

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

THIS AGREEMENT is entered into this ____ day of _____, 2016, by and between Pierce Real Properties, 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 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 14 market-rate and affordable rental housing units, located at 3524 McKinley Ave, and

WHEREAS the housing will consist of 12, one-bedroom, one-bath units of 665 square feet which will rent for between \$725-945 per month and two, two bedroom, one bathroom units of 770 square feet which will rent for \$1150 per month. The will include 20 on-site residential parking spaces. This project will provide seven live/work units and seven work/live units and is aiming to provide housing and working space for, individuals and couples involved in the arts. For the seven work/live units: unit 1 will have 49.8% of the total square footage as living space; units 3,5,7,9 &13 will have 49.7% of the total square footage as living space and unit 11 will have 41% of the total square footage as living space. For the seven Live/Work units: unit 2 will have 74.2% of the total square footage as living space; units 4, 6, 8, 10, 12 & 14 will have 67.6% of the total square footage as living space. The construction cost is estimated at \$900,000 and will provide approximately 4,300 labor hours of employment. Annual property taxes to be exempted are estimated to be approximately \$15,570 of which \$3,300 would be the City's portion. The land portion will continue to produce tax revenues. Construction is expected to begin summer of 2016 and be completed by summer of 2017, 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:

3524 McKinley Avenue East

(APN - 2087270030)

That portion of the Southeast quarter of the Southeast quarter of Section 09, Township 20 North, Range 03 East, W.M. more particularly described as follows:

Lots 9 through 12, inclusive, Block 8727 of TACOMA LAND COMPANY'S FIRST ADDITION TO TACOMA, WASHINGTON TERRITORY, according to the Plat filed for record July 7, 1884 in the office of the County Auditor, in Pierce County, Washington.

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 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 keep the percentage of living space and work space unmodified from time of occupation until the end of the twelve year tax exemption.

4. 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.

5. 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.

6. 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.

7. 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.

8. 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.

9. 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.

10. The Applicant may assign or otherwise convey its rights and responsibilities under this contract to a successor owner.

11. 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.

12. 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.

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

14. 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.

15. The Applicant agrees to hold harmless and indemnify the City in the event of any challenge or cause of action against the City arising out of this Agreement or the property tax exemption authorized herein.

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

CITY OF TACOMA

PIERCE REAL PROPERTIES, LLC

T.C Broadnax, City Manager

By: _____
Its: _____

Countersigned:

Ricardo Noguera, Director
Community & Economic Development

Andrew Cherullo, Finance Director

Attest:

Doris Sorum, City Clerk

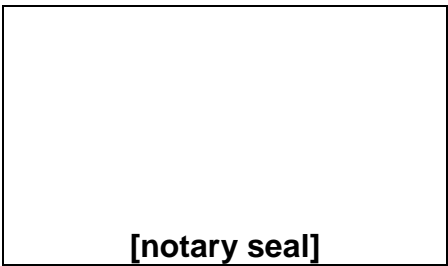
Approved as to Form:

Deputy City Attorney

STATE OF WASHINGTON)
) ss.
County of Pierce)

On this ____ day of _____, 2016, before the undersigned, a Notary Public in and for the state of Washington, duly commissioned and sworn, personally appeared _____, to me known to be the authorized signor for Pierce Real Properties, LLC, and the person who executed the foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of said person, for the uses and purposes therein mentioned.

WITNESS my hand and official seal hereto affixed the day and year first above written.



NOTARY PUBLIC
Printed Name: _____
Residing at _____
My commission expires _____