City Council Special Meeting

Monday, November 16, 2026 at 6:00 PM

27400 Southfield Road, Lathrup Village, Michigan 48076

1. **Call to Order** by Mayor Kantor
2. **Roll Call**
3. **Pledge of Allegiance**
4. **Approval of Agenda**
5. **Public Comments for Items on the Agenda** (Speakers are limited to 3 minutes)
6. **Action Requests - For Consideration / Approval**
   - A. TABLED ITEM - First Reading - Ordinance #2026-01 - PILOT Ordinance - An Ordinance to Amend 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.
7. **Public Comment** (Speakers are limited to 3 minutes)
8. **Mayor and Council Comments**
9. **Adjourn**

ADDRESSING THE CITY COUNCIL

-Your comments shall be made during the times set aside for that purpose.
-Stand or raise a hand to indicate that you wish to speak.
-When recognized, state your name and direct your comments and/or questions to any City official in attendance.
-Each person wishing to address the City Council and/or attending officials shall be afforded one opportunity of up to three (3) minutes during the frist and last occasion for citizen comments and questions and one opportunity of up to three (3) minutes during each public hearing.
-Comments made during public hearings shall be relevant to the subject of the public hearings being held.
-In addition to the opportunities described above, a citizen may respond to questions posed to them by the Mayor or members of the Council, provided members have been granted the floor to pose such questions.
-No speakers may make personal or impertinent attacks upon any officer, employee, City Council member, or other elected Official that is unrelated to how the officer, employee, or City Council member or other Elected Official performs their duties.
-No person shall use abusive or threatening language toward any individual when addressing the City Council.
-Attendees may video record, audio record, and livestream public meetings. Recording devices may be handheld or tripod-mounted, provided they do not block aisles, exits, views, or spreakers, and may be set up or adjusted quietly at any time during the meeting. Recording equipment must operate without flash or other disruptive lighting or noise. The presiding officer may require equipment to e relocated if it creates a safety or access concern. Attendees may not place recording devices unreasonably close to others without their consent or use recording equipment

to intimidate, threaten, harass, or otherwise disrupt the meeting. Participation in a public meeting, including speaking during public comment or addressing the public body, is a public act and may be recorded from a reasonable distance.
-The Mayor shall direct any person who violates this section to be orderly and silent. If a person addressing the Council refuses to become silent when so directed, such person may be deemed by the Mayor to have committed a "breach of the peace" by distrupting and impeding the orderly conduct of the public meeting of the City Council and may be ordered by the Mayor to leave the meeting. If the person refuses to leave as directed, the Mayor may direct any law enforcement officer who is present to escort the violator from the meeting

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: November 16, 2026
RE: 1st Reading – PILOT Ordinance Amendment

Background Brief: In July 2025, the City Council approved Ordinance #2025-01, which amended 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 (MHSDA) 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 necessitate a more predictable, by-right extension mechanism tied to the duration of the MSHDA financing. This approach provides the long-term certainty needed to underwrite and finance affordable and workforce housing developments.

The proposed amendment creates a separate extension provision specifically for government-financed projects while retaining the City's existing extension requirements for all other PILOT projects. Under the amendment, government-financed projects would be eligible for an automatic extension beyond the initial 15-year term, provided the government (ex: 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 government financing remains active.

These revisions align the City's ordinance with MSHDA's model tax abatement ordinance and practices utilized by other Michigan communities. 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.

The packet includes:

- Letter from MHSDA Chief Legal Affairs Officer, Clarence Stone, addressing questions raised at previous meetings.
- Email from Jordan Sherman, Surnow Company, addressing voucher questions raised at previous meetings.

Bruce Kantor	Kelly Garrett	Jalen Jennings	Jason Hammond	John Sousanis
Mayor	Mayor Pro-Tem	Council Member	Council Member	Council Member

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- Updated pro forma valuation from Justin Prybyiski, City Assessor, for tax capture comparison. Our assessor also noted that the $42 million in total construction costs sounds typical for building this project at $225/sf, and that construction value and taxable value are drastically different. Construction costs do not equate to the value, though, because a developer will be making that investment and paying back the loans in their debt service over the term; they hold the project, and then if they sell it, it gets a reversion. The total value is often 1/3, more or less, of the investment made to construct. Mr. Prybyiski errs on the conservative side of his estimates. He stated that these apartment projects typically range in value between $95,000 - $125,000 per unit. Without seeing the finished construction, he went with $106K per unit as a starting point. If the project is finished with top-quality finishes and has nice amenities, he believes the project could be worth $18.125 million on the high end.

Previous Action:
7-21-25 – Adoption of PILOT Ordinance
9-14-26 – Study Session Discussion
9-21-26 – Tabled First Reading
10-5-26 – Study Session Discussion
10-19-26 – Tabled First Reading

Economic Impact: N/A

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

Recommended Motion:

Moved by Councilmember, _____ seconded by Councilmember _____, to remove the 1st Reading of the PILOT Ordinance Amendment from the table.

Moved by Councilmember, _____ seconded by Councilmember _____, to approve the 1st Reading of Ordinance #2026-01 – An Ordinance to Amend 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 Amended, MCL 125.1401, et seq., and to schedule a 2nd Reading for November 23, 2026.

Bruce Kantor Mayor | **Kelly Garrett** Mayor Pro-Tem | **Jalen Jennings** Council Member | **Jason Hammond** Council Member | **John Sousanis** Council Member

STATE OF MICHIGAN
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
LANSING

GRETCHEN WHITMER
GOVERNOR

AMY HOVEY
EXECUTIVE DIRECTOR

October 13, 2026

Mr. Corey J. Levin
Honigman LLP

via e-mail to
clevin@honigman.com

Re: Lathrup Village (the "Development")

Dear Mr. Levin:

You have requested the Michigan State Housing Development Authority (the "Authority") to respond to several concerns expressed by the City Council or interested citizens of the City of Lathrup Village (the "City") regarding the Development.

The Development is the first project to be awarded financing under the Authority's new Accelerator Fund program (the "AF Program"). The AF Program is designed to increase housing production by providing long-term financing for projects that are not participating in the federal low-income housing tax credit program, through the use of Authority tax-exempt bonds, and added support in the form of short-term, low-cost subordinate financing. The AF Program requires an affordability component that restricts at least 20% of the units to households with incomes that do not exceed 50% of area median income ("AMI"), as published by the U.S. Department of Housing and Urban Development ("HUD") for the county or metropolitan area in which the property is located. Tax-exempt bond financing under the AF Program is typically structured with a 40-year, fully amortizing term and a fixed interest rate.

Our lending parameters require the sponsor to demonstrate municipal support by the adoption of an ordinance granting tax exemption and a payment in lieu of taxes ("PILOT"), with a duration (or term) at least as long as the Authority's longest loan maturity. If the PILOT duration is less than the Authority's longest loan maturity, the loan that normally has a 40-year term will have a balloon date that is coterminous with the PILOT. The AF Program financing for the Development was initially offered and has consistently been contemplated as a 40-year loan. After our legal division's review of the City's workforce housing ordinance (the "Ordinance"), the 15-year limit was flagged and other concerns were raised (including a termination provision), and in discussions with the Surnow Company, the sponsor for the Development, it was agreed that we would proceed with Authority approval for a 30-year loan (based on the maximum number of extensions available), but with the right to call the loan after 15 years if the PILOT exemption was not extended. This approval would allow Authority staff to move forward with preparations for closing, and for the sponsor to secure all items necessary to close, while the sponsor sought an amendment to the City's Ordinance that would more closely align it with Authority's lending and AF Program requirements.

The closing process for an Authority-financed transaction is typically 6-12 months following board approval, although it is expected that the time frame will be substantially less for loans made under the AF program. Once approved, the attorney begins to draft loan documents and collect due diligence materials from the borrower. The borrower and its attorney prepare various closing certificates, resolutions and opinions that must be reviewed. Internal sign-offs from the Authority's underwriting staff are collected. The written loan commitment is issued, and a loan package is prepared for the Michigan Attorney General for review. After this review is completed, loan documents are finalized and the initial disbursement of loan funds occurs. In the case of the Development, the sponsor's management agent has no previous experience with Authority-financed projects; additional time has been needed to identify and bring an experienced management agent into the transaction. If the City's Ordinance is amended to align with the Authority's underwriting requirements, including a by-right extension of the PILOT exemption for a duration of 40 years, the Authority will issue a modification of the loan's terms for the Development that will be incorporated into the final written loan commitment and the loan documents prepared for closing.

Units that are restricted to tenants whose household income is no more than 50% of AMI are also subject to a rent restriction that limits the monthly household expense (rent plus imputed utilities) to 1/12th of 30% of 50% of AMI. Workforce housing units, which are restricted to tenants whose household income is no more than 120% of AMI, are subject to a rent restriction that limits the monthly household expense (rent plus imputed utilities) to 1/12th of 30% of 120% of AMI. Again, these limits are published annually by HUD and are adjusted for family size. Based on the current limits for Oakland County, the total housing expense (including tenant-paid utilities) for a 2-person household at 50% of AMI may not exceed $1,048. The total housing expense (including tenant-paid utilities) for a 2-person household at 120% of AMI may not exceed $2,517.

A question was raised regarding whether the Development would receive Section 8 rental subsidies. The answer is no. The data chart attached to the report approved by the Authority's board incorrectly listed 116 units as Section 8; they are in fact restricted to 120% of AMI and will not receive any federal or state rental subsidy. This error will be corrected.

We would be happy to answer any other questions you or the City Council members may have.

Sincerely.

Clarence L. Stone, Jr.

Clarence L. Stone, Jr.
Chief Legal Affairs Officer

Item A.

Outlook

Follow Up Answers from Monday's Meeting and Next Steps

From Jordan Sherman <jordan@surnow.com>
Date Wed 10/21/2026 10:20 AM
To Bruce Kantor <bkantor@lathrupvillage.org>; jsousanis@lathrupvillage.org <jsousanis@lathrupvillage.org>; jjennings@lathrupvillage.orgBruce <jjennings@lathrupvillage.orgBruce>; Kelly Garrett <kgarrett@lathrupvillage.org>; Jason Hammond <jhammond@lathrupvillage.org>
Cc Sam Surnow <Sam@surnow.com>; Levin, Corey J. <clevin@honigman.com>; Scott Baker <sbaker@bakerpllc.com>; Michael Greene <mgreene@lathrupvillage.org>

Dear Mayor and Members of City Council,

We met with MSHDA yesterday and have answers to the Section 8 voucher questions that were raised at Monday's meeting.

Here are the details:

1. MSDHA's AF program does not require us to reserve units for potential tenants that receive housing vouchers. As mentioned at the City Council meeting, housing subsidies are not contemplated under the AF program financing.

2. Michigan law prohibits landlords from discriminating against applicants based on their source of income. This applies to every landlord and every apartment in the state at a property with five or more units, whether or not it's part of a government program or it's a market-rate development. Here's a link to the article regarding the State Law and here's a link to the actual statute.

3. The law does not require us to lower our standards and all applicants will be subject to a rigorous screening process backed by MSHDA and the Asset Manager for the development and will be evaluated in detail with each application to ensure tenant viability. Every applicant, regardless of how they pay rent, will go through the Tenant Selection Process (TSP), including a criminal background check, review of employment history, review of rental history, ability to pay, etc. There will be a high bar for these standards and no one is more incentivized than us to ensure that we fill the building with quality tenants that meet all of these requirements even beyond proof of funds.

Lastly, and most importantly, while we are happy to answer any and all questions from City Council or the Public — the continued tabling of the PILOT ordinance reading in order to address non-PILOT related questions has created another issue with the closing timeline for the MSHDA Funding.

The State is under pressure to place this housing investment this calendar year. The frequent delays and ongoing tabling are leading us down a path where we are in jeopardy of losing the funding to the next community on the list.

With that in mind — we are requesting that the PILOT ordinance amendment be placed back on the agenda for a special meeting on Monday 10/26, which is critical, so Council can make a final determination on the PILOT ordinance amendment without delay.

Thanks,
Jordan & team

Jordan Sherman
Vice President,
Business Operations & Strategy

Mobile: 248-672-9299
Email: jordan@surnow.com

550 W. Merrill Street, Suite 100
Birmingham, MI 48009
www.surnow.com

Outlook

RE: Lathrup Village - Market/Assessed Value

From Prybylski, Justin <JPrybylski@cityofsouthfield.com>
Date Mon 11/2/2026 4:21 PM
To Michael Greene <mgreene@lathrupvillage.org>
Cc Assessor <Assessor@lathrupvillage.org>; Assessor2 <assessor2@lathrupvillage.org>

Michael,

I looked into the market and have done a proforma income for valuation of that apartment project. This proforma assumes that the building came to market as an apartment with 145 units and does not have any abatement/pilot. My estimate of a project this size would be roughly $15.46M, or about $106,000 per unit. The total annual taxes for the owner would be roughly $515,000 and the City taxes (17.3001) would be $133,730 annually.

The proforma income valuation is below:

2027 PROFORMA INCOME APPROACH
as of December 31, 2026

SUBJECT:	
27700 SOUTHFIELD RD	
LATHRUP VILLAGE, MI 48076	
OCCUPANCY TYPE: RESIDENTIAL/APARTMENT UNITS	
MARKET: SOUTHFIELD	
BUILDING FLOOR AREA (SF):	**190,074**
NET LEASABLE AREA (SF):	**190,074**
3-BRDM UNIT COUNT:	-
2-BDRM UNIT COUNT:	62
1-BDRM UNIT COUNT:	83
TOTAL UNIT COUNT:	145
MARKET RENTAL RATES (/MONTH):	
3-BRDM MARKET RENT (/UNIT):	$3,000
2-BRDM MARKET RENT (/UNIT):	$2,200
1-BRDM MARKET RENT (/UNIT):	$1,400
MARKET RENTAL RATES (/MONTH):	
3-BRDM MARKET RENT (/MONTH):	$0
2-BRDM MARKET RENT (/MONTH):	$136,400
1-BRDM MARKET RENT (/MONTH):	$116,200
TOTAL MARKET RENT (/MONTH):	$252,600
ANNUALIZED MARKET RENT (x12):	$3,031,200
POTENTIAL GROSS INCOME (PGI):	**$3,031,200**
MISCELLANEOUS INCOME:	$0
MARKET VACANCY RATE:	7.50%
COLLECTION LOSS:	2.50%
VACANCY/COLLECTION LOSS:	10.00% $303,120
EFFECTIVE GROSS INCOME (EGI):	**$2,728,080**
OPERATING EXPENSES:	40.00% $1,091,232
NET OPERATING INCOME (NOI):	**$1,636,848**
CAPITALIZATION RATE:	**10.58%**
TOTAL:	**$15,464,269**
ESTIMATED TRUE CASH VALUE:	**$15,460,000**
ESTIMATED VALUE $/UNIT:	**$106,621**
ESTIMATED VALUE $/SF:	**$81.34**
EFFECTIVE TAX RATE:	**3.3347%**
ANNUAL TAX ESTIMATE:	**$515,546**

If you'd like to discuss just give me a call.

Thanks.

Regards,

Justin E. Prybylski, MMAO(4), PPE
City Assessor, Assessing Department
City of Southfield
26000 Evergreen Road, P.O. Box 2055
Southfield, MI 48037-2055
(248) 796-5240 Fax (248) 796-5255
jprybylski@cityofsouthfield.com
www.cityofsouthfield.com

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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

Workforce Housing PILOT Ordinance Update (v6) – Statutory Walkthrough

The v6 amendments are clean-up to eliminate any possible confusion about the statutory basis and term of the exemption. The project and the 120% AMI workforce standard do not change. Each step below tracks the State Housing Development Authority Act, MCL 125.1415a.

Step	MCL cite	What it does	Why it matters
1. Where we started	MCL 125.1415a(1)(b); (4)(b)	The current ordinance grants the workforce housing exemption under (1)(b). Under (4)(b), a (1)(b) exemption lasts only while the workforce covenant is in place, "not to exceed 15 years."	The 15-year statutory cap is why the ordinance relies on optional 5-year extensions. MSHDA financing is a 40-year loan, so the term needed a clearer statutory footing.
2. The added authority	MCL 125.1415a(1)(a); (4)(a) Ord. §§ 77-53(I), 77-57(B)	(1)(a) covers projects owned by a limited dividend housing corporation (or nonprofit or cooperative) and financed with an Authority-aided mortgage. Under (4)(a), the City "may establish by ordinance a different period" for the exemption.	Surnow's ownership entity, Lathrup Village Limited Dividend Housing Association LLC, with MSHDA financing, meets (1)(a). v6 ties the term to the MSHDA mortgage, capped at 40 years total.
3. The catch	MCL 125.1415a(3)(c)	For a (1)(a) project, any portion occupied by people other than "low-income individuals or families" pays a service charge equal to full taxes.	If the City does not define low-income, MSHDA's definition controls, and it is likely below 120% AMI. Workforce units above that line would lose the abatement.
4. The fix	MCL 125.1415a(8)	A municipality may by ordinance define "low-income individuals or families" for its own projects "on the basis of conditions existing in that municipality."	The Legislature gave cities this tool for exactly this purpose. Using it removes any question about (3)(c).
5. Our definition	Ord. § 77-52 (definition of "Low-income individuals or families")	v6 defines low-income as household income not greater than 120% of Area Median Income, the same line the ordinance already uses for workforce housing.	"Low-income" and "workforce" now mean the same thing, so the whole project stays abated. MSHDA requires 29 of the 145 units at 50% AMI; the other 116 rent to households up to 120% AMI.

Bottom line: v6 keeps the deal the Council already approved last summer and puts it on the cleanest statutory footing, so there is no question later about the term or which units are abated.

STATE HOUSING DEVELOPMENT AUTHORITY ACT OF 1966 (EXCERPT)

Act 346 of 1966

125.1415a Exemption of housing project from taxes; filing certified notification of exemption with local assessing authority; annual service charge; amount; duration of exemption; distribution of payments for public services; exceptions; payment of service charge equal to full amount of taxes; reduced housing charges; "low income individuals or families" defined; rules; reimbursement prohibited; additional definitions.

Sec. 15a.

(1) Except as otherwise provided in this section, the following are exempt from all ad valorem property taxes imposed by this state or by any political subdivision, public body, or taxing district in which the project is located:

(a) A housing project owned by a nonprofit housing corporation, consumer housing cooperative, limited dividend housing corporation, mobile home park corporation, or mobile home park association that is financed with a federally-aided or authority-aided mortgage or advance or grant from the authority.

(b) A housing project that is being developed or rehabilitated for workforce housing that is located in a municipality and is subject to a municipal ordinance that is adopted by the governing body of that municipality to approve a housing project for tax exemption under this subdivision. The approval or denial of a tax exemption under this subdivision must be in accordance with an ordinance or resolution concerning the selection of workforce housing projects that is adopted by the governing body.

(2) The owner of a housing project eligible for an exemption under subsection (1) must file with the local assessing officer a notification of the exemption. The notification must be in an affidavit form as provided by the authority. The owner must first submit the completed affidavit form to the authority for certification by the authority that the project is eligible for the exemption. The owner must then file the certified notification of the exemption with the local assessing officer before November 1 of the year preceding the tax year in which the exemption is to begin. If the housing project is eligible for an exemption under subsection (1)(b), not later than 5 business days after receipt of the certified notification of the exemption, the local assessing officer shall provide a copy of the certified notification of the exemption to the treasurer of the county in which the housing project is located.

(3) The owner of a housing project exempt from taxation under this section shall pay to the municipality in which the project is located an annual service charge for public services in lieu of all taxes. All of the following apply to the amount that an owner must pay as a service charge under this subsection:

(a) The owner must pay an annual service charge in accordance with the following:

(i) Subject to subdivisions (b), (c), (d), and (e), for a new construction project, an amount that is the greater of the tax on the property on which the project is located for the tax year preceding the date on which construction is commenced or 10% of the annual shelter rents obtained from the project.

(ii) Subject to subdivisions (b), (c), (d), and (e), for a rehabilitation project, an amount that is the lesser of the tax on the property on which the project is located for the tax year

preceding the date on which rehabilitation is commenced or 10% of the annual shelter rents obtained from the project.

(b) Subject to subdivisions (c), (d), and (e), a municipality, by ordinance, may establish or change, by any amount it chooses, the service charge paid under subdivision (a) in lieu of taxes by all or any class of housing projects exempt from taxation under this act. However, the service charge must not exceed the amount in taxes that an owner would have otherwise paid if the housing project were not tax exempt.

(c) Notwithstanding subdivision (a), a service charge paid each year in lieu of taxes for that part of a housing project that is tax exempt under subsection (1)(a) and occupied by individuals or families other than low-income individuals or families must be equal to the full amount of the taxes that would be paid on that portion of the housing project if the housing project were not tax exempt. The owner of the housing project must allocate the benefits of any tax exemption granted under this section exclusively to low-income individuals or families or to the maintenance and preservation of the housing project as a safe, decent, and sanitary affordable housing.

(d) Notwithstanding subdivision (a), a service charge paid each year in lieu of taxes for that part of a housing project that is tax exempt under subsection (1)(b) and not used for workforce housing must be equal to the full amount of the taxes that would be paid on that portion of the housing project if the housing project were not tax exempt. The owner of the housing project must allocate the benefits of any tax exemption granted under this section exclusively to workforce housing or to the maintenance and preservation of the housing project as a safe, decent, and sanitary workforce housing.

(e) The annual service charge under subdivision (a) for a housing project that is tax exempt under subsection (1)(b) must be increased by the additional amount if both of the following requirements are met:

(i) Not later than 45 days after the treasurer of the county's receipt of the certified notification of the exemption under subsection (2), the county board of commissioners for that county passes a resolution, by majority vote, that provides that the additional amount must be paid under this subdivision.

(ii) The approval of the resolution described in subparagraph (i) is in accordance with an ordinance or resolution adopted by the county board of commissioners concerning the factors to be considered in applying this subdivision.

(4) The exemption from taxation granted by subsection (1)(a), or approved by a governing body under subsection (1)(b), must remain in effect in accordance with the following:

(a) For a housing project described under subsection (1)(a), for as long as the federally-aided or authority-aided mortgage or advance or grant from the authority is outstanding, but not more than 50 years. The municipality may establish by ordinance a different period of time for the exemption to remain in effect.

(b) For a housing project described in subsection (1)(b), if the housing project remains subject to a covenant running with the land that restricts the use of the housing project to workforce housing, not to exceed 15 years.

(5) Except as otherwise provided in this subsection and subsection (6), any payments for public services received by a municipality in lieu of taxes under this section must be distributed by the municipality to the several units levying the general property tax in the same proportion as prevailed with the general property tax in the previous calendar year. For payments in lieu of taxes collected after June 30, 1994, the distribution to the several units must be made as if the number of mills levied for local school district operating purposes were equal to the number of mills levied for those 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. For tax years after 1993, 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.

(6) An additional amount received under subsection (3)(e) must be distributed to the county in which the housing project is located.

(7) Notwithstanding subsection (1)(a), a municipality may provide by ordinance that the tax exemption established in subsection (1) does not apply to all or any class of housing projects within its boundaries to which subsection (1)(a) applies. If the municipality makes that provision, the tax exemption established in subsection (1)(a) does not apply to the class of housing projects designated in the ordinance. If the ordinance so provides, the ordinance is effective with respect to housing projects for which an exemption has already been granted on December 31 of the year in which the ordinance is adopted, but not before. A municipality that has adopted an ordinance described in this subsection may repeal that ordinance, and the repeal is effective on the date designated in the repealing ordinance.

(8) For purposes of this section only, "low-income individuals or families" means, with respect to any housing project that is tax exempt, individuals and families eligible to move into that project, as defined by the authority under its rules or a municipality by ordinance. For purposes of this subsection, the authority may promulgate rules to redefine low-income individuals or families or a municipality may by ordinance redefine low-income individuals or families for each municipality on the basis of conditions existing in that municipality.

(9) This state shall not reimburse any unit of government for a tax exemption granted to any housing project under this section.

(10) As used in this section:

(a) "Additional amount" means an amount equal to the difference between the following:

(i) The millage rate levied for operating purposes by the county in which the housing project is located multiplied by the current taxable value of that housing project.

(ii) The amount of the annual service charge paid by the housing project under subsection (3)(a) that is distributed to the county in which the housing project is located under subsection (5).

(b) "Area median income" means that term as defined in section 59.

(c) "Taxable value" means taxable value as calculated under section 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

(d) "Workforce housing" means 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 and published by the United States Department of Housing and Urban Development.

History: Add. 1968, Act 334, Imd. Eff. July 14, 1968 ;-- Am. 1969, Act 109, Imd. Eff. July 24, 1969 ;-- Am. 1979, Act 49, Imd. Eff. July 7, 1979 ;-- Am. 1982, Act 534, Imd. Eff. Dec. 31, 1982 ;-- Am. 1983, Act 217, Imd. Eff. Nov. 16, 1983 ;-- Am. 1994, Act 363, Imd. Eff. Dec. 27, 1994 ;-- Am. 2022, Act 239, Imd. Eff. Dec. 13, 2022

Compiler's Notes: Section 2 of Act No. 363 of the Public Acts of 1994 provides:“The provisions of this amendatory act, providing that the exemption from taxes provided in section 15a of this act be limited to ad valorem property taxes, are curative expressing the original intent of the legislature that the exemption extends only to ad valorem property taxes and does not apply to the other taxes levied under Michigan