), known as the “Montana Land Use and Planning Act” or “LUPA.” The 52-page bill creates a new framework for certain cities with the intent of modernizing and streamlining future project development. Sen. Forrest Mandeville, the sponsor of SB 382, also sponsored a companion study resolution: [Senate Joint Resolution 21](#), which required an interim committee to monitor the implementation and progress of SB 382. While SJ 21 failed to pass, the LGIC chose to undertake most of the study during the 2023-2024 interim.

Additionally, the committee moved to include review of other significant 2023 land use legislation, including [Senate Bill 323](#) (duplexes), [Senate Bill 245](#) (urban in-fill), and [Senate Bill 528](#) (accessory dwelling units).

### SB 382: THE MONTANA LAND USE AND PLANNING ACT

#### OVERVIEW

*SB 382 applies to cities with populations over 5,000 that are located in counties with populations over 70,000. All other cities and counties remain under existing law unless a city or county “opts in” to the new framework.*

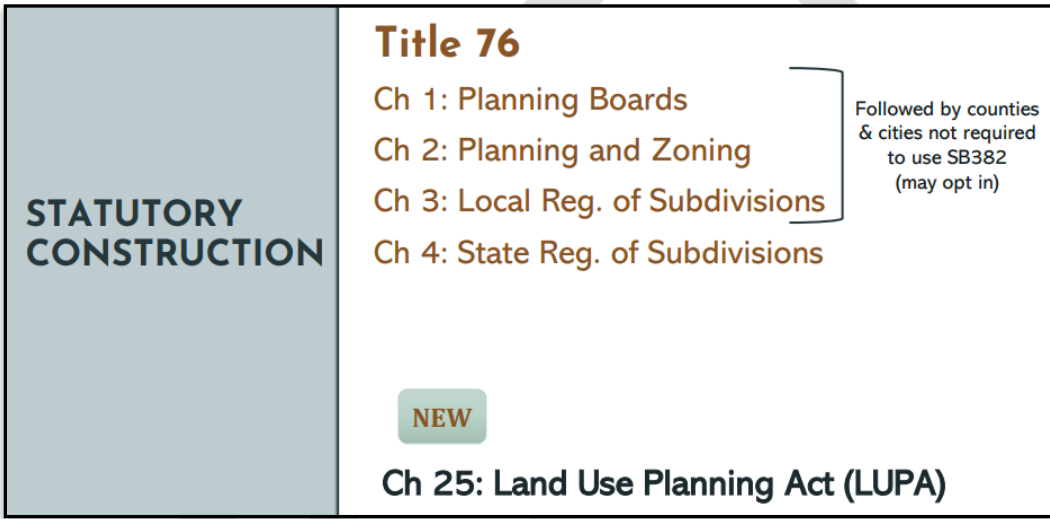
<sup>1</sup> Kriston Capps first used the term “Montana Miracle” in her article “[How YIMBYs Won Montana](#)”, published by Bloomberg in April of 2023. Other news outlets followed suit, including [The Atlantic](#), [Sightline Institute](#), and [Governing](#).

The LGIC focused a majority of its time on the 10 cities<sup>2</sup> mandated to follow SB 382:

*Belgrade, Billings, Bozeman, Columbia Falls, Great Falls, Helena, Kalispell, Laurel, Missoula, and Kalispell.*

The LGIC began its study of land use legislation by going back to the basics: what are the current Montana land use and planning statutes, and how do the SB 382 requirements compare? To help answer this question, Kelly Lynch, Executive Director of the Montana League of Cities and Towns, presented “[Land Use Planning in Montana: The Basics](#)” in September, followed by a staff-produced “[2023 Land Use Legislation Summary](#)” presentation.

SB 382 is codified as a new chapter in [Title 76, Chapter 25](#), of the Montana Code Annotated. It provides a more front-loaded, public participation process and focuses on seven key criteria forecasted for 20 years.



Cities meeting the threshold requirement of SB 382 have three years<sup>3</sup> to complete a “Land Use Plan” and “Future Land Use Map”<sup>4</sup> that analyze current conditions and 20-year projections for the following:

- Housing<sup>5</sup>
- Local Services & Facilities<sup>6</sup>
- Economic Development<sup>7</sup>
- Natural Resources<sup>8</sup>
- Environment
- Hazards
- Land Use

<sup>2</sup> The city of Lewistown opted in, so a total of 11 cities are currently undergoing the process outlined in SB 382. However, Lewistown opted in after the LGIC had conducted most of its study.

<sup>3</sup> SB 382 mandates that cities fully implement the requirements within 3 years of the effective date of the bill. Cities are to complete implementation by May 17, 2026.

<sup>4</sup> [Title 76, Chapter 25, Part 2, MCA](#), Land Use Plan.

<sup>5</sup> [76-25-206, MCA](#).

<sup>6</sup> [76-25-207, MCA](#).

<sup>7</sup> [76-25-208, MCA](#).

<sup>8</sup> [76-25-209, MCA](#) (includes natural resources, environment, hazards, and land use).

For more information on the Land Use Plan and Future Land Use Map requirements, please refer to the [Overview of Land Use Plan and Map Requirements](#).

During the process of developing the Land Use Plan and Future Land Use Map, the local government entity must allow for robust public participation<sup>9</sup> before the adoption of a final version. The local government is also required to adopt zoning regulations ([Title 76, Chapter 25, Part 3, MCA](#)) and subdivision regulations ([Title 76, Chapter 25, Part 4, MCA](#)).

## STUDY METHODOLOGY

SJ 21 (failed to pass) instructed the committee to monitor and review the implementation of SB 382, request feedback from cities required to develop land use plans and maps, and identify any necessary legislative changes for introduction in the 2025 session. The LGIC undertook these requirements with the understanding that cities needed time to develop a general implementation plan, which may include hiring consultants, determining funding sources, locating data sources, and developing a public participation plan. All these items take time, and the committee was aware of the 3-year timeline allowed in SB 382. Due to the nature of the work and the implementation timeline, the committee was at times limited by the amount of information available.

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After learning the basics of both existing land use policy and the new requirements of SB 382, the committee scheduled two panel presentations, each including five of the 10 cities required to follow SB 382. The first panel presented at the [January 24, 2024](#), meeting, and the other cities joined the [March 20, 2024](#), meeting.

The first panel included the cities of Billings, Bozeman, Great Falls, Helena, and Kalispell and focused primarily on basic questions, such as a general implementation schedule, public participation strategies, and any challenges or potential challenges identified as they worked through the bill requirements. The first panel also discussed potential funding challenges that led to committee questions and a [Financial Information Follow-up Memo](#) that was received in March.

The second panel included Belgrade, Columbia Falls, Laurel, Missoula, and Whitefish and presented information more directly related to actionable steps taken toward developing a land use plan and future land use map. The panelists discussed the need for data analysis and how the SB 382 requirements compare to previous growth plan requirements.

*In July, the committee will receive an update on potential legislative changes that various stakeholders are developing and further comments will be added after this update.*

<sup>9</sup> [76-25-106, MCA](#).

## OTHER LAND USE LEGISLATION

The committee broadened its study to other pieces of land use legislation, namely SB 323, SB 245, and SB 528.

All three bills share a common theme — increasing housing density:

- [Senate Bill 323](#) requires cities with populations of over 5,000 residents to allow duplex housing on lots zoned for single-family residences.
- [Senate Bill 245](#) requires cities that are designated as urban areas by the United States Census Bureau and have populations of over 5,000 residents to allow multiple-unit dwellings and mixed-use developments located in a commercial zone.
  - A “mixed-use development” is defined as “a development consisting of residential and nonresidential uses in which the nonresidential uses are less than 50% of the total square footage of the development” and on the first floor; and
  - A “multiple-unit dwelling” is defined as “a building designed for five or more dwelling units in which the dwelling units share a common separation”<sup>10</sup>.
- [Senate Bill 528](#) requires cities to adopt zoning regulations that allow a minimum of one accessory dwelling unit (ADU) by right on a lot or parcel with a single-family dwelling.
  - An “accessory dwelling unit” is a self-contained living unit that may be attached, detached, or internal to the single-family dwelling, but must be smaller than the single-family dwelling.
  - A city may charge a permit fee of up to \$250 dollars and require the ADU to have a will-serve letter from the municipal water and wastewater system<sup>11</sup>.

The committee received an overview of these bills at its September meeting during the [2023 Land Use Legislation Summary](#) presentation, but monitoring the bills’ implementation came to a halt when all three bills became subject to litigation.

## LITIGATION

All four bills that the LGIC studied — SB 382, SB 323, SB 245, and SB 528 — were subject to a suit filed against the State of Montana by Montanans Against Irresponsible Densification, or MAID, on December 15, 2023. The [original filing](#) requested a permanent injunction from the state or cities implementing the four bills.

On December 29, 2023, the district court issued a preliminary injunction enjoining the implementation of SB 323 (duplexes) and SB 528 (ADUs).

The LGIC moved to track the litigation and received the following updates, which include additional background of the case:

- [January 10, 2024, Litigation Update](#)
- [March 11, 2024, Litigation Update](#)
- [May 13, 2024, Litigation Update](#)

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<sup>10</sup> [76-2-304, MCA.](#)

<sup>11</sup> [76-2-345, MCA.](#)

- *July 2024 Update – posted when available*

## HOMEOWNERS' ASSOCIATIONS

The committee also fielded questions related to the operation of homeowners' associations and potential challenges that restrictive covenants may pose for cities when amending zoning regulations.

The committee received various educational materials and presentations related to the governance of homeowners' associations:

- [HOA Governance in Montana](#)
- [HOA Governance in Other States](#)
- [Homeowners' Associations Legal Primer](#)
- [Private Deed Restrictions & the Power of State Legislatures](#) – *Pepperdine Law Review*
- [2003 Legal Opinion, Zoning Ordinance Validity](#) – City of Missoula

Greg Sullivan, Bozeman city attorney, also presented at the [March 20, 2024](#), meeting to explain the authority of both the state and local governments and the interplay of zoning regulations and covenants imposed by homeowners' associations.

Additionally, the Business, Estates, Trusts, Tax, and Real Property (BETTR) section of the Montana Bar reported that they are working on potential legislation related to homeowners' associations, modeled after the [2021 Uniform Common Interest Ownership Act](#). The committee decided to receive additional updates from the BETTR section to monitor the development of potential legislation.

*Update provided after the July 2024 meeting.*

## GOVERNOR'S HOUSING TASK FORCE

The Governor's Housing Task Force<sup>12</sup> also studied various housing topics during the interim, often holding discussions similar to the LGIC. The committee received updates from the Task Force in May and July 2024. The Task Force compiled a [Draft Final Report](#) that included multiple land use policy-related recommendations that were often mentioned or discussed in the LGIC.

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<sup>12</sup> Gov. Greg Gianforte extended the Housing Task Force by [Executive Order](#) in June 2023. For more information on the Task Force, including links to meeting recordings, see <https://deq.mt.gov/about/Housing-Task-Force>.



# APPENDIX A: LOCAL GOVERNMENT INTERIM COMMITTEE MEMBERS

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Before the close of each legislative session, House and Senate leadership appoint lawmakers to interim committees. The members of the Local Government Interim Committee, like most other interim committees, serve one 20-month term. Members who are reelected to the Legislature, subject to overall term limits and if appointed, may serve again on an interim committee. This information is included in order to comply with 2-15-155, MCA.

## SENATE MEMBERS

**Senator Mary Ann Dunwell, Vice Chair**  
Helena, MT  
Ph: 406-461-5358  
Email: [maryann.dunwell@legmt.gov](mailto:maryann.dunwell@legmt.gov)

**Senator Russ Tempel**  
Chester, MT  
Ph: 406-265-0990  
Email: [russ.tempel@legmt.gov](mailto:russ.tempel@legmt.gov)

**Senator Jeremy Trebas**  
Great Falls, MT  
Ph: 406-899-5445  
Email: [jeremy.trebas@legmt.gov](mailto:jeremy.trebas@legmt.gov)

**Senator Terry Vermeire**  
Anaconda, MT  
Ph: 406-593-2811  
Email: [terry.vermeire@legmt.gov](mailto:terry.vermeire@legmt.gov)

## HOUSE MEMBERS

**Representative Larry Brewster, Chair**  
Billings, MT  
Ph: 406-670-0929  
Email: [larry.brewster@legmt.gov](mailto:larry.brewster@legmt.gov)

**Representative Tom France**  
Missoula, MT  
Ph: 406-396-5085  
Email: [tom.france@legmt.gov](mailto:tom.france@legmt.gov)

**Representative Steve Gist**  
Great Falls, MT  
Ph: 406-231-4050  
Email: [steve.gist@legmt.gov](mailto:steve.gist@legmt.gov)

**Representative Greg Oblander**  
Billings, MT  
Ph: 406-598-6975  
Email: [greg.oblander@legmt.gov](mailto:greg.oblander@legmt.gov)

## Local Government Interim Committee Staff

Julie Johnson, Attorney | Toni Henneman, Legislative Research Analyst | Daniel Rosenberg, Secretary