



AGENDA

COMMITTEE OF THE WHOLE WORKSESSION

TUESDAY, SEPTEMBER 19, 2023

6:00 PM

CITY HALL LARGE CONFERENCE ROOM #119

1. Mayor's Office:
 - a. [Annex Housing](#) PILOT agreement discussion.

PUBLIC COMMENT.

The City of Kentwood does not discriminate on the basis of disability in the admission or access to, or treatment or employment in, its programs or activities. The Human Resources Director, 4900 Breton Ave., SE has been designated to coordinate compliance with the non-discrimination requirements contained in Section 35.107 of the Department of Justice regulations. Information concerning the provisions of the American with Disabilities Act, and the rights provided thereunder, are available from the ADA coordinator.



MEMORANDUM

TO: City Commission
FROM: Shay P. Gallagher, Deputy City Administrator
Jeff Sluggett, City Attorney
DATE: September 19, 2023
RE: Annex Housing PILOT Agreement Discussion

Requested Action: Policy discussion and reaffirming City Commission direction regarding PILOT Agreement conditions is requested.

Background: Community Housing Resource Partners Nonprofit Housing Corporation and The Annex Group have requested the City of Kentwood enter into a Payment in Lieu of Taxes (PILOT) agreement for a housing development (Union at Silver Station) located at 5844 Division Ave SE. The proposed development would provide 152 apartment units with a mix of 1-, 2-, and 3-bedroom units. The request is for a 6% PILOT.

The construction and development of Union at Silver Station is being funded, in part, by a grant from the Michigan State Housing Development Authority totaling \$5,000,000 for Missing Middle Housing, along with other funds secured by Community Housing Resource Partners Nonprofit Housing Corporation and The Annex Group.

Community Housing Resource Partners Nonprofit Housing Corporation and The Annex Group are seeking additional funds through the Public Finance Authority (PFA). The PFA is a financing mechanism that allows for the issuance of tax-exempt and taxable bonds for public and private entities nationwide. Should the City Commission wish to move forward with this development, we will be required to hold a Tax Equity and Fiscal Responsibility Act (TEFRA) hearing. This hearing is a required hearing related to tax laws. The City Commission will be asked if they support and affirm this project. In no way is the City liable for the bonding, nor will the City have liability in this project.

Reaffirming Policy Direction: Consistent with previous discussions, staff is comfortable proceeding with a draft PILOT agreement with Community Housing Resource Partners Nonprofit Housing Corporation and The Annex Group and hopes to bring a formal agreement before the City Commission in the near future.

In advance of the meeting, staff wanted to reaffirm the Commission's position and comfort with having a non-revocable PILOT agreement with an added legal mechanism to make the city financially whole in the event of a default.

We recommend this be accomplished through a PILOT agreement with Community Housing Resource Partners Nonprofit Housing Corporation and The Annex Group, requiring them to fund and maintain an escrow account (equal to their taxable benefit) from which the City may withdraw funds for any future violations of the PILOT Agreement.

Future Policy Discussion: In addition to the PILOT Agreements, cities have the ability to concurrently enter into municipal services agreements. The amount paid under the services agreement would compensate the City (directly) for additional municipal costs related to new developments (for example,

fire, police, etc.). However, unlike a PILOT Agreement, monies paid to the City under a municipal services agreement would not be disbursed to the other taxing units.

Please feel free to contact Shay P. Gallagher if you have questions regarding this request.