



City of Lathrup Village
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TO: Mayor & City Council
FROM: Mike Greene – City Administrator
DATE: October 21, 2024
RE: Study Session

PILOT Ordinance

In 2023, the State of Michigan passed legislation that would allow local governments the ability to develop payment in lieu of taxes (PILOT) policies and enter into PILOT agreements with developers who are building or rehabbing workforce housing units without the previous requirement of state or federal tax credits.

Previously, local units of government could participate in PILOTs for developments as part of the developer’s application process for low-income housing tax credits through MSHDA. However, local governments didn’t have the discretion to award a PILOT unless the developer was awarded the MSHDA tax credits, a competitive program.

Senate Bill 432, approved December 13, 2022, allows local governments the discretion to enter into PILOT agreements for developments that are not applicants for state or federal tax credits, but the legislation does require MSHDA to be involved in the process. In addition, local units of government will be required to develop an ordinance to allow for and approve PILOT agreements.

As the Council is aware, the Surnow Company is exploring its options in redeveloping the former Annie Lathrup School. As part of this development, they would be seeking a PILOT agreement with the City.

Included in your packet is a DRAFT PILOT ordinance for discussion, as this would be one of the first steps in this property’s redevelopment process. Representatives from the Surnow Company are planning to attend the meeting.

The Surnow Company has also provided a DRAFT site plan to share their vision for the property. This site plan HAS NOT gone through HDC or Planning Commission yet and would be subject to their reviews further along in the process.

The purpose of this discussion is to determine the Council’s appetite for this type of program and begin answering questions the Council may have.