

TO: City of Billings  
FROM: DOWL  
DATE: December 26, 2025  
SUBJECT: Billings Heights Neighborhood Plan Update  
Preliminary Growth Scenarios Memorandum

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The purpose of this memorandum is to provide an overview of future growth scenarios identified as part of the Heights Neighborhood Plan Update process. Based on feedback received from public outreach to date, and analysis of the population, demographic, and housing characteristics and trends within the Heights, three preliminary growth scenarios were identified:

- Scenario A: Neighborhood Expansion
- Scenario B: Neighborhood Nodes
- Scenario C: Neighborhood Infill

Following City feedback on these scenarios, the preferred scenario (or a combination of elements from multiple scenarios) will be refined into a Future Land Use Map that guides future growth and land use in the Heights. A summary analysis of these three scenarios is provided in this memorandum.

## Overview

In 2023, the State of Montana passed new land use legislation including the Montana Land Use Planning Act (MLUPA, also known as Senate Bill 382 or SB 382), which provides standardized land use planning requirements for larger cities in Montana. A key priority of this bill is to address Montana's urgent housing needs.

In 2025, the City began their update of the Growth Policy to comply with MLUPA. Per Sections 9 and 10, the citywide land use plan must consider existing conditions, population projections, estimated future housing needs, the development capacity of available land, constraints impacting housing development, and actions the City can take to facilitate development of adequate housing units to accommodate projected population growth. Based on this analysis, Section 14 requires a citywide Future Land Use Map to show the city's preferred pattern and intensity of development. Per Section 15, neighborhood plans may be used to provide more localized analysis, which may be especially useful in especially fast-growing areas like the Heights.

To help inform the citywide planning process, the City has initiated multiple neighborhood plan updates, including an update to the Billings Heights plan from 2006. This Neighborhood Plan update takes a comprehensive look at the Heights' existing conditions, evolving trends, and future community needs. This is used to inform actions that the City of Billings might take to help move towards community vision and goals specific to the Heights.

Future land use scenarios weave together ideas across land use, transportation, economic development, public facilities and services, and more. Most importantly, they guide development patterns across the area in the future. For example, one scenario could focus on managing growth as it expands outward. Another scenario could focus around increasing residential density in existing areas near transit, employment, and amenities. There are multiple ways the City could

encourage development that will serve the needs of the future population, and the preferred land use scenario will guide future zoning and development.

Examining multiple future land use scenarios is helpful because it allows the City and Billings residents to select a growth pattern that is reflective of the community's growth vision and values. The Heights community provided input on their priorities and how they would like to see the neighborhood evolve in the future. Three future land use scenarios were developed out of this input, offering a menu of different approaches from which a preferred scenario can be selected and formalized as the Future Land Use Map. This memo provides a brief description for each of the scenarios.

## **Future Land Use Designations**

Within each growth scenario, future land use designations are used to represent the desired character of different areas in the neighborhood. These designations include residential, mixed-use, and commercial environments that may have a different look and feel. Rather than zoning districts, which dictate applicable code requirements for each parcel of land, the future land use designations are intended to be guidelines that shape future development at a high level. They include some flexibility of the zoning districts and types of development that may be compatible with the designations. Designations are summarized below in Table 1. The citywide future land use designations also include Downtown Urban, which was excluded from this table as it is only applicable to Downtown Billings.

To give a sense of existing development in the Heights and its alignment with the Future Land Use categories described in Table 1, a figure was prepared showing existing land uses and zoning, categorized by the land use categories. Figure 1 is intended to represent Existing Land Use to act as a baseline for the Growth Scenarios in this memo and ultimately the development of the Future Land Use Map.

Table 1: Future Land Use Designations

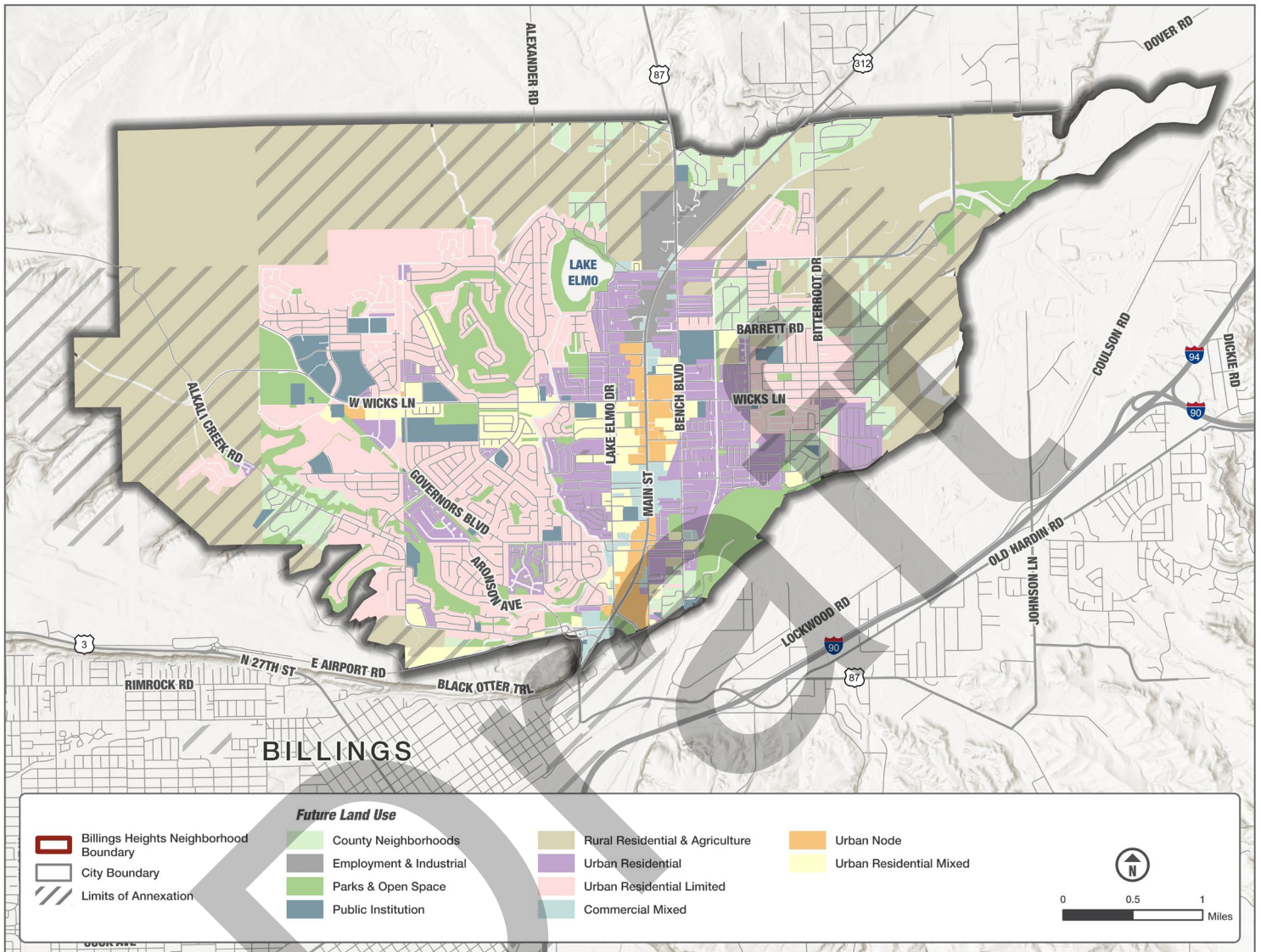
Land Use Category	Rural Residential & Agriculture (RRA)	County Neighborhoods (CN)	Urban Residential Limited (URL)
<b>Character</b>	Agricultural production lands and rural residential uses on lots larger than one acre that include agricultural uses and may conserve the agricultural heritage of the Yellowstone Valley. Due to the low-density nature of development, public water and wastewater utilities are generally not available.	Large lot rural neighborhoods typically not developed in the city with limited access to public water and wastewater utilities.	Suburban residential with structures of similar setback and maximum heights, most will have access to public water and sewer.
<b>Implementing Zones</b>	A, RR1, RR3	N4, RR1, RMH	N4, N3, N2, N1
<b>Primary Land Uses</b>	Agriculture, rural residential	Suburban residential	Suburban residential
<b>Building Types</b>	Single family dwellings, manufactured homes, accessory dwelling units	Single family dwellings, manufactured homes, accessory dwelling units	Single family dwellings, duplexes, accessory dwelling units
<b>Density (Gross Development Acreage)</b>	Max 1/ac (accessory dwelling units are not primary units)	1 - 3.5 units/ac (accessory dwelling units are not primary units)	3.5 - 7 units/ac (accessory dwelling units are not primary units)
<b>Mobility &amp; Street Network</b>	The street grid is more spread out, typically following section lines with private vehicles as the primary mode of transportation. Local streets are generally gravel.	Neighborhood streets connected to collectors or arterials, some of which may be paved. Future county neighborhoods should be connected to existing neighborhoods.	Paved neighborhood streets connected to collectors or arterials. Future neighborhoods should be connected to existing neighborhoods. These neighborhoods may have access to nearby community amenities including parks, schools, and neighborhood commercial areas.

Land Use Category	Urban Residential (UR)	Urban Residential Mixed (URM)	Urban Node (UN)
<b>Character</b>	Mixed density neighborhoods including some neighborhood commercial and housing choices from single family to townhome (4 units/structure). Public water and sewer is provided.	Higher density adjacent to mixed use with corridor services such as smaller retail businesses. Highly walkable neighborhood with possible service from transit. Typically found adjacent to Urban Nodes. Development should focus on active uses and providing a safe and comfortable environment for people, both residents and visitors.	Higher-intensity, larger-scale places where destinations like shopping and services are walkable but primarily accessed by vehicles.
<b>Implementing Zones</b>	N3, N2, N1, RMH, NX1, NO, NMU	N1, RMH, NX1, NX2, NO, NMU, CMU1	NX2, NX3, NMU, CMU1, CMU2
<b>Primary Land Uses</b>	Residential, neighborhood services, and small offices	Residential, commercial, Office, Public Spaces	High-density residential, commercial, mixed-use, shopping centers, public spaces, office
<b>Building Types</b>	Single family to four family dwellings, accessory dwelling units, neighborhood services	Single family to eight family dwellings, accessory dwelling units, commercial mixed use, offices, retail	Apartments, townhomes, multi-tenant retail, offices, commercial with or without drive thru services
<b>Density (Gross Development Acreage)</b>	6 - 16 units/ac (accessory dwelling units are not primary units)	12 - 24 units/ac (accessory dwelling units are not primary units)	16+ units/ac
<b>Mobility &amp; Street Network</b>	Development is organized to support a walkable environment. Streets have adjacent sidewalks and shared use pathways to connect neighborhoods to community amenities and nearby commercial areas.	Development is organized to support a walkable environment. Streets have adjacent sidewalks and shared use pathways to connect community amenities and commercial areas with walkable blocks.	Arterials, collectors, local commercial streets supported by transit that are adjacent to sidewalks and shared use pathways.

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Land Use Category	Commercial Mixed (CM)	Employment & Industrial (EI)	Open Space (OS)	Public Institution (PI)
<b>Character</b>	Standalone commercial areas either in the city or county sometimes with adjacent higher-density residential. Could include areas in the county for contractor shops, storage, warehousing, sometimes adjacent to urban nodes, sometimes adjacent to urban residential mixed.	Areas of employment that provide a range of jobs in sectors such as production, manufacturing, research, distribution or extraction which may be incompatible with residential uses.	Regional public parks, recreation areas, and natural or sensitive areas which provide a variety of recreational opportunities.	Public, civic, and institutional uses located within or on the edge of neighborhoods.
<b>Implementing Zones</b>	NX2, NX3, CMU2, CX, C3	CX, C3, I1, I2, EBU	P	PD, P2, P3
<b>Primary Land Uses</b>	Higher intensity commercial uses, may include high-density residential	Warehousing, hotels, larger-scale buildings providing employment	Regional and neighborhood recreational facilities as well as passive and active open spaces	Schools, churches, hospitals, public facilities (non-recreation)
<b>Building Types</b>	Apartments, multi-tenant retail, offices, commercial with or without drive thru services, warehouse	Multi-story or multiple structures to accommodate employment	Facilities associated with public use and recreation	A variety of building types varying in nature of use and sizing
<b>Density (Gross Development Acreage)</b>	16+ units/ac	Residential units are unlikely in these areas, but are allowed in Heavy Commercial zones	N/A	Density associated with institutional use
<b>Mobility &amp; Street Network</b>	Arterials, collectors, and local commercial streets	Sites are well connected to the arterial and collector street network and provide connections to interstate transportation networks (air, train, highway, etc.).	Parks and recreation sites will be well connected to adjacent neighborhoods.	Typically located on collectors or arterials. Occasionally located within neighborhoods.

Table 1: Billings Heights Baseline Land Use Map



*(This map represents current land use in the Heights according to the Future Land Use designation that best matches current patterns. This will serve as a baseline when creating the Future Land Use Map.)*

## Growth Scenarios

Based on the population projection, the Heights population is projected to grow by over 10,000 people by 2045. Housing analysis completed as part of this plan update process estimates that 6,482 additional housing units beyond existing housing in the Heights would be needed to serve the growing population. Much of the Heights has followed relatively low-density suburban development patterns; if a trend of developing at minimum or near-minimum residential density continues, the Heights could face a shortage of over 4,000 units. If development capacity is maximized across all available land, there is potential to produce over 15,000 units, but this would not be considered realistic due to market constraints.

Based on current population trends, households tend to be smaller, and there appears to be a need for more compact homes and a greater variety of housing options including “middle housing”

types such as duplexes, triplexes, townhomes and similar options that fall between apartments and the large single-family homes that make up a significant portion of the Heights' land area. Beyond housing, adequate transportation networks, utility infrastructure, and other public facilities and services are needed for a well-functioning neighborhood. Many Heights residents that have submitted survey responses or comments emphasized their desire for greater economic activities and community spaces that contribute to neighborhood quality of life.

It is difficult to predict how Billings and its population may continue to evolve in the future. Future land use scenario planning can be a tool for anticipating what steps are needed to help the Heights and the City work towards the Heights neighborhood vision:

***“The Heights is proud to be a vibrant, family-friendly neighborhood with a small-town feel.***

***The community aims to enhance quality of life with balanced residential development, safe and connected transportation systems, ample parks and community amenities, diverse economic development, and the infrastructure needed to support the neighborhood as it grows.”***

There are multiple ways this vision could be implemented. The following Scenarios A, B, and C were developed to evaluate what it could look like.

## **Scenario A: Neighborhood Expansion**

This scenario addresses the City's growth needs by emphasizing new residential development expanding out from the outer edges of the neighborhood, within the Limits of Annexation. The expansion would include some continuation of lower density subdivisions through the Urban Residential Limited (URL) land use designation (density of 3.5 – 7 dwelling units per acre), but it would also prioritize more compact residential neighborhood development following the Urban Residential (UR) patterns ranging up to greater density of 16 units per acre.

For decades, the growing Heights population has been expanding via new residential subdivisions developed on the outskirts of the neighborhood. There are opportunities for additional residential expansion into agricultural land within the Limits of Annexation, especially to the north and west, and this scenario would continue the pattern with an eye towards more compact new neighborhoods that serve neighborhood needs for smaller homes and attached middle housing options.

*Summary of anticipated future land use changes:*

- ***Designate rural residential and agricultural areas as a mix of Urban Residential – Limited (URL) and Urban Residential (UR).*** Much of the land within the Limits of Annexation is most similar to the Rural Residential & Agriculture (RRA) future land use designation. This designation is described as follows: “Agricultural production lands and rural residential uses on lots larger than one acre that include agricultural uses and may conserve the agricultural heritage of the Yellowstone Valley. Due to the low-density nature of development, public water and wastewater utilities are generally not available.” Designating some of these areas as URL or UR would enable future rezoning and development. Growth into these areas would need to be managed cautiously, so that the closest-in areas are developed first, only as the new additional residential area is needed.

Developing extensive infrastructure to serve only a small number of additional residential units would make new development more costly and have larger impacts on agricultural and open space land than necessary to accommodate population growth. Therefore, the more compact UR designation should be prioritized along with some expansion of URL areas.

- *Encourage more housing within existing county neighborhoods.* Some County land within the Limits of Annexation is currently developed as low density residential that is most similar to the County Neighborhoods (CN) land use designation, which is described as “Large lot rural neighborhoods typically not developed in the city with limited access to public water and wastewater utilities.” If this land is annexed, it will be at a much lower density than many surrounding neighborhoods, making it more costly to serve with adequate transportation, utility, and other infrastructure. These areas could be designated as URL or UR; over time, this could encourage and facilitate subdividing large tracts into smaller parcels and more compact neighborhoods. The City could also explore strategies for encouraging accessory dwelling units, cottage clusters, and similar types of housing on existing larger lots. As identified in the housing analysis completed as part of this plan update, large single-family homes may not meet the needs of anticipated neighborhood demographics in the future, so smaller homes in general should also be prioritized. Smaller home sizes may also help balance costs given the potential high cost of bringing new infrastructure to these areas.
- *Support neighborhood commercial locations and small multifamily and/or mixed-use development at major intersections in the expansion areas through the Urban Residential Mixed (URM) designation.* More housing farther out may support small neighborhood commercial locations at a few major intersections outside of existing commercial centers in the Heights. If uses like small groceries, convenience stores, or restaurants and coffee shops could be supported, these could create space for more community interaction and cut down on the need to always drive to the Main Street commercial strip. The precise location of these uses is difficult to predict without knowing what land on the rural periphery would be the first to develop, so it is important to note that if designated now, they may shift in the future. Small multifamily and/or mixed-use development would also be suitable at these neighborhood centers, as these locations would provide a small pocket of walkability in otherwise lower density expansion areas.

### *Initial Evaluation of Scenario A:*

This scenario would have minimal impact on existing neighborhood form and function and would carry on the low-density suburban development patterns that dominate the Heights today. Outward expansion of low-density residential subdivisions would require significantly more transportation and utility infrastructure, as well as more public facilities and services to serve these remote corners of the community. Because of larger unit sizes and higher costs associated with this type of residential development, this scenario may perpetuate a mismatch between Heights housing stock and the needs of the future population based on current trends – smaller, lower cost units in a variety of configurations to serve a variety of household types.

In this scenario, the Heights would likely remain a “bedroom community” with mostly residential land uses and minimal areas of auto-oriented commercial. While a peaceful neighborhood setting is valued in the Heights, many people in the neighborhood would like greater walkability. The City may need to find ways to facilitate and encourage commercial development and a more compact neighborhood expansion pattern, otherwise the commercial development that acts as

neighborhood amenities and social spaces may continue to not be economically viable outside of Main Street in the Heights.

### **Scenario B: Neighborhood Nodes**

This scenario addresses the City's growth needs by emphasizing new mixed-use development organized around specific development nodes / activity centers identified in the Heights. The primary focus would be to create pockets of higher intensity development to serve both housing and economic development goals. Urban Residential Mixed (URM) and Urban Node (UN) would be key land use designations in this scenario, with a minimum residential density of 16 housing units per acre in redesignated areas around nodes, ranging up to 40 units per acre closest to the new activity centers.

There is community support for more residential development concentrated in areas where it makes sense, as long as adequate transportation, utilities, and other public facilities and services are accommodated. New mixed-use or commercial nodes, as well as smaller-scale commercial at key intersections scattered around the neighborhood, can make the surrounding residential areas more walkable and vibrant, while also reducing traffic pressure on Main Street.

The vast majority of survey respondents – approximately 85% – said that walkability is one of the most important neighborhood characteristics for them. This suggests a desire for neighborhood commercial or institutional uses and nearby access to recreation and open space.

#### *Summary of anticipated future land use changes:*

- *Establish strong commercial and mixed-use nodes outside of the primary Main Street corridor.* Potential areas that could be a good fit for concentrations of new mixed-use development include (1) along Skyway Drive / Wicks Lane at the west end of the neighborhood (including the State Trust land that has been identified for future mixed-use development), and (2) along the Billings Bypass where it enters the neighborhood from the northeast. With enhanced access thanks to recent roadway projects, these areas can be future “nodes” of activity for the neighborhood beyond the existing Main Street corridor. With their location at each new entrance to the Heights, they also offer strong opportunities for neighborhood gateways and placemaking, and this can also help emphasize and enhance access to major neighborhood open spaces like Dover Park. The UN designation is appropriate for these locations as it allows a wide range of higher density housing and activity center-oriented uses.
- *Identify other intersections that may be appropriate for smaller-scale pockets of neighborhood commercial.* Many Heights residents indicated a desire for improved walkability in their neighborhood. As the neighborhood has expanded outward over time, many residential areas are farther away from walkable destinations. Based on current development patterns, additional locations can be identified at significant intersections where non-residential uses may be appropriate, viable, and beneficial to the surrounding residential areas. Designating the land as URM could support the right mix of uses and scale for fitting into established neighborhoods. Strategic economic development practices from the City and community groups may be helpful to encouraging the desired neighborhood commercial development, given that it would be a deviation from typical existing development patterns.

- *Encourage additional housing density adjacent to new nodes and other neighborhood commercial areas.* The majority of higher density multi-family housing in the Heights is located on either side of the Main Street central corridor, along Lake Elmo Drive or Bench Boulevard. Additional density and variety of housing types is needed in the future to support the evolving demographics and household preferences. Locating additional UR and URM areas to encourage new housing development can help support the economic viability of new activity centers, and the proximity to walkable destinations can also serve as an amenity for residents of new housing developments.

### *Initial Evaluation of Scenario B:*

This scenario may have the potential to create the most visible changes in the Heights, as it would create a set of new higher-intensity mixed-use nodes along with neighborhood commercial and mixed-use spread across major intersections throughout the neighborhood. The City could catalyze adequate housing to meet future needs in the Heights through a smaller set of impactful projects in strategic locations, rather than relying on slower processes of outward expansion or gradual infill development. This scenario would balance commercial and higher density residential opportunities in different concentrated locations across the neighborhood, paving the way for greater walkability immediately adjacent to nodes and neighborhood commercial locations, but also across the neighborhood as a whole.

Some community members expressed concern about protecting the existing character of their primarily residential neighborhood. Balancing higher intensity nodes that can bring new life to the neighborhood with appropriate density transitions can help address these concerns, allowing for a continued mix of higher and lower intensity parts of the Heights neighborhood. Especially given the already significant changes occurring with new transportation access from the west and east, there may be opportunities to establish nodes that guide growth in new centers, rather than significantly altering established areas.

### **Scenario C: Neighborhood Infill**

This scenario addresses the City's growth needs by emphasizing greater residential density within existing developed areas of the Heights. It is envisioned that new housing would be spread relatively evenly throughout the neighborhood rather than just expanding outward or just around specific nodes. Across many areas of the Heights, the baseline land uses could be upgraded to the next level of intensity. For example, many URL areas could be designated as UR, which may encourage more compact infill and redevelopment that still fits within the character of the existing neighborhood – just allowing closer to 6 to 16 units per acre rather than 3.5 to 7 units per acre associated with URL.

Many existing residential areas in the Heights are low density. This has resulted in greater distances between homes and neighborhood amenities, and significantly more infrastructure is needed to serve relatively few homes. A strategy centered on infill across the neighborhood would promote moderate increases in housing density, such as through encouraging duplexes, triplexes, and similar small-scale multifamily, as well as cottage clusters and ADUs. These types of housing development are closely aligned with statewide housing in SB 382. This development pattern can provide additional smaller and more affordable housing options, in line with trends in housing needs, while blending into the existing Heights context and making efficient use of existing infrastructure networks.

## *Summary of anticipated future land use changes:*

- *Designate existing lower density residential portions of the Heights as future land uses that allow incrementally greater development intensity to encourage a gradual shift towards greater density in the future.* In response to statewide legislation aimed at addressing Montana housing availability and affordability challenges, the City of Billings recently made zoning code changes to accommodate more of the small-scale multifamily uses listed above in existing zoning districts. Designating existing neighborhoods as future land use designations with incrementally greater development density and use allowances (such as applying UR to areas that are currently most similar to URL) will align with the recent code changes and help encourage their implementation. This supports the opportunity for current and future property owners to make greater use of their property and establish new residential opportunities that help accommodate future growth.
- *Maximize development potential on vacant and underutilized sites.* An infill strategy increases neighborhood density gradually over time, and therefore change may be slow and characterized by individual projects that each have a fairly small impact on housing availability and neighborhood livability. The vacant and underutilized sites identified as part of this plan update may be more immediately available for infill or redevelopment as compared to the gradual density increases expected across the neighborhood. Because new development on these sites can have a more immediate and significant impact on the neighborhood, the future land use map would designate these vacant and underutilized sites with the highest intensity designation that is still compatible with their surroundings.
- *Discourage outward neighborhood expansion.* Based on housing analysis completed for this plan update, development within existing city limits has the potential to yield adequate housing units to serve the future Heights population growth, without needing to rely on expansion into the large agricultural and rural residential areas within the Limits of Annexation and beyond. As part of citywide growth management efforts, policies could limit expansion of low density residential areas, and encourage annexing county islands while leaving peripheral areas outside the city limits until the additional space is needed based on population growth. This would be expected to increase infill development activity in order to meet demand for housing, commercial, and other uses within the current boundary of the Heights. Greater infill development in established neighborhood areas can improve walkability and neighborhood vitality, as opposed to isolation that comes with suburban sprawl.

## *Initial Evaluation of Scenario C:*

This scenario focuses on multiple strategies to encourage infill development to move the neighborhood towards meeting the housing needs of its future population. Some elements of this strategy build on existing efforts across the state to allow for “gentle density” incorporated into established low-density residential neighborhoods. However, it is anticipated that the process of creating more housing in these established neighborhoods will be slow-going. For that reason, specific new development and redevelopment focus could be placed on vacant and underutilized sites in this scenario, which may help catalyze more development in creative ways, potentially helping foster a greater mix of residential and commercial uses and contributing to neighborhood vitality.

An infill focus has the advantage of being particularly responsive to the development surrounding infill sites, rather than attempting to establish new development areas based on assumptions of community needs and desires. It also allows for efficient use of existing infrastructure in established neighborhoods. However, the need to fit into areas on a case-by-case process can limit impact of each individual project as compared to new higher intensity development that may be possible surrounding larger neighborhood nodes of development.

### **Next Steps**

The Future Land Use Plan for the Heights may expand on one of the three scenarios above, or combine elements from multiple scenarios to create a comprehensive growth strategy. Following City review, consideration, and feedback on the proposed growth scenarios, DOWL will compile a description of the preferred future land use scenario and growth strategy, along with a draft Future Land Use Map.

Draft