

Proposed Changes to Sidewalk Assessment Program (Titles 3 and 12)

Public Works & Mobility Department

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Presentation Outline

- Background/Why Sidewalks?
- Potential Code Changes
- Projects Affected by Code Changes
- Effects on Eaton St Phase 2 Project
- Questions & Discussion

Background

- The Mayor directed PWM to recommend changes to the sidewalk assessment program that will reduce the cost burden on individual property owners in line with the City's goals for equity and affordability.
- This is in conjunction with, but separate from, the City-wide Code Reform effort: <https://www.engagemissoula.com/2023-zuo>

Why Sidewalks?

Streets and their sidewalks - the main public places of a city - are its most vital organs.

-- Jane Jacobs

Sidewalk Benefits:

- Health
- Safety
- Environment
- Property Values

Why Sidewalks?

Property Values

- *Research indicates that the presence of a sidewalk alone does not directly increase the sale price of homes.*
- *However, the presence of a sidewalk network, greenway, or increased "walkability" has consistently shown to increase property values.*

Potential Change (Title 3): Increase Deferrals

1. Increase threshold for income-qualified deferrals to 120% AMI (MMC 3.16.030)
2. Decrease threshold for high-assessment deferrals to \$3,500

Benefits	Considerations
More residents qualify	Requires additional Road District funding
More consistent with other City programs (utility loan program, affordable housing)	City pays interest cost until home is sold

Potential Change (Title 3):

Interest Rates

1. Change the interest rate applied on sidewalk projects that use City Curb and Sidewalk bonds to be equal to the current bond rate plus 0.5%. (MMC 3.16.090)
2. Change the interest rate applied on sidewalk projects that use deferrals to be equal to the current long term inflation rate plus 0.5%.

Benefits	Considerations
Matches the property owner's financing costs to the City's financing costs.	Increased cost to the property owner.
More consistent with other City programs (utility loan program, affordable housing)	City pays interest cost until home is sold

Potential Change (Title 12): Sidewalk Postponement Subsidy

1. Allows City subsidy to apply to new single-family dwellings, duplexes, and ADU projects that previously qualified for sidewalk postponements. (MMC 12.10.130.C)

Benefits	Considerations
Reduces future cost for small infill projects	Requires additional program funding

Projects Affected by Proposed Changes:

- Turner/Worden
- Ivy Franklin Phase 1
- Eaton St Phase 2

How this Affects Property Owners on Eaton St:



How this Affects Property Owners on Eaton St (cont):

Sidewalk Cost: \$40,753

City Subsidy: \$31,753

Property Owner responsible for: \$9,000

Current Deferral Program:

- They can pay the \$9,000 immediately or use City financing to pay over 8, 12, or 20 years.
- They can pay or finance \$6,000 and defer the remaining \$3,000.
- If low income (less than 80% AMI), they can defer all \$9,000.

Revisions to Deferral Program

- They can pay the \$9,000 immediately or use City financing over 8, 12, or 20 years.
- They can pay or finance \$3,500 and defer the remaining \$5,500.
- If low-to-moderate income (less than 120% AMI), they can defer all \$9,000.

Estimated Monthly Costs

Assumed Assessment (\$9,000)

Assessment Amount	8-Year Term	12-Year Term	20-Year Term	Due Upon Sale
\$9,000 (City financing at 7.5%)	\$125/mo	\$95/mo	\$73/mo	Unpaid loan balance
\$3,000 (City financing at 7.5%)	\$42/mo	\$32/mo	\$24/mo	Unpaid loan balance
\$6,000 (deferred)	\$0/mo	\$0/mo	\$0/mo	\$6,000 + 3.5% annual interest

How this Affects the City's Eaton St Phase 2 Project:

Sidewalk Assessment Totals:

- \$256,000 in sidewalk assessments
- 42 properties

Current Amount Eligible for Deferrals:

- Between \$26,000 and \$128,000
- Limited to <80% AMI properties.

Proposed Amount Eligible for Deferrals:

- Between \$56,000 and \$128,000
- Expanded to <120% AMI properties.

Road District will have to pay for the increased deferral amounts until such time that these properties sell.

Recommended Motion:

"I move the City Council: Set a public hearing on January 6, 2025 and approve ordinances amending Missoula Municipal Code Title 3 entitled "Revenue and Finance," Title 12 entitled "Streets, Sidewalks and Public Places," to update the sidewalk deferral program eligibility requirements, interest rates, and postponements to be effective on February 5, 2025. "

Questions & Discussion

City of Missoula

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