

DELIVIERED VIA EMAIL

August 21, 2024

Ted E. Dearing
Assistant City Manager
City of Battle Creek
10 N. Division St.
Battle Creek, MI, 49014

RE: PILOT Application – Pivotal Housing Partners – 135 N Washington

Dear Mr. Dearing:

Pivotal, a Cincinnati-based affordable housing developer with over 30 years of experience and more than 10,000 units developed, is proposing the "Station Side Lofts" development in Battle Creek, Michigan, to address the critical need for workforce housing in the area. This project will be located at the city-owned 135 N Washington Ave and will comprise up to 50 units in a four-story, elevator-served building, representing a significant \$16 million investment. The development will target low- to moderate-income families, specifically those earning between 30% to 80% of the local area median income (AMI), which translates to approximately \$23,000 to \$62,000 annually. This includes essential workers such as firefighters, police officers, teachers, young professionals, and seniors on fixed incomes, who often struggle to find quality, affordable housing options.

Pivotal will serve as the lead developer, property manager, and co-owner, partnering with the Battle Creek Housing Commission. The proposed unit mix includes 28 two-bedroom units and 14 three-bedroom units, with average rents expected to be around \$850 per month—well below market rate rents. The estimated per-unit development cost is approximately \$375,000, and these below-market rents can only be sustained long-term with a tax abatement. Therefore, Pivotal respectfully requests a 5% PILOT, which is essential for the financial viability of the development and crucial for competitive scoring in the tax credit application process.

The project promises to bring significant benefits to the city of Battle Creek, including the creation of over 125 construction jobs and two permanent on-site jobs for a property manager and a maintenance technician. Additionally, it will redevelop a vacant city-owned parcel into vibrant, aesthetically pleasing, tax-generating housing, directly addressing the urgent demand for affordable workforce housing in the community. The 5% PILOT will significantly lower operating expenses, enabling Pivotal to maintain affordable rents for those most vulnerable to homelessness and housing insecurity. The development will feature modern amenities, extensive

energy-efficient features, high-performance housing characteristics, sustainable development elements, and accessibility features that allow residents to live independently as they age.

Pivotal plans to apply for 9% funding through MSHDA on October 1, 2024, with results expected by the end of January 2025. Following that, the team aims to close on the parcel and break ground as soon as possible, with an anticipated construction start date in the fall to winter of 2025. Furthermore, Pivotal envisions Station Side Lofts as the first phase of a multi-generational, 100% affordable campus on the 135 N Washington Ave site, with plans to apply for additional phases in the April 2025 funding round.

In summary, Pivotal urges support for the 5% PILOT request to deliver critically needed workforce housing in Battle Creek. With this support, Pivotal can bring this project to life, providing individuals and families with high-quality, affordable housing options that will enhance the community for years to come.

Should any questions arise, please do not hesitate to contact me anytime at (513) 763-9543 or nick.klein@pivotal-hp.com

Sincerely,



Nick Klein

Pivotal Housing Partners