



pkhousing.com

517-347-2001

1784 Hamilton Road
Okemos MI 48864

November 12, 2020

Charlotte City Council
111 E. Lawrence Avenue
Charlotte, MI 48813

Re: Charlotte Old School Village (301 & 335 Horatio Street) Payment In Lieu Of Taxes (PILOT) Request

To Whom It May Concern:

PK Development Group has secured a purchase option agreement with the current owner of the Charlotte Old School Village property located at 301 and 335 Horatio Street in Charlotte. We will be submitting an application to the Michigan State Housing Development Authority (MSHDA) for 9% Low-Income Housing Tax Credits (LIHTC) in order to create 54 new affordable apartment homes through an adaptive reuse of the existing structure. The existing 17 market-rate units will carry-forth in their current state.

The nature of LIHTC housing is such that rents are restricted for the residents based on their annual income and therefore the rental income on a LIHTC development is significantly reduced. In order to achieve sustainable operations, an abatement in the form of a Payment In Lieu of Taxes (PILOT) is needed.

We are hereby requesting the City of Charlotte approve a PILOT at a rate of 10% of net shelter rents for the redevelopment of Charlotte Old School Village. Net shelter rent is defined as the annual rent potential, less vacancy, less utility expenses. Our annual PILOT payment would then be 10% of that amount. The attached worksheet demonstrates the anticipated annual PILOT payment amount. We appreciate your consideration of this request and look forward to a successful project in the City of Charlotte.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jacob Horner'.

Jacob Horner
Vice President of Development
PK Companies LLC



This institution is an equal opportunity provider | TDD# 711



Charlotte Old School Village - PILOT Calculation Worksheet

Current Assessed Value	\$311,800
Current Taxable Value	\$293,248
Current Annual Ad Valorem Tax Payment	\$18,903
Estimated PILOT Payment after Rehab	
Gross Annual Income	\$369,684
Less: Vacancy	-\$18,484
Less: Utilities	-\$50,000
Net Shelter Rent	\$301,200
PILOT Rate (Proposed)	10%
Annual PILOT Payment	\$30,120