Michigan Public Act 346 of the Public Acts of 1966, and Section 15a of MCL 125.1415a, created the Michigan State Housing Development Authority (MSHDA), and authorized tax exemptions and Payments in Lieu of Taxes (PILOT) for selected categories of housing projects.

Chapter 35, Section 35-4 of the City of Kalamazoo Code provides for the possibility of a residential housing development within the City to be considered for a PILOT. The consideration of such a request is contingent upon demonstrated financial support from MSHDA, the potential impact the proposed development will have upon the City, and the benefits it may provide to City residents. **Additionally, the PILOT applicant must be designated as one of the following:**

- Nonprofit housing corporation
- Consumer housing cooperative
- Limited dividend housing association limited partnership
- Limited dividend housing association limited liability company
- Limited dividend housing corporation

**Timeline for PILOT Proposal Review**

Proposals must be received at least six weeks prior to the City Commission meeting where the PILOT resolution will be considered. If the property requires rezoning or a zoning variance, additional time is required—approximately four additional weeks for variances and ten weeks for rezoning requests. Both types of approvals require neighborhood outreach and public hearings. For questions about zoning approval, contact Planning and Zoning at (269) 337-8026.

PILOT requests are commonly submitted for projects that are also seeking Low Income Housing Tax Credits (LIHTC) through the Michigan State Housing Development Authority (MSHDA). To accommodate all information requested for LIHTC applications, the City has established a timeline for proposal review:

- Weeks 1-4: project undergoes site plan review – Site Plan review cannot occur until all required zoning approvals have been obtained.
- Weeks 2-3: CPED staff reviews project and issues a zoning compliance letter and a letter stating alignment with Master Plan and community priorities
- Weeks 3-4: CPED staff reviews project for PILOT, seeks comment from City Assessor, prepares report for City Commission, submits report and proposed resolution to City Clerk for upcoming agenda
- Weeks 5-6: Other departments review items for City Commission agenda

The City Commission generally meets on the first and third Monday of each month. The official meeting schedule is available at https://www.kalamazoocity.org/citycommission.

**NOTE:** The Kalamazoo City Commission may deem a proposed project as eligible for a PILOT, but the State of Michigan actually issues the PILOT. To ensure that the PILOT process is complete, please use the following checklist.
The developer of the proposed project must send a written proposal to be considered for a PILOT. The proposal should be sent to planning@kalamazoocity.org. Use “PILOT request” and the project address in the subject line.

The proposal must include the following information:

- Brief overview of applicant organization, including type of legal entity that will own the project;
- Project scope, including rehabilitations to be made for existing projects and rental units broken out by bedrooms, targeted incomes, and estimated rents; budget including sources and uses; and timeline with projected milestones;
- Description of how the project benefits low-to-moderate income households;
- Evidence of potential financial support from MSHDA;
- Estimate of annual shelter rents projected for the requested length of the PILOT; and
- Brief narrative describing how the project is consistent with the City of Kalamazoo Master Plan (http://www.imaginekalamazoo.com/plans/#master-plan), the 2014-2018 Consolidated Plan (https://www.kalamazoocity.org/communitydevelopmentdocs/214-consolidated-plan-2014-2018/file), and other applicable planning documents.

☐ The proposal will be reviewed by CPED staff for completeness, feasibility, verification of resources, and for consistency with planning documents.
☐ The percentage of shelter rents allowed under the proposed PILOT will be determined by CPED staff following a fiscal impact analysis of the project, but can not be less than four percent of annual shelter rents.
☐ CPED staff will prepare an agenda report and resolution and forward the request to other city staff for review, according to the timeline provided on page 1.
☐ If accepted by CPED and other city staff, the PILOT request and resolution will be considered during a regularly-scheduled City Commission business meeting. Applicants may attend the meeting but are not required unless specifically requested by city staff.
☐ If approved by the City Commission, the City Clerk sends copies of an official PILOT Resolution to CPED, who will provide a copy to the developer.
☐ Using the City Commission Resolution as the basis for the request, the developer must seek approval from MSHDA for the PILOT.
☐ Once approved, the developer is responsible for ensuring that MSHDA notifies the Assessor’s Office through a Notification to Local Assessor of Exemption.
☐ Notification must be filed by November 1 of the year before the PILOT is to take effect. The PILOT cannot take effect mid-year.
☐ The Clerk’s Office notifies all taxing authorities that the PILOT has been granted by the State of Michigan.
☐ Based on the approved percentage of shelter rents permitted under the PILOT, the owner must submit annual payments to:
  
  City Treasurer
  City of Kalamazoo Management Services Department
  Treasury Division
  241 W. South Street
  Kalamazoo, MI  49007

☐ The City Treasurer’s Office verifies accuracy of payments and distributes accordingly among taxing jurisdictions.