

**MULTIFAMILY HOUSING 12-YEAR LIMITED PROPERTY
TAX EXEMPTION AGREEMENT**

THIS AGREEMENT is entered into this ____ day of _____, 2017, by and between Novotny Inc, 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 multifamily 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 a 12-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 12-year limited property tax exemption to develop 12 market-rate and affordable rental housing units, located at 7602 Pacific Avenue, and

WHEREAS the housing will consist of 7 one-bedroom, one-bath units of 800 square feet and 5 two-bedroom, one-and one-half bath units of 900 square feet and will include 12 on-site residential parking spaces. The housing is expected to rent for approximately \$1000-\$1250 per month. This project will provide housing for singles and couples. The construction cost is estimated at \$ 1,400,000 and will provide approximately 6,600 labor hours of employment. Total property taxes to be exempted over 12 year are estimated to be approximately \$270,500 of which \$60,500 would be the City's portion. The land portion will continue to produce tax revenues. Projected increase in total sales tax generated over 12 years due to the project is \$741,500 of which \$92,700 would be the City's portion. Construction is expected to begin in June of 2017 and be completed by February of 2018, and

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

That portion of the Southeast quarter of the Southwest quarter of Section 28, Township 20 North, Range 03 East, W.M. more particularly described as follows:

Beginning at the intersection of the West line of Pacific Avenue and a line parallel with and 225 feet North of the South line of Lot 10 of T.J. Spooner's Five-Acre Lots in Section 28, Township 20 North, Range 03 East, W.M., according to the Plat thereof recorded in Volume 1 of Plats at Page 65, Pierce County, Washington;

Thence on said parallel line West to the East line of that certain property conveyed to Robert G. Johnson and Thea I. Johnson, husband and wife, by deed recorded under recording No. 2235987;

Thence North along the East line of said Johnson tract 75 feet, more or less, to the South line of South 76th Street, as appropriated by the City of Tacoma;

Thence on said South line of 76th Street, easterly to the West line of Pacific Avenue;

Thence southerly along said West line of Pacific Avenue 75 feet, more or less, to the Point of Beginning.

Except any portion lying within the North 30 feet of the East one-half of said Lot 10, conveyed to the City of Tacoma for street purposes by deed recorded under Auditor's File Number 1753488.

APN 7850000720

"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 multifamily 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 multifamily permanent residential units nor shall it provide fewer than half of its total residential units as permanent housing.

3. The Applicant agrees to rent or sell at least twenty percent of the multifamily housing units as affordable housing units to low and moderate-income households respectively. In the case of projects intended exclusively for owner occupancy, the minimum requirement of this subsection may be satisfied solely through housing affordable to moderate income households.

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 multifamily 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, 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 twelve 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 multifamily 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.

8. If the Applicant converts to another use any of the new multifamily 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 may assign or otherwise convey its rights and responsibilities under this contract to a successor owner.

10. 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.

11. 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.

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

13. 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.

14. 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.

15. The Applicant agrees that it has a current valid business license from the city and state, as applicable.

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

CITY OF TACOMA

Novotny, Inc.

Elizabeth Pauli, Interim City Manager

By: _____
Its: _____

Countersigned:

Ricardo Noguera, Director
Community & Economic Development

[notary seal]