ORDINANCE NO. 2026-01

CITY OF LATHRUP VILLAGE
OAKLAND COUNTY, MICHIGAN

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.

THE CITY COUNCIL OF THE CITY OF LATHRUP VILLAGE ORDAINS:

PART I. TITLE.

This Ordinance shall be known as the "Workforce Housing PILOT Ordinance".

PART II. ORDINANCE AMENDMENT.

Chapter 77**.** Urban Redevelopment, Article III. Workforce Housing PILOT, of the City of Lathrup Village Code of Ordinances is hereby added to read as follows in its entirety:

ARTICLE III. WORKFORCE HOUSING PILOT

Sec. 77-50. TITLE.

This Ordinance shall be known and cited as the "Lathrup Village Workforce Housing PILOT Ordinance."

Sec. 77-51. PREAMBLE

It is a proper public purpose for the City of Lathrup Village to encourage the development or rehabilitation of workforce housing for persons and families whose household income is not greater than 120% of area median income by exempting such housing from all ad valorem property taxes imposed by any taxing jurisdiction and providing for payment of an annual service charge for public services in lieu of all such taxes. A PILOT, or service charge payment in lieu of taxes, is an effective means of incentivizing the construction of workforce house. A stable and predictable service charge paid in lieu of all ad valorem property taxes for a fixed period is essential to the determination of the economic feasibility of workforce housing projects developed or rehabilitated in reliance on such tax exemption. The City is authorized by section 15a of

Public Act 346 of 1966, as amended, MCL 125.1415a (the "Act"), to establish, or change by any amount it chooses, the service charge to be paid in lieu of all ad valorem taxes in accordance with section 15a with respect to new or rehabilitated workforce housing, but not an amount that exceeds the taxes that would be paid but for this authorization or the other limitations imposed by that section. Because workforce housing for individuals and families whose household income is not greater than 120% of area median income is a public necessity, and because the City will be benefited and improved by such housing, encouraging the same through an ad valorem property tax exemption is a valid public purpose. The City further intends that a housing project which also qualifies under MCL 125.1415a(1)(a) shall be eligible for exemption under that subsection, and, pursuant to MCL 125.1415a(4)(a), the City establishes by this Ordinance the period of time such exemption shall remain in effect.

Sec. 77-52. DEFINITIONS.

Unless otherwise specified herein, the terms used in this article shall be defined as follows:

Additional Amount. Shall mean an amount equal to the difference between the following:

(1) the millage rate levied for operating purposes by the County multiplied by the current Taxable Value of a workforce housing project for which a PILOT Resolution has been adopted, and

(2) the amount of the annual service charge paid in lieu of ad valorem property taxes by the housing project under Sec. 77-53(C) that is distributed to the County pursuant to MCL 125.1415a(5).

Annual Shelter Rent. Shall mean the total collections during an agreed annual period from or paid on behalf of the occupants of a housing project representing rent or occupancy charges, exclusive of charges for gas, electricity, heat, or other utilities furnished to the occupants and paid for by the housing project.

Area Median Income. Shall mean the midpoint of the Detroit-Warren-Livonia, MI HUD Metro FMR (Fair Market Rent) Area's household income distribution as calculated by the U.S. Department of Housing and Urban Development.

Authority. Shall mean the Michigan State Housing Development Authority.

County. Shall mean the County of Oakland.

Government-aided Mortgage. Shall mean an Authority-aided mortgage or a mortgage loan that is insured, guaranteed, financed, subsidized, or otherwise assisted by the United States or any agency or instrumentality thereof.

Low-income individuals or families. Pursuant to MCL 125.1415a(8), and based on housing conditions existing in the City, shall mean individuals and families whose total household income is not greater than 120% of Area Median Income.

PILOT Resolution. Shall mean a project-specific resolution adopted by the City Council that approves a housing project for exemption under this Ordinance.

Qualified Owner. Shall mean a nonprofit housing corporation, consumer housing cooperative, or limited dividend housing corporation as those terms are defined in the Act.

Restrictive Covenant. Shall mean a recorded agreement between Sponsor and the City running with the land that restricts the use of the housing project to workforce housing, as defined in this Ordinance, for a period not to exceed 15 years, or such greater or lesser period of time as may be authorized by state law and as may be required by the PILOT Resolution.

Sponsor. Shall mean any person or entity applying for a workforce housing exemption under this Ordinance, and includes any person or entity who subsequently owns the housing project.

Taxable Value. Shall mean taxable value as calculated under section 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

Workforce housing. Shall mean rental units or other housing options that are reasonably affordable to, and occupied by, a household whose total household income is not greater than 120% of the area median income published by the United States Department of Housing and Urban Development.

Sec. 77-53. AUTHORIZATION AND ESTABLISHMENT OF WORKFORCE HOUSING EXEMPTION.

(A) The class of housing projects to which the tax exemption shall apply and for which a service charge may be paid in lieu of all ad valorem property taxes are housing projects being developed or rehabilitated for workforce housing.

(B) Subject to the recording of a Restrictive Covenant, workforce housing and the property on which such housing is or will be located shall be exempt from all ad valorem property taxes as of December 31 of the year in which construction or rehabilitation commences. Construction must start within one year of the date of the Authority's notification of exemption or such longer period of time as may be provided by the PILOT Resolution.

(C) The City will accept payment of an annual service charge in lieu of all ad valorem property taxes for public services from the owner of a housing project for which the City has received a certified notification of exemption from the Authority in accordance with the following:

1. Subject to subsections (D), (E) and (F), for a new construction project, an amount that is not less than the minimum annual amount agreed upon by the parties but not greater than an annual rate up to 10% of the Annual Shelter Rent obtained from the project as agreed by the parties.

2. Subject to subsections (D), (E) and (F), for a rehabilitation project, an amount that is not less than the minimum annual amount agreed upon by the parties but not greater than an annual rate up to 10% of the Annual Shelter Rent obtained from the project as agreed by the parties.
3. The service charge paid in lieu of taxes shall not exceed the amount in ad valorem taxes that the Sponsor would have otherwise paid if the workforce housing project were not tax exempt.

(D) Notwithstanding the provisions of MCL 125.1415a(3)(b) and 125.1415a(7) to the contrary, upon the adoption of a PILOT Resolution and receipt of a certified notification of exemption from the Authority, a contract shall be deemed effected between the City and the Sponsor, with the Authority as third party beneficiary under the contract, to provide a tax exemption and accept service charge payments in lieu of taxes as previously described by this section.

(E) Notwithstanding subsection (C), the service charge paid each year in lieu of taxes for that part of a workforce housing project that is tax exempt under this Ordinance but not used for workforce housing must be equal to the full amount of the taxes that would be paid on that portion of the project as if the project were not tax exempt.

(F) The owner of the project shall allocate the benefits of any tax exemption granted pursuant to this Ordinance exclusively to workforce housing or to the maintenance and preservation of the housing project as a safe, decent, and sanitary workforce housing.

(G) The annual service charge under subsection (C) for a workforce housing project for which a PILOT Resolution has been adopted must be increased by the Additional Amount if both of the following requirements are met:

1. Not later than 45 days after the county treasurer's receipt of the certified notification of exemption, the County Board of Commissioners passes a resolution, by majority vote, that provides that the Additional Amount must be paid.

2. The approval of the resolution described in subparagraph (1) is in accordance with an ordinance or resolution adopted by the County Board of Commissioners establishing the factors to be considered when assessing whether the Additional Amount must be paid.

(H) An Additional Amount received under Section (G) must be distributed to Oakland County.

(I) A workforce housing project owned by a Qualified Owner and financed with a Government-aided Mortgage shall also be exempt under MCL 125.1415a(1)(a). The City does not exercise its authority under MCL 125.1415a(7) to exclude such projects.

Sec. 77-54. WORKFORCE HOUSING EXEMPTION APPLICATION, REVIEW AND APPROVAL PROCESS.

(A) An applicant for a workforce PILOT must own the property that is the subject of the application or must be the purchaser under a purchase or option agreement. The property that is the subject of the application must be zoned for the use at the time of applicant.

(B) Prior to applying for a workforce housing PILOT, the applicant is encouraged to meet with the City Manager, Zoning Administrator, and Assessor and any other person as may be designated by the City Manager and present the proposed workforce housing project. The presentation may include a description of the applicant's organizational structure, development experience, scope of the workforce housing project, location, number of units, types of units, typical floor plans, exterior elevations, schedule with projected milestones, and estimated shelter rents.

(C) The applicant shall submit its request for a PILOT using the form provided by the City and may include the information identified in subsection (B) above together with zoning approval, as applicable.

(D) If a complete application is received no less than 30 days prior to the next regularly scheduled City Council meeting, the city clerk will place the request on the agenda of the next regularly scheduled meeting. If the application is received less than 30 days prior to the next regularly scheduled City Council meeting, the application shall be placed on the agenda of the regular meeting that follows the next regularly scheduled meeting or the agenda for a special meeting scheduled by the City Council at the request of the applicant.

(E) When reviewing an application for a workforce housing PILOT, the decision to approve or deny the request shall be guided by the City Council’s consideration of the following factors:

1. Whether the PILOT will increase the number of available workforce housing units in the city.

2. Whether the PILOT will reduce the functional obsolescence of an existing building or housing unit(s).

3. Whether the PILOT is likely to encourage expansion of the population of city.

4. Whether the location of the workforce housing is consistent with the goals and objectives of the city's Master Plan.

5. Whether the development or rehabilitation of the workforce housing requires zoning variances or results in the continuation of a nonconforming use.

6. Whether the PILOT will result in the provision of needed housing amenities.

7. Whether the PILOT will facilitate provision of attractive, viable housing units.

(F) Approval of a PILOT for workforce housing requires a public hearing held by City Council prior to consideration of a resolution.

(G) Approval of a PILOT for workforce housing requires passage of a resolution of approval by 4 members of the City Council that includes the findings with respect to the standards of subsection (E).

(H) If the PILOT application is approved, the city clerk will deliver to the applicant a certified copy of the resolution approving the application.

(I) To defray the administrative cost of processing an application for a workforce housing PILOT, the City Council may include a workforce housing application fee in its annually adopted fee schedule.

Sec. 77-55. AUTHORITY AFFIDAVIT AND ASSESSOR NOTIFICATION.

(A) Following adoption of the PILOT Resolution, the Sponsor must submit an affidavit to the Authority in the form required by the Authority for certification by the Authority that the project is eligible for the workforce housing exemption.

(B) Upon receipt of notification from the Authority that the project is eligible for a workforce housing exemption, the Sponsor or the Authority must file the certified notification of exemption with the city assessor before November 1 of the year preceding the tax year in which the exemption is to be effective.

(C) Not later than 5 business days after receipt of the certified notification of exemption, the assessor shall provide a copy of the certified notification of exemption to the County Treasurer.

Sec 77-56. PAYMENT OF PILOT.

(A) The owner of the workforce housing shall remit the annual PILOT payment to the city treasurer no later than April 15th. The PILOT payment shall be accompanied by an estimate of shelter rents for the current calendar year and a certified roll of shelter rents for the preceding calendar year.

(B) Except as otherwise provided in this section and Sec 77-53, any payments for public services under this Ordinance shall be distributed to the governmental units levying the general property tax in the same proportion as prevailed with the general

property tax in the previous calendar year.

(C) If the property subject to this PILOT is located within a Downtown Development Authority (DDA) district with an active Tax Increment Financing (TIF) plan, the DDA shall be entitled to capture the portion of the annual service charge that represents the incremental increase above the base taxable value established by the TIF plan, unless the City and the DDA agree otherwise to support workforce housing objectives. Any remaining funds after TIF capture, if applicable, shall be distributed to the governmental units per this section.

(D) The distribution to those governmental units shall be made as if the number of mills levied for local school district operating purposes were equal to the number of mills levied for the purposes in 1993 minus the number of mills levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, for the year for which the distribution is calculated. The amount of payments in lieu of taxes to be distributed to a local school district for operating purposes under this subsection must not be distributed to the local school district but instead must be paid to the state treasury and credited to the state school aid fund established by section 11 of article IX of the state constitution of 1963.

(E) Any PILOT payment or portion of a PILOT payment remaining unpaid as of the due date shall bear interest at the rate of one percent (1%) per month and shall be subject to a penalty of five percent (5%) of the unpaid amount. Any PILOT payment or portion of a PILOT payment that remains unpaid for twelve (12) months but less than twenty-four (24) months shall, in addition to the interest provided above, be subject to a penalty equal to fifty percent (50%) of the full amount of the ad valorem property taxes that would have been assessed against the property for that year if the project were not tax exempt, less the amount of the PILOT payment that was due. Any PILOT payment or portion of a PILOT payment that remains unpaid greater than twenty-four (24) months shall, in addition to the interest provided above, be subject to a penalty equal to the full amount of the ad valorem property taxes that would have been assessed against the property for that year if the project were not tax exempt, less the amount of the PILOT payment that was due. The collection of past-due PILOT payments, interest, and penalties shall otherwise be in accordance with the provisions of Chapter 211 of the General Property Tax Act, Act 206 of 1893, as amended, MCL 211.44 et seq.

Sec. 77-57. DURATION AND RECORDED RESTRICTIVE COVENANT.

(A) A PILOT Resolution shall not exceed a term of fifteen (15) years. Except as provided in subsection (B), parties may include up to three (3) five (5) year options to extend the PILOT Resolution. The party seeking to exercise an option shall provide the other party with written notice at least ninety (90) days before the expiration of the PILOT

Resolution. All extension options require approval of a Resolution by at least four (4) members of the City Council.

(B) A PILOT Resolution related to a workforce housing project that qualifies under Section 77-53(I) shall not be subject to the extension limitations, notice requirements or City Council approval requirements set forth in subsection (A), or the termination provision in subsection (E)(3). Pursuant to the City's authority under MCL 125.1415a(4)(a) to establish by ordinance a different period, the PILOT Resolution and Restrictive Covenant shall remain in effect for as long as a Government-aided Mortgage remains outstanding and unpaid, provided that the total duration shall not exceed forty (40) years. The owner shall provide the City with annual evidence reasonably satisfactory to the City that a Government-aided Mortgage remains outstanding and unpaid. Upon repayment, satisfaction, discharge, or termination of the Government-aided Mortgages the PILOT Resolution and Restrictive Covenant shall terminate. The PILOT Resolution may establish terms regarding successor financing and PILOT Resolution and Restrictive Covenant continuation, proof of continued governmental assistance, and related matters.

(C) A workforce housing project approved for an exemption by a PILOT Resolution shall be encumbered by a Restrictive Covenant recorded in the office of the Register of Deeds for the County.

(D) The Restrictive Covenant shall acknowledge (i) that the economic feasibility of the workforce housing project depends on the approval and continuing effect of the payment in lieu of all ad valorem taxes as approved by the PILOT resolution; (ii) the City's agreement to accept payment of an annual service charge in lieu of all ad valorem taxes in consideration of the Sponsor's offer to construct or rehabilitate workforce housing; and (iii) the amount of the annual service charge to be paid for each operating year.

(E) The Restrictive Covenant shall provide:

(1) for the reporting and monitoring of the Sponsor's compliance with the Restrictive Covenant by annually submitting compliance reports on or before April 15, including occupancy and rent data to the City Manager, this Ordinance and the PILOT Resolution;

(2) that the Restrictive Covenant is enforceable by the City and any Tenants to be benefitted at law or in equity;

(3) other remedies available to the City for non-compliance, including enforcement of the contract in a legal proceeding and termination of the exemption following a formal notice and cure period as established in the PILOT Resolution, provided, however, that the City may not terminate the exemption for any workforce housing project financed by a Government-aided Mortgage during the term of such mortgage;

(4) that the Restrictive Covenant cannot be modified or terminated except in a written instrument executed by the Sponsor or then current owner and the City; and

(5) for such other matters as may be required by the City.

PART III. REPEALER.

This ordinance repeals any ordinances in conflict thereof.

PART IV. SEVERABILITY.

If any section, subsection, clause, phrase, or portion of this article is for any reason held invalid by a court of competent jurisdiction, such portion shall be deemed a separate and distinct provision, and such holding shall not affect the validity of the remaining portions.

PART V. SAVINGS.

All proceedings pending and all rights and liabilities existing, acquired, or incurred at the time this ordinance takes effect are saved and may be consummated according to the law in force where they commenced.

PART VI. EFFECTIVE DATE.

This Ordinance shall be published in the manner required by law and shall become effective ten (10) days after the date of its publication. A copy of the ordinance shall also be made available for public use and inspection in the office of the City Clerk.

MADE, PASSED AND ADOPTED BY THE CITY COUNCIL, CITY OF LATHRUP VILLAGE, OAKLAND COUNTY, MICHIGAN THIS __ DAY OF _____, 2026.

_____
Alisa Emanuel, City Clerk

Date of Introduction:
Date of Adoption:
Date of Publication of Notice of Adoption:

CERTIFICATE OF ADOPTION

I hereby certify that the foregoing is a true and complete copy of the ordinance passed at a meeting of the City of Lathrup Village held on the __ day of _____, 2026.

_____
Alisa Emanuel, City Clerk