



PROPOSED LEGISLATION

# Fast-Track PILOT Ordinance

## BACKGROUND

Detroit has long used tax incentives to spur economic development, with high-profile projects like Bedrock’s Hudson site and Olympia Development’s District Detroit receiving significant attention. However, the conversation around tax incentives should not only focus on commercial projects but also affordable housing.

The recent passage of Michigan’s PA 239 of 2022 has expanded the scope of Payment-In-Lieu-Of-Taxes (PILOT) agreements, enabling municipalities to provide these incentives specifically for workforce housing without needing to tie projects to federal low-income housing programs. The new law allows for housing that is affordable to households earning up to 120% of the area median income (AMI), and municipalities can enact their own ordinances to select eligible developments.

## PURPOSE

The Fast-Track PILOT (Payment In Lieu of Taxes) Ordinance addresses Detroit’s affordable housing crisis and provides long-term stability for residents across all income levels. With this new flexibility, Detroit can fast-track developments serving households with incomes as low as 30% AMI.

The Fast-Track PILOT Ordinance is a transformative solution for addressing Detroit’s affordable housing needs while benefiting developers through tax reductions, financial stability, and a streamlined process.

## How The Fast-Track PILOT Ordinance Works

- 01 | A developer must commit to offering affordable and/or workforce housing for up to 15 years.
- 02 | The developer is required to invest at least \$15,000 per new unit or \$6,000 per unit for renewals.
- 03 | The developer must achieve and maintain a Rental Certificate of Compliance from the City.

These three key components — affordability commitment, investment, and compliance — form the foundation of the expanded PILOT program. Once these conditions are met, developers can qualify for the program’s tax benefits.



## How the PILOT Ordinance Benefits Residents

- + Improved housing quality
- + Stable, affordable and workforce housing
- + Prevent displacement & loss of units
- + Accelerated production of new and preserved affordable and workforce housing units