

MULTI-FAMILY HOUSING LIMITED PROPERTY TAX EXEMPTION AGREEMENT

THIS AGREEMENT is entered into this _____ day of _____, 20____, by and between _____ (hereinafter referred to as the “Applicant”), and the CITY OF SHORELINE (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, provide affordable housing opportunities, and encourage development densities supportive of transit use; and

WHEREAS the City has, pursuant to the authority granted to it by RCW 84.14, designated various areas of the City as Residential Target Areas for the provision of a limited property tax exemption for new or rehabilitated multi-family residential housing; and

WHEREAS the City has, as set forth in Shoreline Municipal Code (SMC) Chapter 3.27, enacted a program whereby property owners may qualify for a Final Certificate of Tax Exemption which certifies to the King County Assessor that the owner is eligible to receive a limited property tax exemption; and

WHEREAS the Applicant is interested in receiving a limited property tax exemption for constructing _____ units of _____[New/rehabilitated]_____ multi-family residential housing within the _____, a designated Residential Target Area pursuant to SMC 3.27.030; and

WHEREAS the Applicant submitted to the City a complete application for Property Tax Exemption outlining the proposed development/redevelopment of multi-family residential housing to be constructed on property located at _____ (“Property”) and generally referred to as “[name of project]_____ (“Project”); and

WHEREAS on _____, the City determined that the Applicant met all the eligibility and procedural requirements to qualify for a Conditional Certificate of Property Tax Exemption as provided in SMC 3.27, with the exception of entering into and recording this Agreement; and

WHEREAS the City has determined that the improvements will, if completed as proposed, satisfy the requirements for a 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 once this Agreement is approved by the City Council, fully executed, and recorded with the King County Recorder’s Office.

2. The Applicant agrees to construct the Project in compliance with all applicable land use regulations and as approved and permitted by the City. In no event shall such construction provide less than fifty percent (50%) of the space for permanent residential occupancy as required by SMC 3.27.040(A)(2).
3. The Applicant commits to renting at least twenty percent (20%) of the multi-family housing uses as affordable housing units as defined in SMC 3.27.020 and agrees that the property must satisfy that commitment and any additional affordability and income eligibility conditions contained SMC Chapter 3.27 for the duration of the tax exemption.
4. The Applicant agrees to complete construction of the agreed upon improvements within three (3) 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 Manager a request for Final Certificate of Tax Exemption with the information required by SMC 3.27.070 which includes:
 - (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/Project;
 - (b) a description of the completed work and a statement of qualification for the exemption;
 - (c) a statement that the work was completed within the required three-year period or any authorized extension; and
 - (d) a statement that the Property/Project meets affordable housing requirements of SMC Chapter 3.27.
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 5 above, to file a Final Certificate of Tax Exemption with the King County Assessor within forty (40) days of application.
7. The Applicant agrees, within thirty (30) days following the first anniversary of the City's filing of the Final Certificate of Tax Exemption and each year thereafter for the duration of the property tax exemption, to file an annual report with the City Manager with the information required by SMC 3.27.090 which includes:
 - (a) a statement of occupancy and vacancy of the newly constructed or rehabilitated Property/Project during the twelve months ending with the anniversary date;
 - (b) a certification by the owner that the Property/Project has not changed use since the date of the final certificate approved by the City and that Property/Project is in compliance with affordable housing requirements of SMC Chapter 3.27; and
 - (c) a description of any subsequent changes or improvements constructed after issuance of the Final Certificate of Tax Exemption.
8. The Applicant agrees, by December 15 of each year beginning with the first year in which the Final Certificate of Tax Exemption is filed and each year thereafter for the duration of the property tax exemption, to provide a written report to the City Manager containing

information sufficient to complete the City's report to the Washington State Department of Commerce as set forth in SMC 3.27.090(D).

9. If the Applicant converts any of the new or rehabilitated multi-family residential housing units constructed under this Agreement into another use, the Applicant shall notify the King County Assessor and the City Manager within sixty (60) days of such change in use.
10. The Applicant agrees to notify the City promptly of any transfer of the Applicant's ownership interest in the Property and/or Project or in the improvements made to the Property and/or Project under this Agreement.
11. The City reserves the right to cancel the 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, SMC Chapter 3.27, or for any reason that the Property/Project no longer qualifies for the tax exemption.
12. The Applicant acknowledges that the cancellation of the Final Certificate may subject the Applicant to potential tax liability as provided for in RCW 84.14, including real property tax, penalties, and interest.
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. Applicant agrees that this Agreement is subject to the Shoreline Multi-Family Housing Tax Exemption set forth in Shoreline Municipal Code, Chapter 3.27.

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

CITY OF SHORELINE

APPLICANT

City Manager

Name/Title

Approved as to form:

City Attorney