

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

THIS AGREEMENT is effective as of the date of the last authorizing signature below. The parties (“Parties”) to this Agreement are Urban Olympia 12, LLC (the “Applicant”) and the City of Olympia, Washington, a municipal corporation (the “City”).

RECITALS

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

WHEREAS, the City has, through Olympia Municipal Code Chapter 5.86, enacted a program whereby property owners may qualify for a Final Certificate of Tax Exemption, which certifies to the Thurston County Assessor-Treasurer that the owner is eligible to receive a limited property tax exemption; and

WHEREAS, the City has an interest in encouraging new construction or rehabilitation of multi-family housing in Residential Target Areas in order to increase and improve housing opportunities, and to encourage development densities supportive of transit use; and

WHEREAS, the City and Applicant entered into a Real Estate Purchase and Sale Agreement with an effective date of May 5, 2021, whereby Applicant purchased real property from the City upon certain terms and conditions; and

WHEREAS, the Recitals of the parties Real Estate Purchase and Sale Agreement were incorporated into the purchase agreement and made a part thereof, and “shall survive the Closing unimpaired and shall not merge into the Deed and recordation thereof, and are fully enforceable by either Party”; and

WHEREAS, in the Real Estate Purchase and Sale Agreement between the parties, Paragraph 10.2 specifically provided that Applicant would file an application with City for a multi-family tax exemption pursuant to OMC Chapter 5.86.040.A.2.b as it existed on May 5, 2021, to provide affordable low income housing serving persons with adjusted median income (AMI) in Thurston County, Washington, of eighty percent (80%) AMI or less, as reported by the United States Department of Housing and Urban Development (HUD), in sixty percent (60%) of the housing units constructed on the Property for a period of twelve (12) years from issuance of a final Certificate of Occupancy; and

WHEREAS, the Applicant and the City further agreed in the Real Estate Purchase and Sale Agreement that following “the twelve (12) year tax exemption under OMC Section 5.86.040.A.2.b [as it existed on May 5, 2021] the number of housing units for affordable low

income housing for persons with adjusted median income (AMI) in Thurston County, Washington, of eighty percent (80%) AMI or less, as reported by the United States Department of Housing and Urban Development (HUD) shall be reduced to thirty percent (30%) of the housing units on the Property for three years. For the final five (5) years of the restrictive covenant to be recorded upon the title of the Property, the number of housing units for affordable low income housing for persons with adjusted median income (AMI) in Thurston County, Washington, of eighty percent (80%) or less, as reported by the United States Department of Housing and Urban Development (HUD) shall be reduced to twenty percent (20%) of the housing units on the Property”; and

WHEREAS, the Real Estate Purchase and Sale Agreement between Applicant and City further provided in Paragraph 10.1 that the “Buyer [Applicant herein] shall perform all obligations from the date of this Agreement, including all provisions herein that shall survive the Closing, including those relating to its obligations to provide affordable low income housing units upon the Property”; and

WHEREAS, the Applicant and City agreed in the Real Estate Purchase and Sale Agreement that “Buyer [Applicant] shall apply to Seller [City] for an affordable housing multi-family tax exemption (MFTE) for the Property, pursuant to OMC Section 5.86.010.A.2.b” as said section existed in the Olympia Municipal Code on May 5, 2021; and

WHEREAS, the Applicant is interested in receiving a limited property tax exemption for constructing 48 units of new multi-family residential housing in the Downtown Residential Target Area; and

WHEREAS, the Applicant has submitted to the City preliminary site plans and floor plans for new multi-family residential housing to be constructed on property situated approximately at 306 4th Ave. E, Olympia, WA and described more specifically as follows:

Assessor’s Parcel #: 78503300700
Legal Description: Parcel A, Boundary Line Adjustment No. SS-5502, according to the short plat recorded under Recording Number 8711240029, records of Thurston County, State of Washington. Situate in the County of Thurston, State of Washington.
Street Address: 306 4th Avenue E
Olympia, WA

Herein referred to as the “Site”; and

WHEREAS, the Director of the Department of Community Planning and Development has determined that the improvements will, if completed and operated as proposed, satisfy the requirements for a Final Certificate of Tax Exemption; and

WHEREAS, the Olympia Municipal Code requires an applicant for a limited property tax exemption to enter into a contract with the City, in which the applicant agrees to implement the proposed project on terms satisfactory to the Olympia City Council so as to maintain the improvements' eligibility for the limited property tax exemption;

NOW, THEREFORE, in exchange for the City's consideration of the applicant's request for a Final Certificate of Tax Exemption, the Applicant and the City mutually agree as follows:

1. The City shall issue the Applicant a Conditional Certificate of Acceptance of Tax Exemption.
2. The Applicant shall construct on the Site multi-family 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 approval of this Agreement.
3. The Applicant shall 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.
4. The Applicant shall, upon completion of the improvements and upon issuance by the City of a temporary or permanent Certificate of Occupancy, file with the City's Community Planning and 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.
5. Upon 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, and upon the City's approval of a Final Certificate of Tax Exemption, the City shall file the Final Certificate with the Thurston County Assessor-Treasurer.
6. The Applicant shall, within thirty 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, file a notarized declaration with the City's Community Planning and Development Department indicating the following:

- A. An emailed or electronically submitted statement of occupancy and vacancy of the multi-family units during the previous year in Excel spreadsheet format that includes monthly rent by unit and the income of each household at the time of initial occupancy;
 - B. A notarized certification that the property continues to be in compliance with this Agreement and RCW 84.14; and
 - C. A description of any subsequent improvements or changes to the property;
 - D. The total monthly rent by unit; and
 - E. The income of each renter household at the time of initial occupancy.
7. If, during the term of any Final Certificate of Tax Exemption, the Applicant converts to another use any of the new multi-family residential housing units constructed under this Agreement, the Applicant shall notify the Thurston County Assessor-Treasurer and the City's Department of Community Planning and Development within 60 days of such change in use. The City may, in its sole discretion, revoke and cancel the Final Certificate of Tax Exemption effective on the date of the Applicant's conversion of any of the multi-family residential housing units to another use contrary to the parties agreement in the Real Estate Purchase and Sale Agreement effective May 5, 2021..
 8. Applicant shall notify the City promptly of any transfer of the Applicant's ownership interest in the Site or in the improvements made to the Site under this Agreement.
 9. No rental occupancy is permitted on a transient basis. This includes rental accommodation that is leased/rented for a period of less than one month.
 10. In addition to any other powers reserved to the City by law the City may, in its sole discretion, cancel the Final Certificate of Tax Exemption should the Applicant, or its successors or assigns, fail to comply with any of the terms and conditions of this Agreement.
 11. No modifications of the Agreement shall be made unless mutually agreed upon by the parties in writing.
 12. Any lawsuit related to or arising out of this Agreement must be filed and maintained only in Thurston County Superior Court for the State of Washington.
 13. In the event that any term or clause of this Agreement conflicts with applicable law, such conflict does not affect other terms of this Agreement which can be given effect without the conflicting terms or clause, and to this end, the terms of the Agreement are declared to be severable.

