

Defining Affordability & Building a Zoning Decision Framework City of Billings, Montana

Prepared for: City of Billings Planning Department & Zoning Commission

Statutory Deadline: May (per Montana state law)

Primary Policy Issues: Housing Affordability & Public Safety

Executive Summary

Billings does not suffer from a lack of housing production; it suffers from a misalignment between housing supply and local incomes. While new units continue to be built, most are delivered at price points that exceed what the local workforce can afford.

Zoning alone cannot solve housing affordability. However, zoning decisions that are disconnected from income realities, infrastructure capacity, and public safety considerations can guarantee continued failure.

Income Reality & Affordable Entry Price

Median household income in Billings is approximately \$65,000. Core workforce incomes generally fall between \$45,000 and \$60,000. First-time homebuyers often earn below the median.

Using standard affordability thresholds (housing costs at or below 30% of income, current interest rates, and minimal down payments), true entry-level affordability in Billings falls between **\$180,000 and \$250,000**. Homes priced above approximately \$275,000 are not affordable starter homes for most local residents.

Why Increased Production Alone Does Not Solve Affordability

New construction in Billings is concentrated between \$325,000 and \$450,000. Rising land, infrastructure, material, and financing costs push builders toward higher price points. Zoning that permits density without influencing achievable pricing does not produce affordability.

Defining Affordable Housing for Policy Use

Affordable housing in Billings is defined as housing attainable by households earning 60–100% of Area Median Income, without reliance on subsidies beyond existing state or federal programs. This definition is measurable, defensible, and aligned with lending standards.

What Zoning Can and Cannot Control

Zoning can: reduce minimum lot sizes, enable missing-middle housing, reduce parking minimums, allow mixed-use by right, shorten approval timelines, and implement form-based standards.

Zoning cannot: control interest rates, reduce material costs, offset wage stagnation, or guarantee affordability without aligned incentives.

Charter-Driven Zoning Decision Framework

The purpose of zoning decisions should be to align land use, housing supply, and public safety with the economic realities of Billings residents. Each decision should be evaluated by asking:

- 1) Does this zoning enable housing under \$250,000?
- 2) If not, does it support workforce rental housing?
- 3) What is the infrastructure cost per unit?
- 4) What public safety service load is created?
- 5) Who benefits financially?
- 6) Who is excluded?

Practice Session (Dry Run Model)

A structured practice session allows commissioners to simulate zoning outcomes before formal votes. Scenarios test multiple zoning options against affordability, infrastructure cost, public safety impact, and time to occupancy, with blind review to minimize bias.

Public Safety as a Co-Equal Constraint

Affordability without safety undermines stability. Density must align with law enforcement and fire response capacity, street connectivity, lighting, and design standards that reduce calls for service.

Measuring Success

Success should be measured by outcomes, not intent. Key metrics include the percentage of new units priced under \$250,000, workforce rental availability, time from zoning to occupancy, public safety calls per unit, and infrastructure cost per delivered unit.

Closing Statement

Billings does not need perfect zoning. It needs zoning decisions grounded in income realities, tested before adoption, transparent in outcome, and aligned with public safety capacity.