

TAX INCREMENT FINANCE AUTHORITY CITY OF WESTLAND, MICHIGAN



AMENDMENTS TO TAX INCREMENT FINANCING AND DEVELOPMENT PLAN DEVELOPMENT AREA NO. 1 1996

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**TAX INCREMENT FINANCE PLAN AMENDMENTS
CITY OF WESTLAND TAX INCREMENT FINANCING AND DEVELOPMENT
PLAN FOR DEVELOPMENT AREA NO. 1**

This document amends the City of Westland Tax Increment Finance Authority (the "Authority") Tax Increment Financing and Development Plan for Development Area No. 1 as adopted by Westland City Council on May 19, 1986, and amended on March 29, 1989, May 20, 1991, and November 1, 1993. A copy of this plan as previously amended is hereby attached. The following sections are amended:

- I. Introduction
- III. Finding of Necessity
- V. Proposed Improvements
- VI. Impact of TIFA Revenues on Taxing Jurisdictions
- VII. Method of Financing
- VIII. Estimated Tax Increment Revenues
- IX. Budget/Cost of Project

The remaining sections of the plan as previously amended are not changed by this amendment.

I. INTRODUCTION

The City of Westland adopted a Tax Increment Financing and Development Plan in May of 1986, and amendments in 1989, 1991, and 1993. The amended plan proposed construction of/or improvements to roads, utilities, ornamental lighting, library and pavilion, landscaping, pedestrian walks, and vehicular parking. These projects are completed or underway. Substantial economic growth has occurred in the Authority District as a result of these activities.

Since the TIFA improvements were installed, private investment of over 1.1 million square feet of commercial and retail space has been constructed with a value of \$45 million, creating in excess of 2000 new jobs. 30,000 square feet of restaurant space has been built with a value of \$2.7 million, creating 160 jobs. An additional 150,000 square feet of new commercial space is approved or under construction valued at \$5.9 million, which will create 160 jobs. Over 500 residential housing units have been constructed in the area. At an average price of \$90,000, the residential construction is valued at approximately \$45 million. This information is based on City of Westland Assessment Values for retail and restaurant square footage, and SEMCOG Average Retail Floorspace per Employee Factors for Southeast Michigan, 1995.

The public improvements including the library and adjacent pavilion, sidewalk, landscaping, and road enhancements have improved the quality of life for all Westland residents by providing necessary amenities. Upon opening in November of 1996, the William P. Faust Public Library is anticipated to create 13 full time and 11 part time jobs as a result of millage levied by the City of Westland for operation of the facility. In addition to using TIFA revenues for library construction, a State of Michigan grant, federal Library Service and Construction Act (LSCA) grant, as well as local private donations were used to complete the project. Westland's library is also part of The Library Network, a cooperative of member libraries sharing material collections and providing services to residents in a four county area of southeastern Michigan.

In addition, over \$5.9 million in surplus tax increment revenues have been refunded from the Authority to taxing jurisdictions since 1988.

III. FINDING OF NECESSITY

In the original plan the Authority proposed various improvements. A number of additional improvements are proposed in Development Area No. 1 to encourage economic development. This amendment is not changing the boundaries of Development Area No. 1. These improvements will have a positive effect on the long term prosperity of the community.

In 1995, the Authority retained a consulting firm - The Green Group - to prepare a RETAIL MARKET POSITION STUDY for the City of Westland. This document provided City leadership with a status of the current retail environment, trade area and patron analysis, and recommendations for future attraction activities. The methodology included a license plate survey of shoppers in various trade areas, telephone interviews of individuals focusing on shopping habits, evaluation of competition and location factors, study of population and demographic characteristics, retail void analysis, determination of expenditure potential, and an identification of retail types which can be supported in Westland.

The conclusions and recommendations provided by The Green Group included improving regional access to the TIFA District, developing a unique destination retail node to overcome locational limitations, increasing patronage of shoppers of the TIFA District, and increasing the retail base without increasing retail development. Westland Center remains the regional shopping center for western Wayne County. About 96% of the frequent shoppers of the Westland Center area had shopped the mall within the past three months compared to 79% of the infrequent shoppers. One of the retailers recommended by the Green Group is the addition of a SEARS store as an anchor tenant at Westland Center. This is based on responses to a telephone survey of specific retailers desired in the Westland Mall area, and the need to generate

significant retail traffic, particularly from beyond the trade area. The Green Group further states that "without additional retail types, desired by its patrons, the Westland Center area risks a shrinking customer base."

The long term financial well being of the TIFA District and the City of Westland are directly related to the Westland Center area. Four of the City's top ten taxpayers, and three of the top ten employers are in this TIFA District.

The population base for the trade area served by the retailers in the TIFA District is estimated at 320,000 persons with an average household income of \$51,000. A SEARS anchor would increase the trade area by an additional 100,000 shoppers, create 350 to 400 full and part time jobs, and generate over \$200,000 per year in real and personal tax revenues.

An additional improvement identified by the City is the rehabilitation of Nankin Boulevard in the area of Westland Center. This road is nearing the end of its useful life, and major repairs are necessary. Extensive commercial and residential growth has occurred adjacent to Nankin Boulevard since its installation in 1973.

V. PROPOSED IMPROVEMENTS

Among the difficulties encountered in attracting a SEARS store at Westland Center is the lack of parking, relocation of existing utilities, and site preparation work necessary to accommodate a major retailer. A flagship SEARS store with adjacent auto facility for a total size of 183,000 square feet is anticipated. The expense of these improvements requires public participation in order to make the project economically viable. Westland Center's development potential is also restricted by the adjacent major roads - Wayne, Warren, Nankin Boulevard, and Central City Parkway making assistance critical for this growth.

This plan amendment proposes parking improvements, utility relocations, site preparation, landscaping, structure demolition, and the related architectural, engineering, and testing costs necessary to bring a new SEARS to the TIFA District. As stated previously, the condition of Nankin Boulevard is deteriorating. One of the projects to be undertaken is the total rehabilitation of this road. The project includes engineering services and related testing for the design and construction of Nankin Boulevard. Prior to design and construction of the Nankin Boulevard rehabilitation, the road condition will be fully evaluated by the City's consulting engineering firm. The project will not proceed until approval is obtained from Westland City Council.

VI. IMPACT OF TIFA REVENUES ON TAXING JURISDICTIONS

As stated previously, tax increment revenues of almost \$6 million have been refunded to the taxing jurisdictions since 1988 in TIFA District No. 1. All taxing jurisdictions will benefit from the increase in tax revenue upon completion of this plan amendment. Past projects have encouraged economic development by improving pedestrian and vehicular access, and enhanced the quality of life for area residents by providing expanded public services. These projects have also leveraged local, state, and federal funds bringing other resources to the community.

The following chart represents the tax increment revenue captured by the Authority and the impact of these funds on the general revenues of the taxing jurisdictions for the first year of the plan. The projections are based on information received from the taxing jurisdictions for the 1996-97 fiscal year and assumes that tax increment revenues captured are the same percentage of the taxing jurisdiction revenue over the remaining life of the plan:

<u>Taxing Jurisdictions</u>	<u>1997-98 Captured Tax Revenues</u>	<u>Portion of Taxing Jurisdiction Revenue</u>
Wayne County Community College	\$ 84,357	.0018
Schoolcraft Community College	\$ 153,573	.0040
City of Westland	\$1,239,399	.0320
Wayne County	\$ 657,552	.0018
SMART	\$ 28,119	.0004
 Total Captured Tax Increment Revenues	 \$2,163,000	

The creation of jobs remains an economic development priority in Westland, Wayne County, and the State of Michigan. Past plan amendments have a demonstrated track record of attracting private investment and increasing job opportunities for area residents. This plan amendment will create more jobs and additional public and private investment.

Because the plan amendments call for improvements in TIFA District 1, and within the community, the City of Westland will be positively affected. In addition, the new jobs created will have a favorable impact on Wayne County. The continued upgrading of Westland's infrastructure will reflect the image of the City and County as a good place to live and work.

VII. METHOD OF FINANCING

To date, the Authority has utilized two means of financing improvements: The proceeds from the sale of limited tax development bonds, and paying for improvements as revenues are received. Funds were set aside previously to defease bonds sold in 1989, and these bonds were fully paid off in June of 1996. The projects called for in this amendment will be paid for as revenues are received by the Authority, i.e., "pay as you go".

The cost of improvements for the Westland Center expansion and the Nankin Boulevard project are anticipated to be paid from tax increment revenues collected in the 1997-98, and 1998-99 fiscal years.

VIII. ESTIMATED TAX INCREMENT REVENUES

Projects undertaken in previous plan amendments will be funded from revenues received through the 1996-97 fiscal year. The schedule of future tax increment revenues as shown below are based on estimated growth projections. The estimated growth reflects annual increases of 2%. The Authority expects to use all of the tax increment revenues captured in the 1997-98 and 1998-99 fiscal years for the Nankin Boulevard and Westland Center expansion.

A schedule of the captured revenues is as follows:

FISCAL YEAR	CAPTURED ASSESSED VALUE	TAX INCREMENT REVENUE
1997-98	\$ 91,670,000	\$2,163,000
1998-99	\$ 93,503,000	\$2,206,000

IX. BUDGET/COST OF IMPROVEMENTS

1.	The cost of construction, engineering, and contingencies for the Nankin Boulevard rehabilitation.	\$ 600,000
2.	Parking improvements, landscaping, demolition, utility relocations, and site work for the SEARS store at Westland Center in an amount not to exceed.	\$1, 500, 000
	Total	\$ 2,100,000