

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
Austin Colson – Community & Economic Development Director
DATE: September 15, 2025
RE: 27700 Southfield Road – PILOT Resolution

Background Brief: Over this past year, the City Council has considered and then adopted a Payment in Lieu of Taxes (PILOT) Ordinance. A PILOT ordinance establishes the framework for the City to enter into an agreement with a developer, where the developer pays a specified amount instead of traditional property taxes, primarily used to incentivize affordable housing projects.

The property owner of 27700 Southfield Road (Annie Lathrup School) has submitted a PILOT application for the Council to consider.

Previous Action:

7/21/25 – City Council Adoption of PILOT Ordinance
9/8/25 – Study Session Discussion
9/15/25 – Study Session Discussion

Economic Impact: Utilizing assumptions of 3% year-over-year Taxable Value growth and estimates for total annual rent, on the following page, are estimated payments the City could receive under the PILOT program for this project. This includes what the property currently pays in taxes and what the estimated taxable value payments would be IF the project (as approved) were constructed with no need for PILOT assistance. REMINDER – Each year shows the TOTAL estimated tax bill paid; this bill is then split among the taxing jurisdictions. ~48% stays with the City to cover expenses (operating/library/refuse/street bond).

If approved at 4% the City would ~6X the yearly revenue received by this property.

The developer has elected to provide voluntary Community Benefits, including improvements to the walking path and park behind the property, which exceed the requirements of the PILOT ordinance.

Additionally, if the project proceeds, the City will receive one-time revenues associated with trade (building/plumbing/mechanical/electrical) reviews/permits. Formal estimates for that are unknown without seeing formal building plans. Example: 27777 Southfield Road (Panera) paid a \$20,004 building permit fee based on the job evaluation being \$1.5 million.

Recommendation: *"I recommend approving the PILOT agreement for 27700 Southfield Road."*

Recommended Motion:

Moved by Council Member _____ seconded by Council Member _____ to approve Resolution #2025-18, a resolution to approve tax exemption and a payment in lieu of taxes for a workforce housing project to be located at 27700 Southfield Road.

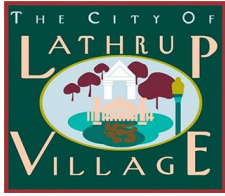
Kelly Garrett
Mayor

Bruce Kantor
Mayor Pro-Tem

Jalen Jennings
Council Member

Jason Hammond
Council Member

Maria Mannarino
Council Member



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~Total Annual Rent	\$3,378,240																
~3% Growth Per Year																	
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	TOTAL Payment	~City/DDA Revenue
Current Taxes	\$ 23,000	\$ 23,690	\$ 24,401	\$ 25,133	\$ 25,887	\$ 26,663	\$ 27,463	\$ 28,287	\$ 29,136	\$ 30,010	\$ 30,910	\$ 31,837	\$ 32,793	\$ 33,776	\$ 34,790	\$ 427,775	\$ 205,332.01
4% - PILOT	\$ 135,130	\$ 139,183	\$ 143,359	\$ 147,660	\$ 152,090	\$ 156,652	\$ 161,352	\$ 166,192	\$ 171,178	\$ 176,313	\$ 181,603	\$ 187,051	\$ 192,662	\$ 198,442	\$ 204,396	\$ 2,513,264	\$ 1,206,366.62
5% - PILOT	\$ 168,912	\$ 173,979	\$ 179,199	\$ 184,575	\$ 190,112	\$ 195,815	\$ 201,690	\$ 207,740	\$ 213,973	\$ 220,392	\$ 227,004	\$ 233,814	\$ 240,828	\$ 248,053	\$ 255,495	\$ 3,141,580	\$ 1,507,958.28
6% - PILOT	\$ 202,694	\$ 208,775	\$ 215,038	\$ 221,490	\$ 228,134	\$ 234,978	\$ 242,028	\$ 249,289	\$ 256,767	\$ 264,470	\$ 272,404	\$ 280,576	\$ 288,994	\$ 297,664	\$ 306,593	\$ 3,769,896	\$ 1,809,549.93
7% - PILOT	\$ 236,477	\$ 243,571	\$ 250,878	\$ 258,405	\$ 266,157	\$ 274,141	\$ 282,366	\$ 290,837	\$ 299,562	\$ 308,549	\$ 317,805	\$ 327,339	\$ 337,159	\$ 347,274	\$ 357,692	\$ 4,398,212	\$ 2,111,141.59
8% - PILOT	\$ 270,259	\$ 278,367	\$ 286,718	\$ 295,320	\$ 304,179	\$ 313,304	\$ 322,704	\$ 332,385	\$ 342,356	\$ 352,627	\$ 363,206	\$ 374,102	\$ 385,325	\$ 396,885	\$ 408,791	\$ 5,026,528	\$ 2,412,733.24
9% - PILOT	\$ 304,042	\$ 313,163	\$ 322,558	\$ 332,234	\$ 342,201	\$ 352,468	\$ 363,042	\$ 373,933	\$ 385,151	\$ 396,705	\$ 408,606	\$ 420,865	\$ 433,491	\$ 446,495	\$ 459,890	\$ 5,654,844	\$ 2,714,324.90
10% - PILOT	\$ 337,824	\$ 347,959	\$ 358,397	\$ 369,149	\$ 380,224	\$ 391,631	\$ 403,380	\$ 415,481	\$ 427,945	\$ 440,784	\$ 454,007	\$ 467,627	\$ 481,656	\$ 496,106	\$ 510,989	\$ 6,283,159	\$ 3,015,916.55
Minimum Payment	\$ 120,000	\$ 126,000	\$ 129,780	\$ 133,673	\$ 137,684	\$ 141,814	\$ 146,069	\$ 150,451	\$ 154,964	\$ 159,613	\$ 164,401	\$ 169,333	\$ 174,413	\$ 179,646	\$ 185,035	\$ 2,272,877	\$ 1,090,980.89
~Taxable Value Payment	\$ 670,000	\$ 690,100	\$ 710,803	\$ 732,127	\$ 754,091	\$ 776,714	\$ 800,015	\$ 824,015	\$ 848,736	\$ 874,198	\$ 900,424	\$ 927,437	\$ 955,260	\$ 983,918	\$ 1,013,435	\$ 12,461,272	\$ 5,981,410.71

**The applicant and the City have agreed to a 4.5% annual fee, as reflected in the payment and revenue projections outlined in the attached spreadsheet.*

Kelly Garrett
Mayor

Bruce Kantor
Mayor Pro-Tem

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Council Member

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