

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

THIS AGREEMENT is entered into this day, _____, by and between Cornus House LLC, 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 twelve-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 a twelve-year limited property tax exemption to develop 199 market-rate and affordable housing units, located at 2502 Pacific Avenue as well as 1,776 square feet of retail space and 6 parking spaces

WHEREAS the housing will consist of 73 market rate studio units of 257 square feet; 75 market rate one bedroom, one bath units of 358 square feet; 11 market rate two-bedroom, one bath units of 546 square feet; 19 affordable rate studio units of 257 square feet; 19 affordable rate one bedroom, one bath unit of 358 square feet; and two affordable rate two bedroom, one bath units of 546 square feet. The affordable units will be rented to households whose income is at or below 80% of Pierce County AMI, adjusted for household size, and as determined by HUD on an annual basis. Rent are based on the number of bedrooms in each unit and will be capped at 30% of those income levels, adjusted annually, and are published by the City each year. The construction cost is estimated at \$32,000,000 and will provide approximately 150,600 labor hours of employment. Property taxes to be exempted are estimated to be approximately \$5,200,000 of which \$1,050,000 would be the City’s portion. The land and retail portions will continue to produce tax revenues. Construction is expected to begin spring of 2022 and be completed in spring of 2024, 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:

TAX PARCEL 2025040011

A PORTION OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 09, TOWNSHIP 20 NORTH, RANGE 03 EAST, W. M., BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

LOTS 1, 2, 3, AND 4, AND THE NORTHERLY 3 INCHES OF LOT 5, ALL IN BLOCK 2504, THE TACOMA LAND COMPANY'S FIRST ADDITION TO TACOMA, W.T., ACCORDING TO THE PLAT FILED FOR RECORD JULY 7, 1884, IN PIERCE COUNTY, WASHINGTON.

SITUATE IN THE CITY OF TACOMA, COUNTY OF PIERCE, STATE OF WASHINGTON.

TAX PARCEL 2025040032

A PORTION OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 09, TOWNSHIP 20 NORTH, RANGE 03 EAST, W. M., BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THAT PORTION OF LOTS 5, 6, 7, AND 8, BLOCK 2504, THE TACOMA LAND COMPANY'S FIRST ADDITION TO TACOMA, W.T., ACCORDING TO THE PLAT FILED FOR RECORD JULY 7, 1884, IN PIERCE COUNTY, WASHINGTON;

EXCEPT THE NORTHERLY 3 INCHES OF SAID LOT 5;

LYING NORTHERLY OF THE FOLLOWING DESCRIBED LINE:

COMMENCING AT THE SOUTHWEST CORNER OF SAID NORTHERLY 3 INCHES OF SAID LOT 5;

THENCE SOUTH 07°20'04" EAST ALONG THE WEST LINE OF SAID BLOCK 2504 A DISTANCE OF 81.07 FEET TO THE TRUE POINT OF BEGINNING AND THE BEGINNING OF A NON-TANGENT CURVE FROM WHICH THE RADIUS POINT BEARS SOUTH 26°09'33" EAST A DISTANCE OF 1,272.54 FEET;

THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 05°36'50" A DISTANCE OF 124.68 FEET TO THE EAST LINE OF SAID BLOCK 2504 AND THE END OF THIS LINE DESCRIPTION.

EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE CITY OF TACOMA BY DEED RECORDED UNDER AUDITOR'S FEE NUMBER 201403100133.

ALSO EXCEPTING THEREFROM, TO BE RETAINED AS RIGHT OF WAY, ALL THAT PORTION DESCRIBED AS FOLLOWS:

ALL THAT PORTION OF THE AFOREMENTIONED PARCEL 'A' LYING SOUTHEASTERLY OF THE FOLLOWING DESCRIBED LINE;

BEGINNING AT THE NORTHEAST CORNER OF THE NORTHERLY 3 INCHES OF SAID LOT 5, SAID POINT BEING A POINT OF TANGENCY WITH A 25.00 FOOT RADIUS CURVE TO THE RIGHT AND FROM WHICH THE CENTER BEARS SOUTH 82°40'30" WEST;

THENCE SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE 41°45'36" AN ARC DISTANCE OF 18.22 FEET;

THENCE SOUTH 34°24'08" WEST A DISTANCE OF 24.18 FEET TO A POINT OF TANGENCY WITH A 30.00 FOOT RADIUS CURVE TO THE LEFT;

THENCE SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 40°56'49" A DISTANCE OF 21.44 FEET TO A POINT OF THE SOUTHERLY LINE OF SAID PARCEL 'A', SAID POINT BEING SOUTH 68°10'46" WEST ALONG A CHORD DISTANCE OF 5.27 FEET FROM THE SOUTHEASTERLY CORNER OF SAID PARCEL 'A'.

SITUATE IN THE CITY OF TACOMA, COUNTY OF PIERCE, STATE OF WASHINGTON.

TAX PARCEL 2025050042

THAT PORTION OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 09, TOWNSHIP 20 NORTH, RANGE 03 EAST, W. M., BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

LOTS 7 TO 10, INCLUSIVE, BLOCK 2505, THE TACOMA LAND COMPANY'S FIRST ADDITION TO TACOMA, W.T., ACCORDING TO THE PLAT FILED FOR RECORD JULY 7, 1884, IN PIERCE COUNTY, WASHINGTON, LYING NORTHERLY OF THE FOLLOWING DESCRIBED LINE:

COMMENCING AT THE NORTHEAST CORNER OF SAID LOT 7;

Property Tax Exemption -2502 Pacific Avenue

THENCE SOUTH 07°21'29" EAST, ALONG THE EAST LINE OF SAID BLOCK 2505, A DISTANCE OF 45.85 FEET TO THE TRUE POINT OF BEGINNING AND THE BEGINNING OF A NON-TANGENT CURVE FROM WHICH THE RADIUS POINT BEARS SOUTH 28°21'17" EAST A DISTANCE OF 1,171.28 FEET;

THENCE SOUTHWESTERLY, ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 6°25'46" A DISTANCE OF 131.44 FEET TO THE WEST LINE OF SAID BLOCK 2505 AND THE TERMINUS OF THIS DESCRIBED LINE.

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 a twelve 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 application for Property Tax Exemption 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 that 20% of each type of unit will qualify as affordable units. The affordable units will be rented to households whose income is at or below 80% of Pierce County AMI, adjusted for household size, and as determined by HUD on an annual basis. Rent are based on the number of bedrooms in each unit and will be capped at 30% of those income levels, adjusted annually, and are published by the City each year.

4. 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.

5. 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:

Property Tax Exemption -2502 Pacific Avenue

- (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.

6. 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 a twelve year Final Certificate of Tax Exemption with the Pierce County Assessor-Treasurer.

7. The Applicant agrees to file annually with the City's Community and Economic Development Department required documents indicating the following:

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

8. 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.

9. 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.

10. The City reserves the right to cancel the twelve 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.

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

12. 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.

13. 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.

14. 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

CORNUS HOUSE LLC

Elizabeth Pauli
City Manager

By: _____

Countersigned:

Jeff Robinson, Director
Community & Economic Development Dept.
Director

Andrew Cherullo, Finance Department Director

Attest:

Doris Sorum, City Clerk

Approved as to Form:

Deputy City Attorney