

Conclusion

The estimated increases in expenditures from the projected residential, commercial, and industrial development in the Livonia Gateway Park Road study area will have the most significant impacts on the Lakeville Water and Fire districts and minimal impacts on the Village and the Joint Livonia Fire District. Table 19 presents the estimated increases of the residential, commercial, and industrial development as a percent of the current average expenditures by budget geography and special district.

Table 19

Estimated Increases in Residential, Commercial, and Industrial Development and Percent of Increase to Average Expenditures									
<i>Budget Geography</i>	<i>Average Annual Expenditures</i>	<i>Increase in Annual Expenditures 30%</i>			<i>Increase in Annual Expenditures 50%</i>			<i>Percent of Current Expenditures</i>	
		<i>Residential</i>	<i>Commercial</i>	<i>Industrial</i>	<i>Residential</i>	<i>Commercial</i>	<i>Industrial</i>	<i>30%</i>	<i>50%</i>
Village	\$ 637,678	\$ 24,273	\$ 21,235	\$ -	\$ 41,367	\$ 24,332	\$ -	7.1%	10.3%
TOV	\$ 445,211	\$ 92,002	\$ 2,306	\$ 3,008	\$ 153,097	\$ 3,203	\$ 3,008	21.9%	35.8%
Town-wide	\$ 1,360,576	\$ 236,276	\$ 6,295	\$ 9,155	\$ 393,702	\$ 7,869	\$ 9,139	18.5%	30.2%
Lakeville Water District	\$ 391,090	\$ 304,840	\$ 7,006	\$ 10,965	\$ 507,270	\$ 9,341	\$ 10,965	82.5%	134.9%
Lakeville Fire District	\$ 108,775	\$ 68,744	\$ 1,630	\$ 2,218	\$ 114,381	\$ 1,868	\$ 2,218	66.7%	108.9%
Livonia Joint Fire District	\$ 192,788	\$ 5,901	\$ 6,206	\$ -	\$ 9,887	\$ 8,243	\$ -	6.3%	9.4%

Source: Village and Town of Livonia Budgets, 1999 - 2001, G/FLRPC, 2001.

In an attempt to relate the estimated fiscal costs to the benefits the projected development may bring, estimated revenues from real property taxes were calculated. Valuations for the projected commercial and industrial development were developed as part of the Proportional Valuation step in estimating costs associated with the non-residential development. However, because the Per Capita Multiplier method was used to estimate residential costs, no valuations for the projected residences were estimated.

To estimate the residential valuations, the average values of all new single-family homes built over the past three years (1998 through 2000) were calculated for the Village, TOV, and Town-wide. The average single-family home values for the three budget geographies were applied to the special districts based on the budget geographies they served: Lakeville Water and Fire districts – TOV, Livonia Joint Fire District – Town-wide. The Town and Village of Livonia

only issued one permit for a multi-family residence over the past three years (the Town in 1998) and this one permit would not be as indicative of the value of the projected multi-family homes in the study area as a larger area of reference. The values of all permits issued in Livingston County for multi-family homes over the past three years were added and divided by the sum of the number of units in the permitted multi-family units. The multi-family average value per unit was used for all of the budget geographies and special districts. The tax rate for the Village’s real property tax (administered in June) includes current appropriations for the Livonia Joint Fire District. Therefore, the number of projected units within the village are deducted before calculating the estimated value of residential development to avoid double counting, and thus are not the same as those shown in Table 6.

To derive the value of the projected single-family homes and multi-family residences, the projected numbers of homes and units were multiplied by the corresponding average value. In addition, because some residential properties are exempt from taxes, the percentage of total exemptions to total value of single and multi-family homes in 2000 was calculated for each of the budget geographies. These percentages were then multiplied by the estimated total value of projected residential development for both the 30% and 50% development scenarios and subtracted from the estimated value of projected residential development for budget geographies and special districts under the assumption that the proportion of exempted value will remain constant. Table 20 presents the estimated increases (values) of residential properties in the study area by budget geography and special district.

Table 20

Estimated Increases in Property Valuation for Budget Geographies and Special Districts Based on Projected Increases in Residential Development								
Budget Geography	Number of Projected Single-Family Homes		Average Price per New Single-Family Home	Number of Projected Multi-Family Units		Average Price per New Multi-Family Unit	Total Estimated Value of Residential Development ²	
	(A)	(B)	(C)	(D)	(E)	(F)	(A x C) + (D x F)	(B x C) + (E x F)
	30%	50%		30%	50%		30%	50%
Village	8	14	\$ 103,000	24	40	\$ 61,029	\$ 2,142,234	\$ 3,637,799
TOV	466	776	\$ 143,722	151	251	\$ 61,029	\$ 75,059,755	\$ 124,964,922
Town-wide	474	790	\$ 137,154	175	291	\$ 61,029	\$ 74,510,893	\$ 124,144,644
Lakeville Water District	466	776	\$ 143,722	151	251	\$ 61,029	\$ 75,059,755	\$ 124,964,922
Lakeville Fire District	382	637	\$ 143,722	152	251	\$ 61,029	\$ 63,238,408	\$ 105,303,206
Livonia Joint Fire District ¹	84	139	\$ 137,154	-	-	\$ 61,029	\$ 11,335,449	\$ 18,757,469

¹ The Livonia Joint Fire District does not include Village data because the Village taxes include fire protection services in their tax rates.

² These values include deductions for exempt properties based on proportions of exemptions to total value for existing properties by single and multi-family property types in 2000.

Source: Village and Town of Livonia Assessor's Office & G/FLRPC, 2001.

The estimated values of the projected commercial and industrial developments were combined with the estimated value of the projected residential development in each of the three budget geographies and service districts, and are shown below in Table 21.

Table 21

Estimated Increases in Real Property Valuation for Budget Geographies and Special Districts Based on Projected Increases in Residential, Commercial, and Industrial Development								
<i>Budget Geography</i>	<i>Estimated Value of Residential Development</i>		<i>Estimated Value of Commercial Development</i>		<i>Estimated Value of Industrial Development</i>		<i>Total Estimated Value of Development</i>	
	<i>(A)</i>		<i>(B)</i>		<i>(C)</i>		<i>(A + B + C)</i>	
	<i>30%</i>	<i>50%</i>	<i>30%</i>	<i>50%</i>	<i>30%</i>	<i>50%</i>	<i>30%</i>	<i>50%</i>
Village	\$ 2,142,234	\$ 3,637,799	\$ 5,611,808	\$ 9,352,989	\$ -	\$ -	\$ 7,754,042	\$ 12,990,788
TOV	\$75,059,755	\$124,964,922	\$ 16,245,779	\$ 27,076,346	\$ 25,428,018	\$ 42,380,023	\$116,733,552	\$194,421,291
Town-wide	\$74,510,893	\$124,144,644	\$21,857,587	\$ 36,429,336	\$ 25,428,018	\$ 42,380,023	\$121,796,498	\$202,954,003
Lakeville Water District	\$75,059,755	\$124,964,922	\$ 16,245,779	\$ 27,076,346	\$ 25,428,018	\$ 42,380,023	\$116,733,552	\$194,421,291
Lakeville Fire District	\$63,238,408	\$105,303,206	\$ 4,671,550	\$ 7,785,917	\$ 25,428,018	\$ 42,380,023	\$ 93,337,976	\$155,469,146
Livonia Joint Fire District ¹	\$11,335,449	\$ 18,757,469	\$11,574,229	\$ 9,937,440	\$ -	\$ -	\$ 22,909,678	\$ 28,694,909

Source: Village and Town of Livonia Assessor's Office & G/FLRPC, 2001.

The increased real property tax revenues resulting from the 30% and 50% of maximum build-out scenarios were derived by calculating the product of the estimated values of projected development and the mill rates for each of the budget geographies and special districts. The average annual revenues raised through property taxes in each of the budget areas and special districts were then calculated in the same manner as the average annual expenditures presented in Tables 1 and 2. Table 22 on the following page presents the estimated real property tax revenues based on the projected development in the study area. The proportion of the estimated increase to the existing real property tax revenues expressed as a percent is also included.

Table 22

Estimated Increases in Real Property Tax Revenues for Budget Geographies and Special Districts Based on Projected Increases in Residential, Commercial, and Industrial Development							
<i>Budget Geography</i>	<i>Mill Rate</i>	<i>Estimated Value of Projected Development</i>		<i>Estimated Real Property Tax Revenues</i>		<i>Percent of Current Real Property Tax Revenues</i>	
		<i>30%</i>	<i>50%</i>	<i>30%</i>	<i>50%</i>	<i>30%</i>	<i>50%</i>
Village	0.008930000	\$ 7,754,042	\$ 12,990,788	\$ 69,244	\$ 116,008	19.0%	31.9%
TOV	0.004619547	\$ 116,733,552	\$ 194,421,291	\$ 539,256	\$ 898,138	155.7%	259.4%
Town-wide	0.004619457	\$ 121,796,468	\$ 202,954,003	\$ 562,634	\$ 937,537	72.1%	120.2%
Lakeville Water District	0.001729410	\$ 116,733,552	\$ 194,421,291	\$ 201,880	\$ 336,234	99.3%	165.5%
Lakeville Fire District	0.001303316	\$ 93,337,976	\$ 155,469,146	\$ 121,649	\$ 202,625	107.8%	179.6%
Livonia Joint Fire District	0.000989995	\$ 22,909,678	\$ 28,694,909	\$ 22,680	\$ 28,408	12.2%	15.3%

Source: Village and Town of Livonia Assessor's Office & G/FLRPC, 2001.

The proportion of the estimated increases to the existing real property tax revenues can seem large. However, when the taxable values of the projected increases are compared to the existing taxable values in the budget geographies/special service districts and the large increases in projected commercial and industrial development compared to existing non-residential development are taken into account, these figures seem much more plausible. This is especially relevant in the Town-wide, TOV, and Lakeville Water and Fire district areas that would see the largest increases in real property tax revenue resulting from projected residential, commercial, and industrial development. By comparing the estimated increases in expenditures to the estimated increases in property tax revenues, we see that the projected developments' (30% and 50%) higher proportion of commercial and industrial uses reduces the amount of expenditures and increases the amount of property tax revenues compared to the current share of land uses. Essentially, the reduction of the residential share contributing to expenditures and real property tax revenues eases the fiscal burden for the Town, Village, and special districts. This could be expected given the generally accepted fact that residential development's contribution to property taxes does not cover the services it uses.

To project the estimated increases in the Livonia CSD's revenues attributable to the real property tax levy in the Village and Town of Livonia, the estimated increases in assessed value that determines the tax levy are multiplied by the 2001-02 school year tax rate of 1.8010841. The percent of total valuation exempt from school district taxes in 2000 based on property type (single and multi-family residential and commercial) was calculated and subtracted from the

estimated value of the projected development for the Village and Town of Livonia. The resulting increases in the Livonia CSD’s tax levy from real property tax revenues for properties in the Town and Village of Livonia are presented in Table 23.

Table 23

Estimated Increases in Real Property Tax Revenues for the Livonia CSD Based on Projected Increases in Residential, Commercial, and Industrial Development					
<i>Municipality</i>	<i>School Tax Rate</i>	<i>Estimated Value of Projected Development</i>		<i>Estimated Real Property Tax Revenues</i>	
		<i>30%</i>	<i>50%</i>	<i>30%</i>	<i>50%</i>
Village of Livonia	0.018010841	\$ 7,752,985	\$ 12,989,013	\$ 139,638	\$ 233,943
Town of Livonia (TOV)	0.018010841	\$ 116,726,509	\$ 194,409,562	\$ 2,102,343	\$ 3,501,480

Source: Village and Town of Livonia Assessor's Office, G/FLRPC, & Livonia CSD 2001.

The estimated expenditures and revenues (or costs and benefits) associated with the projected increases in development are compared for the budget geographies, special districts, and the Livonia CSD to provide the net change in dollars and are presented in Table 24 on the following page. The school district expenditures shown in Table 24 represent 35% of the estimated total expenditures because, as stated earlier, the Livonia CSD’s levy from real property taxes in the nine municipalities within its boundaries has accounted for approximately 35% of its total appropriations over the past four years.

As Table 24 shows, the projected development will more than pay for itself in terms of expenditures versus revenues in all but the Lakeville Water District. Much of this is attributable to the projected influx of non-residential development in the form of commercial and industrial development. Traditionally, commercial and industrial development have contributed more in revenues via real property taxes than they required in expenditures for services. The opposite is true of residential development, and given the large proportion of residential uses and their use of services to their contribution to revenues through real property taxes, it is natural that an increase in commercial and industrial properties will help to ease the local fiscal burden for providing services to residents, businesses and other land uses.

Table 24

Estimated Increases in Expenditures and Real Property Tax Revenues for the Budget Geographies, Special Districts, and Livonia CSD Based on Projected Increases in Residential, Commercial, and Industrial Development						
<i>Budget Geography/ Special District/ School District</i>	<i>Estimated Expenditures</i>		<i>Estimated Real Property Tax Revenues</i>		<i>Net Change (Revenues - Expenditures)</i>	
	<i>30%</i>	<i>50%</i>	<i>30%</i>	<i>50%</i>	<i>30%</i>	<i>50%</i>
Village	\$ 45,508	\$ 65,699	\$ 69,244	\$ 116,008	\$ 23,736	\$ 50,309
TOV	\$ 97,317	\$ 159,308	\$ 539,256	\$ 898,138	\$ 441,939	\$ 738,830
Town-wide	\$ 251,726	\$ 410,710	\$ 562,634	\$ 937,537	\$ 310,908	\$ 526,827
Lakeville Water District	\$ 322,811	\$ 527,576	\$ 201,880	\$ 336,234	\$ (120,931)	\$ (191,342)
Lakeville Fire District	\$ 72,592	\$ 118,467	\$ 121,649	\$ 202,625	\$ 49,057	\$ 84,158
Livonia Joint Fire District	\$ 12,107	\$ 18,130	\$ 22,680	\$ 28,408	\$ 10,573	\$ 10,278
Livonia CSD*	\$ 1,358,130	\$ 2,262,102	\$ 2,241,980	\$ 3,735,423	\$ 883,850	\$ 1,473,320

The Livonia CSD's estimated expenditures are 35% of the total estimated expenditures. The 35% of the total was used because over the past four years the real property tax levy of the Livonia CSD has accounted for this percentage of its total expenditures

Source: Village and Town of Livonia Assessor's Office, Livonia CSD, Livingston County Real Property Tax Services & G/FLRPC 2001.

The projected growth in the Livonia Gateway Park Road study area over the next twenty years will require that attention be paid now to developing budgets and setting fiscal policies with an eye on the future. With the largest fiscal impacts occurring in the water and fire districts, the fiscal stability of these services' funds will need to be evaluated as well as the impact on funds in the Town with current operating deficits. Attention should also be paid to reducing the long-term debt per capita and stabilizing the fixed costs as a percentage of gross expenditures. At present, the debt per capita and level of fixed costs do not seem to be causing fiscal stress. It is important to note that this is not an analysis of the Town, Village, or special districts' budgets but rather an analysis of the estimated impacts of the projected development. The means for accomplishing even greater fiscal stability in light of the land use growth projections will have to be determined by local elected officials in conjunction with residents, businesses, and other community partners.