

## CITY OF WHITEFISH NOTICE OF SPECIAL MEETING

NOTICE IS HEREBY GIVEN that Mayor John Muhlfeld, pursuant to § 7-5-4102, MCA, hereby calls a special meeting of the Whitefish City Council on Monday, April 10, 2023, at 5:00 p.m. at Whitefish City Hall, 418 E. 2<sup>nd</sup> Street, Whitefish, Montana. The object of the special meeting is to discuss SB 528 (requiring municipalities to adopt certain regulations in relation to accessory dwelling units and prohibiting certain regulations in relation to accessory dwelling units) and SB 268 (revising short term rental laws). Public comment will be taken.

To attend the meeting via Microsoft Teams, and **provide live comment** on your computer, tablet or smartphone, attendees should go to the web link below.

Meeting Link: [Microsoft Teams Link](#) Meeting Number: **237 012 915 809** Password: **pybpfD**

**For the Audio Conference Call option:** call the number below and enter the access code.

- United States Toll Free: **833-563-1751** Access code: 169 625 973#
- We encourage individuals to provide written public comment; to the City Clerk, Michelle Howke at [mhowke@cityofwhitefish.org](mailto:mhowke@cityofwhitefish.org) or deliver by **4:00 p.m. Monday, April 10, 2023**, to City Hall. Written comments should include name, address, should be short and concise, courteous, and polite. All written comments received by 4:00 p.m. will be provided to the City Council and appended to the packet following the meeting.
- Public comment by those attending the meeting "live" via Microsoft Teams or in-person will be limited to three minutes per individual.

418 East 2nd Street · PO Box 158 · Whitefish, MT 59937  
(406) 863-2406 · Fax : (406) 863-2419  
www.cityofwhitefish.org



March 21, 2023

Honorable Members of the House Judiciary Committee  
Montana House of Representatives  
PO BOX 200400  
Helena, MT 59620-0400

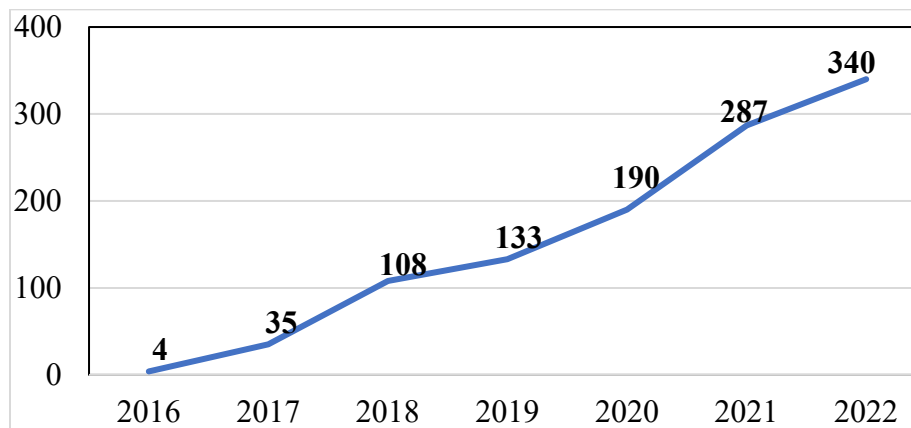
RE: Senate Bill No. 268 (SB 268)

Dear Madam Chair, Senator Hertz, and Members of the Committee:

The City of Whitefish strongly opposes SB 268 scheduled for a hearing on March 24<sup>th</sup>, which would define short-term rentals as a residential use and allow primary residents to short-term rental all or part of their property and/or a property adjacent to the owner's primary residence.

As depicted in the graph below, Whitefish has continued to see increased registered short-term rentals in approved zoning districts. From 2020 to 2021 the City experienced a 51% increase in short-term rentals. Last year registered short-term rental units increased an additional 18.5% compared to 2021. While these increases are significant, we know that there are up to two-times more that are operating illegally within the City and enforcement efforts are underway.

**Registered Short-Term Rentals by Year**



As homes and accessory dwelling units are converted to short-term rentals, we lose workforce housing which is desperately needed as prices increase. The average sales price, excluding sales over \$5 million, in the 59937 ZIP Code increased from \$748,247 in 2019 to \$1,142,229 in 2021, a 53% increase over a two-year period.

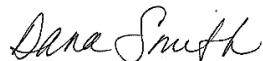
Sure, SB 268 may be one a way for property owners to support the higher cost of housing, but at what cost? It's well known that short-term rentals: (1) lead to degradation of neighborhoods and loss of community, (2) compete with other lodging businesses clearly making short-term rentals a commercial use, and (3) increase demand for tourism related services for which those businesses are currently struggling to find workers due to the high cost of housing. Besides, property owners already have an opportunity to rent their properties long-term (at least 30 days) to generate additional income. However, even with an additional income stream, many working Montanans cannot afford the down-payments or monthly payments of housing, especially in higher cost areas.

While SB 268 appears to allow some control under covenants and homeowners' associations, the bill is retroactive. Therefore, even if a homeowners' association added the prohibition of short-term rentals prior to the passage of this bill, it would generally only be effective for new owners after the bylaws are adopted. SB 268 also does nothing to protect neighborhoods that do not have covenants in place or a homeowners' association, which includes much of our historic neighborhoods.

As a gateway community to Glacier National Park, Whitefish will undoubtedly see more short-term rentals if SB 268 is passed, which will only increase housing prices and take away needed housing for our local workforce. Accessory dwelling units (ADUs) are a key component of our workforce housing as they are often smaller and lower cost to rent, which is why we have reduced regulations for ADUs in Whitefish. At a minimum ADUs should be eliminated from SB 268 because we do not need more short-term rentals for visitor, we need more housing for Montanans.

We respectfully request that you oppose SB 268. Thank you for considering our comments.

Sincerely,



Dana Smith, CPA  
Whitefish City Manager  
[dsmith@cityofwhitefish.org](mailto:dsmith@cityofwhitefish.org)

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February 17, 2023

Honorable Members of the Senate Local Government Committee  
Montana Senate  
PO BOX 200500  
Helena, MT 59620-0500

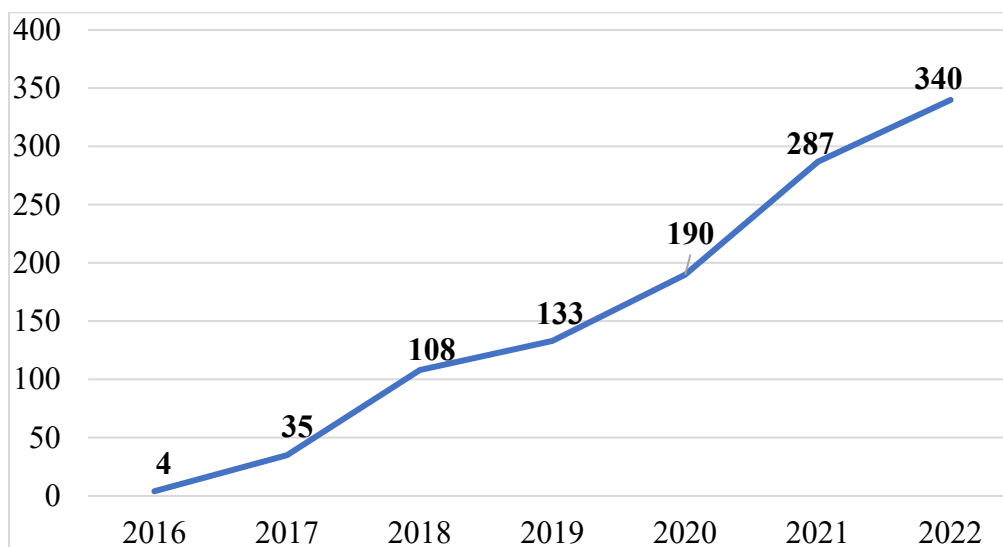
RE: Senate Bill No. 268

Dear Chairman Friedel, Senator Hertz, and Members of the Committee:

The City of Whitefish strongly opposes SB 268 scheduled for a hearing on February 20<sup>th</sup>, which would define short-term rentals as a residential use and allow primary residents to short-term rental all or part of their property and/or a property adjacent to the owner's primary residence.

As depicted in the graph below, Whitefish has continued to see increased registered short-term rentals in approved zoning districts. From 2020 to 2021 the City experienced a 51% increase in short-term rentals. Last year registered short-term rental units increased an additional 18.5% compared to 2021. While these increases are significant, we know that there are up to two-times more that are operating illegally within the City.

**Registered Short-Term Rentals by Year**



As homes are converted to short-term rentals, we lose possible workforce housing which is desperately needed as housing prices increase. The average sales price, excluding sales over \$5 million, in the 59937 ZIP Code increased from \$748,247 in 2019 to \$1,142,229 in 2021, a 53% increase over a two-year period. SB 268 flies directly in the face of the State's efforts to address the affordable housing crisis.

Furthermore, short-term rentals: (1) lead to degradation of neighborhoods, (2) compete with other lodging businesses clearly making short-term rentals a commercial use, and (3) increase demand for tourism related services for which those businesses are currently struggling to find workers due to the high cost of housing. As a gateway community to Glacier National Park, Whitefish will undoubtedly see more short-term rentals if SB 268 is passed, which would only increase housing prices and take away needed housing for workers.

While SB 268 appears to allow some control under covenants and homeowners' associations, the bill is retroactive. Therefore, even if a homeowners' association added the prohibition of short-term rentals after the passage of this bill, it would generally only be effective for new owners after the bylaws are adopted. SB 268 also does nothing to protect neighborhoods that do not have covenants in place or a homeowners' association.

SB 268 is another attempt at a top-down one-size-fits all approach. Communities should be allowed the opportunity to regulate short-term rentals.

We respectfully request that you oppose SB 268. Thank you for considering our comments.

Sincerely,



Dana Smith, CPA  
Whitefish City Manager  
[dsmith@cityofwhitefish.org](mailto:dsmith@cityofwhitefish.org)

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March 26, 2023

Honorable Members of the Senate Local Government Committee  
Montana Senate  
PO BOX 200500  
Helena, MT 59620-0500

RE: Senate Bill No. 528 (SB 528)

Dear Chairman Friedel, Senator Hertz, and Members of the Committee:

The City of Whitefish opposes SB 528 scheduled for a hearing on March 27<sup>th</sup>, which would revise zoning laws related to accessory dwelling units (ADUs).

SB 528 appears to be another attempt at addressing the housing crisis in Montana and we agree that ADUs are a great way to provide more housing because they are smaller units that generally rent at a lower cost that is affordable to the workforce. However, the City does not support this one-size-fits-all top-down approach, especially when there is the possibility these newly added units will become short-term rentals.

Whitefish recently reduced certain regulations for ADUs. For example, there is no longer an owner occupancy requirement so both units may now be rented. ADUs are also now a permitted use in residential zoning districts. A rent local program (12-month lease to local resident for five years) was also adopted that allows for an increase in square footage up to 800 square feet, no additional off-street parking requirements, and the possible reimbursement of permit and impact fees.

SB 528 would allow ADUs to be built to the lesser of 1,000 square feet or the gross floor area of the single-family dwelling. This means an ADU would only have to be one square foot less in size, which would clearly make it not “accessory” to the single-family residence. It would essentially be two single family homes. Many historic homes in Whitefish are around 1,000 square feet, or even less, which is why the City has a standard of 600 square feet, unless the property owner participates in the rent local program.

The City has been working to address affordable housing with partners and businesses in our community. The recently adopted Whitefish Community Housing Roadmap calls out various recommended updates to our municipal zoning code, as well as other strategies to best address the need for affordable housing in Whitefish. What is needed in Whitefish is not that same as what is needed in Helena, Billings, or Malta.

We respectfully request that you oppose SB 528. Thank you for considering our comments.

Sincerely,

A handwritten signature in cursive script that reads "Dana Smith".

Dana Smith, CPA  
Whitefish City Manager  
[dsmith@cityofwhitefish.org](mailto:dsmith@cityofwhitefish.org)