



City of CHARLOTTE

MEMORANDUM

TO: Mayor Lewis and City Council Members

FROM: Gregg Guetschow, City Manager

SUBJECT: Sugar Mill Apartments Service Charge

DATE: September 8, 2017

Earlier this year, City Council adopted an ordinance amendment to establish a payment in lieu of tax (PILOT) or service charge for the Edmond Senior Apartments proposed for the former IGA site. I advised Council at the time that the 10% rate established in the ordinance was less than had been agreed to for the Sugar Mill Apartments some years before.

The owners of Sugar Mill have now submitted a request asking that their PILOT be reduced to the same 10% rate. You will find in your agenda packet a letter from the owners and some supporting financial documentation.

In his letter, Mr. Werth observes that the rate they are currently paying could exceed the amount of taxes they would pay if the property were added to the ad valorem roles and taxed like any other apartment project. I asked Assessor Randy Jewell to evaluate this claim. He was able to utilize information within the financial disclosure forms to estimate a taxable value for the property utilizing an income approach. This analysis should not be viewed as anything more than a cursory review as it did not have the methodological rigor that one would utilize in the case of a tax tribunal appeal, for example. Nevertheless, he concluded that there is support for the contention that they current PILOT formula results in a greater tax burden than would be the case otherwise.

Mr. Werth also makes the point that similar properties should be subject to similar PILOT obligations. This is a position consistent with the approach that we take with all assessments.

To address these inequities, I asked the City Attorney to prepare an ordinance amendment that would establish the same PILOT rate for Sugar Mill as previously approved for Edmond Senior Apartments. It is recommended that you set a public hearing on this matter for the September 25 meeting.

