

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

THIS AGREEMENT is entered into this day, _____, by and between TACOMA TOWN CENTER PARCELS 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 222 market-rate and affordable housing units, located at 506 South 21st Street as well as 19,300 square feet of retail space and 226 parking spaces

WHEREAS the housing will consist of 53 market rate Studio units of 430 square feet; 48 market rate one bedroom, one bath units of 700 square feet; 76 market rate two-bedroom, two bath units of 795 square feet; 27 affordable rate Studio units of 430 square feet; one affordable rate one bedroom, one bath unit of 700 square feet; and 17 affordable rate two bedroom, two bath units of 795 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 \$88,850,000 and will provide approximately 420,000 labor hours of employment. Property taxes to be exempted are estimated to be approximately \$14,400,000 of which \$2,920,000 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 September of 2023, 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 2021100143

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

COMMENCING AT THE INTERSECTION OF THE NORTHERLY EXTENSION OF THE EASTERLY LINE AND THE EASTERLY EXTENSION OF THE NORTHERLY LINE OF BLOCK 2110 OF CAVENDER'S SECOND ADDITION TO TACOMA, W.T., AS RECORDED IN VOLUME 1 OF PLATS, AT PAGE 103, RECORDS OF PIERCE COUNTY AUDITOR;

THENCE ALONG SAID EXTENSION AND THE EASTERLY LINE OF PLAT AND THE EASTERLY LINE OF BLOCK 2110 OF THE AMENDED PLAT OF SMITH AND DENTON'S ADDITION TO NEW TACOMA, W.T., AS RECORDED IN VOLUME 2 OF PLATS AT PAGE 38 THROUGH 40, RECORDS OF PIERCE COUNTY AUDITOR, BEING COINCIDENT WITH THE WESTERLY MARGIN OF FAWCETT AVENUE, SOUTH 07°22'43" EAST 240.01 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING ALONG SAID WESTERLY MARGIN SOUTH 07°22'43" EAST 310.36 FEET TO THE NORTHERLY MARGIN OF SOUTH 23RD STREET;

THENCE ALONG SAID NORTHERLY MARGIN NORTH 86°27'41" WEST 162.79 FEET;

THENCE NORTH 07°23'27" WEST 285.08 FEET;

THENCE NORTH 82°36'33" EAST 160.88 FEET TO THE TRUE POINT OF BEGINNING.

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

Property Tax Exemption -506 South 21st Street

(ALSO KNOWN AS PARCEL 'C' OF CITY OF TACOMA BOUNDARY LINE ADJUSTMENT NO. LU18-0142 RECORDED UNDER RECORDING NUMBER 201812275002, RECORDS OF PIERCE COUNTY, WASHINGTON).

TAX PARCEL 2021100144

THAT PORTION OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 4 AND OF THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 9, BEING WITHIN TOWNSHIP 20 NORTH, RANGE 03 EAST, W. M., BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE NORTHERLY EXTENSION OF THE EASTERLY LINE AND THE EASTERLY EXTENSION OF THE NORTHERLY LINE OF BLOCK 2110 OF CAVENDER'S SECOND ADDITION TO TACOMA, W.T., AS RECORDED IN VOLUME 1 OF PLATS, AT PAGE 103, RECORDS OF PIERCE COUNTY AUDITOR;

THENCE ALONG SAID EXTENSION AND SAID EASTERLY LINE OF PLAT AND THE EASTERLY LINE OF BLOCK 2110 OF THE AMENDED PLAT OF SMITH AND DENTON'S ADDITION TO NEW TACOMA, W.T., AS RECORDED IN VOLUME 2 OF PLATS AT PAGES 38 THROUGH 40, RECORDS OF PIERCE COUNTY AUDITOR, BEING COINCIDENT WITH THE WESTERLY MARGIN OF FAWCETT AVENUE, SOUTH 07°22'43" EAST 240.01 FEET;

THENCE SOUTH 82°36'33" WEST 160.88 FEET;

THENCE NORTH 07°23'27" WEST 240.00 FEET TO THE NORTHERLY LINE OF SAID PLAT OF CAVENDER'S SECOND ADDITION TO TACOMA, W.T., BEING COINCIDENT WITH THE SOUTHERLY MARGIN OF SOUTH 21ST STREET;

THENCE ALONG SAID SOUTHERLY MARGIN NORTH 82°36'21" EAST 160.94 FEET TO THE POINT OF BEGINNING.

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

(ALSO KNOWN AS PARCEL 'D' OF CITY OF TACOMA BOUNDARY LINE ADJUSTMENT NO. LU18-0142 RECORDED UNDER RECORDING NUMBER 201812275002, RECORDS OF PIERCE COUNTY, 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;

Property Tax Exemption -506 South 21st Street

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:

- (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

TACOMA TOWN CENTER PARCELS 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