

**MULTI-FAMILY HOUSING EIGHT-YEAR LIMITED PROPERTY
TAX EXEMPTION AGREEMENT**

THIS AGREEMENT is entered into this ____ day of _____, 2020, by and between Farrow Real Estate Holdings LLC and, hereinafter referred to as the “Applicant,” and the CITY OF TACOMA, a first-class charter city hereinafter referred to as the “City.”

WITNESSETH:

WHEREAS the City has an interest in stimulating new construction or rehabilitation of multi-family housing in Residential Target Areas in order to reduce development pressure on single-family residential neighborhoods, increase and improve housing opportunities, and encourage development densities supportive of transit use, and

WHEREAS the City has, pursuant to the authority granted to it by Chapter 84.14 of the Revised Code of Washington, designated various Residential Target Areas for the provision of an eight-year limited property tax exemption for new multifamily residential housing, and

WHEREAS the City has, through Ordinance No. 25789, enacted a program whereby property owners may qualify for a Final Certificate of Tax Exemption which certifies to the Pierce County Assessor-Treasurer that the owner is eligible to receive a limited property tax exemption, and

WHEREAS the Applicant is interested in receiving an eight-year limited property tax exemption to develop 14 market-rate housing units, located at 715 South I Street and

WHEREAS the housing will consist of five studio units of 415 square feet, renting for \$1180; three one-bedroom, one-bath units of 540 square feet, renting for \$1300 per month; and six two bedroom, one-bath units of 655 square feet, renting for \$1700 per month. The construction cost is estimated at \$1,600,000 and will provide approximately 7530 labor hours of employment. Annual property taxes to be exempted are estimated to be approximately \$20,700 of which \$4,700 would be the City’s portion. The land portions will continue to produce tax revenues. Construction is expected to begin in August of 2020 and be completed by August of 2021, and

WHEREAS the Applicant has submitted to the City preliminary site plans and floor plans for multi-family residential housing to be created on said property and described more specifically as follows:

LEGAL DESCRIPTION:

715 South I Street

Tax Parcels 2007170070 & 2007170080

A portion of the Northwest Quarter of the Northeast Quarter of Section 05, Township 20 North, Range 03 East, Willamette Meridian, Pierce County, Washington, more particularly described as follows:

Lots 8 and 9, Block 717, Parkers Plat in New Tacoma, according to plat recorded in Book 1 of plats at page 27, records of Pierce County, Washington.

Together with a 10 foot strip of alley abutting thereon vacated by Ordinance No. 1626 of the City of Tacoma;

Situate in the City of Tacoma, County of Pierce, State of Washington.

“hereinafter referred to as the “Site,” and

WHEREAS the City has determined that the improvements will, if completed as proposed, satisfy the requirements for an eight year Final Certificate of Tax Exemption;

NOW, THEREFORE, the City and the Applicant do mutually agree as follows:

1. The City agrees to issue the Applicant a Conditional Certificate of Acceptance of Tax Exemption.

2. The Applicant agrees to construct on the Site multi-family residential housing substantially as described in the most recent site plans, floor plans, and elevations on file with the City as of the date of City Council approval of this Agreement. In no event shall such construction provide fewer than four new multi-family permanent residential units nor shall it provide fewer than half of its total residential units as permanent housing.

3. The Applicant agrees to complete construction of the agreed upon improvements within three years from the date the City issues the Conditional Certificate of Acceptance of Tax Exemption, or within any extension thereof granted by the City.

4. The Applicant agrees, upon completion of the improvements and upon issuance by the City of a temporary or permanent certificate of occupancy, to file with the City's Community and Economic Development Department the following:

- (a) a statement of expenditures made with respect to each multi-family housing unit and the total expenditures made with respect to the entire property;
- (b) a description of the completed work and a statement of qualification for the exemption; and
- (c) a statement that the work was completed within the required three year period or any authorized extension.

5. The City agrees, conditioned on the Applicant's successful completion of the improvements in accordance with the terms of this Agreement and on the Applicant's filing of the materials described in Paragraph 4 above, to file an eight year Final Certificate of Tax Exemption with the Pierce County Assessor-Treasurer.

6. The Applicant agrees, within 30 days following the first anniversary of the City's filing of the Final Certificate of Tax Exemption and each year thereafter for a period of eight years, to file a notarized declaration with the City's Community and Economic Development Department indicating the following:

- (a) a statement of occupancy and vacancy of the multi-family units during the previous year;
- (b) a certification that the property continues to be in compliance with this Agreement; and,
- (c) a description of any subsequent improvements or changes to the property.

7. If the Applicant converts to another use any of the new multi-family residential housing units constructed under this Agreement, the Applicant shall notify the Pierce County Assessor-Treasurer and the City's Department of Community and Economic Development within 60 days of such change in use.

8. The Applicant agrees to notify the City promptly of any transfer of Applicant's ownership interest in the Site or in the improvements made to the Site under this Agreement.

9. The City reserves the right to cancel the eight year Final Certificate of Tax Exemption should the Applicant, its successors and assigns, fail to comply with any of the terms and conditions of this Agreement.

10. No modifications of this Agreement shall be made unless mutually agreed upon by the parties in writing.

11. In the event that any term or clause of this Agreement conflicts with applicable law, such conflict shall not affect other terms of this Agreement which can be given effect without the conflicting term or clause, and to this end, the terms of this Agreement are declared to be severable.

12. This Agreement governs the property tax exemption for this property only and is not to be construed as approval of, or providing authority for, any other requirement under state or local law, including but not limited to building permits or variances.

13. The Applicant agrees to keep the property in a nuisance free condition during both the temporary and final tax exemption periods.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first above written.

CITY OF TACOMA

Farrow Real Estate Holdings LLC

Elizabeth Pauli
City Manager

By: _____
Its: _____

Countersigned:

Jeff Robinson
Community & Economic Development Dept. Director

Andrew Cherullo, Finance Department Director

Attest:

Doris Sorum, City Clerk

Approved as to Form:

Deputy City Attorney