

City of Lathrup Village
27400 Southfield Road
Lathrup Village, MI 48076
www.lathrupvillage.org | (248) 557-2600

TO: Mayor & City Council
FROM: Mike Greene – City Administrator
DATE: August 3, 2026
RE: 1st Reading – PILOT Ordinance Amendment

Background Brief: In July 2025, the City Council approved Ordinance #2025-01, an ordinance to amend the City of Lathrup Village Code of Ordinances at Chapter 77. Urban Redevelopment, by Adding a New Article, Article III. Workforce Housing PILOT, to Provide for Approval of an Exemption From Ad Valorem Property Taxes for Housing, as Authorized by Provisions of the State Housing Development Authority Act of 1966, Public Act 346 of 1966, As Amended, MCL 125.1401, ET SEQ.

Since that time, the Council has also approved a PILOT agreement for the redevelopment of the Annie Lathrup School Property. The proposed amendment to the City's Workforce Housing PILOT Ordinance is recommended in response to feedback received from the Michigan State Housing Development Authority (MSHDA) during its review of the financing structure for the proposed workforce housing project.

The current ordinance requires City Council approval for all PILOT extensions. MSHDA has advised that projects financed with an Authority-aided mortgage require a more predictable, by-right extension mechanism tied to the duration of the MSHDA financing. This approach provides the long-term certainty necessary for underwriting and financing affordable and workforce housing developments.

The proposed amendment creates a separate extension provision specifically for MSHDA-financed projects while retaining the City's existing extension requirements for all other PILOT projects. Under the amendment, MSHDA-financed projects would be eligible for an automatic extension beyond the initial 15-year term, provided the MSHDA mortgage remains outstanding and the required restrictive covenant remains in effect, up to a maximum of 40 years. The property owner would be required to provide annual documentation verifying the MSHDA financing remains active.

These revisions align the City's ordinance with MSHDA's model tax abatement ordinance and practices utilized by other Michigan communities, including the City of Detroit. They also ensure consistency with the PILOT resolution previously approved for the project by linking the duration of the tax exemption to the period of MSHDA financing and other governmental support, improving the project's financial feasibility while maintaining the City's oversight of non-MSHDA PILOT projects.

Excerpt of City of Detroit PILOT Ordinance as reference:

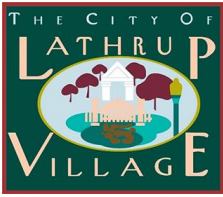
Bruce Kantor
Mayor

Kelly Garrett
Mayor Pro-Tem

Jalen Jennings
Council Member

Jason Hammond
Council Member

John Sousanis
Council Member



City of Lathrup Village
27400 Southfield Road
Lathrup Village, MI 48076
www.lathrupvillage.org | (248) 557-2600

6 **Sec. 44-4-117. Duration.**

7 The exemption from taxation granted by Section 44-4-113 of this Code must remain in
8 effect in accordance with the following:

- 9 (1) For a Government-aided housing project, for as long as the federally-aided or
10 authority-aided mortgage or advance or grant from the Authority is outstanding,
11 but not more than 50 years. City Council may approve by resolution a different
12 period of time for the exemption to remain in effect.
- 13 (2) For a Fast track or workforce housing project, for up to 15 years so long as the
14 housing project maintains eligibility and remains subject to a covenant running with
15 the land that restricts the use of the housing project to Fast track or workforce
16 housing. If that housing project maintains eligibility and continues to be subject to
17 said covenant after that period, the housing project will be eligible for by-right
18 renewal of the pilot for up to 15 years while eligibility is maintained and the
19 covenant remains, except as otherwise provided by law.

Previous Action: 7-21-25 – Adoption of PILOT Ordinance

Economic Impact:

Recommendation: It is my recommendation to approve the 1st reading and schedule a 2nd reading.

Recommended Motion:

Moved by Councilmember, _____ seconded by Councilmember _____, to approve the 1st Reading of Ordinance #2026-01 - An Ordinance to Amend the City of Lathrup Village Code of Ordinances at Chapter 77. Urban Redevelopment, Article III. Workforce Housing PILOT, by amending Section 77-57, Duration and Recorded Restrictive Covenant, to Provide Authority-Aided Mortgage Extension Exemptions, and to schedule a 2nd Reading for August 17, 2026.

Bruce Kantor
Mayor

Kelly Garrett
Mayor Pro-Tem

Jalen Jennings
Council Member

Jason Hammond
Council Member

John Sousanis
Council Member