

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Approval of the PTE Program Contract for the Alexan Shoreline Project Located at 15560 Westminster Way N
DEPARTMENT:	City Manager's Office
PRESENTED BY:	Nathan Daum, Economic Development Manager
ACTION:	<input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Public Hearing <input type="checkbox"/> Discussion

PROBLEM/ISSUE STATEMENT:

The City Manager has approved an application by Trammell Crow Residential (d/b/a ASL Apartments LLC) for a multifamily housing limited property tax exemption on a project known as Alexan Shoreline. The applicant has agreed to a contract with the City (Attachment A) stating that the residential improvements of their projects will be exempt from property taxation for 12 years in exchange for providing affordable housing and other conditions. SMC 3.27.060 specifies that the City Manager's approval is subject to approval by the City Council, which in the past has been accomplished by motion.

RESOURCE/FINANCIAL IMPACT:

When an MFTE project is built, the value of the residential improvements will not be added to the assessed value until the 13th year; all taxing jurisdictions in Shoreline forgo property tax revenues from the project for the first 12 years. Forgone tax revenue cannot be estimated at this time because the assessor's appraisal information does not indicate the project's state of completion. Staff and consultant time is required to process applications, file annual reports to the state and King County, and to monitor compliance with affordable housing requirements.

RECOMMENDATION

Staff recommends that the City Council approve the MFTE contract for Alexan Shoreline.

Approved By: City Manager **DT** City Attorney **JA-T**

BACKGROUND

The Multi-Family Property Tax Exemption (PTE; also known as MFTE) program was instituted by the state legislature to provide incentives to construct multifamily housing and later amended to help create affordable housing. According to the conclusions of the Growth Management Act and the legislature, multifamily housing and affordable housing are needed throughout the Puget Sound metropolitan area to help mitigate negative environmental impacts of population growth in the region.

The MFTE program provides the property owner an exemption from the *ad valorem* property taxes on new or rehabilitated housing improvements (including residential parking) for the duration of the exemption period.

Shoreline has offered an MFTE program in nine designated Residential Targeted Areas for many years. A summary of approved MFTE projects is included in this staff report as Attachment B. Chapter 3.27 SMC was most recently updated in 2020 by the adoption of Ordinance No. 879. The current Shoreline MFTE program requires that at least 20% of the project be affordable and provides a qualified project 12 years of exemption from property taxation.

DISCUSSION

Alexan Shoreline application complies with all applicable requirements of RCW 84.14.060 and SMC 3.27.040. The next step in the MFTE process is for the City Council to approve or deny the contract that defines the terms under which the City will grant property tax exemptions, including binding the property to provide affordable housing for the period according to the RCW 84.14 and Chapter 3.27 SMC. Project details include:

Location:	15560 Westminster Way N
Residential Targeted Area:	Aurora Avenue North Corridor
Units provided:	330
Duration of tax exemption:	12 years
Affordable units provided:	66
Affordability levels:	Studio and 1-bedroom units—70% AMI 2-bedroom and larger units—80% AMI
Duration of affordability:	12 years
Permit number:	PLN18-0031

Council members may also notice a more substantial form of contract. The previous form lacked several provisions for implementing the affordable housing requirements, which the City's consultant, Mike Stanger, has recommended including provisions to:

- Specify the maximum housing costs for affordable units (Section 1 and Section 3.D.) and the period for which they must be affordable (Section 1, “Compliance Period”).
- Specify the number of each affordable unit type (Section 3.A.).
- Designate which units will be affordable and a method for changing those designations (Section 3.C. and Exhibit B).
- Clarify income and household size qualifications for households, including recertification requirements and an income cap for renewing leases (Section 3.F. through 3.I.).
- Preserve the affordable units in the event the owner wants to convert the property from rental occupancy to condominium homeownership (Section 2.C.).
- Clarify enforcement provisions (Section 5), procedures and penalties in the event of cancellation (Section 6), and reporting requirements (Section 7).

Current income and rent limits are attached to this staff report as Attachment C. Staff cannot estimate the total value of the affordable housing at this time (comparing affordable and market rents) because the project is still a year away from completion.

If the Council approves the proposed contracts, the City Manager will issue Conditional Certificates of Property Tax Exemption to the applicants. The applicant has three years to complete their project and then may apply to the City for a Final Certificate. The City Manager may approve (or deny) the Final Certificate application without Council action. If approved, the City will file the Final Certificate with the County Assessor and the residential improvements will be exempt beginning the following January 1.

RESOURCE/FINANCIAL IMPACT

When an MFTE project is built, the value of the residential improvements will not be added to the assessed value until the 13th year; all taxing jurisdictions in Shoreline forgo property tax revenues from the project for the first 12 years.

In addition, staff and consultant time is required to process applications, file annual reports to the state and King County, and to monitor compliance with affordable housing requirements.

The consultant is unable to estimate the forgone tax revenue at this time because the assessor’s appraisal information does not indicate the project’s state of completion.

RECOMMENDATION

Staff recommends that the City Council approve the MFTE contract for Alexan Shoreline.

ATTACHMENTS

Attachment A: Proposed MFTE contract

Attachment B: Summary of approved MFTE projects in Shoreline

Attachment C: 2019 income and rent limits

WHEN RECORDED, MAIL TO:

City of Shoreline
17500 Midvale Ave N
Shoreline, WA 98133

ATTN: City Clerk

WASHINGTON STATE COUNTY AUDITOR/RECORDER/S INDEXING FORM

<p>Document Title(s) <i>(or transactions contained therein):</i></p> <p>MULTI-FAMILY HOUSING LIMITED PROPERTY TAX EXEMPTION CONTRACT – ALEXAN SHORELINE</p>
<p>Reference Number(s) of Documents assigned or released:</p> <p><input type="checkbox"/> Additional reference numbers on page ____ of document.</p>
<p>Grantor(s) <i>(Last name first, then first name and initials):</i></p> <p>1. <u>SHORELINE APARTMENTS OWNER, L.L.C.</u></p> <p><input type="checkbox"/> Additional names on page __ of document.</p>
<p>Grantee(s) <i>(Last name first, then first name and initials):</i></p> <p>1. <u>CITY OF SHORELINE, WASHINGTON</u></p> <p><input type="checkbox"/> Additional names on page __ of document.</p>
<p>Legal Description <i>(abbreviated form; i.e., lot, block, plat name, section-township-range):</i></p> <p>Resultant Parcel per City of Shoreline Lot Merger No. PLN18-0098, Rec. # 20181224000317, except ptn conveyed to City by Deed rec. #2018122400318, together with ptn of streets adjoining vacated by Ordinances 830 and 703, Rec. #20181224000319 (being Ptn SE 1/4 NW 1/4 Section 18, Township 26 N, Range 4 E, WM), King County.</p> <p><input checked="" type="checkbox"/> Additional legal on Exhibit "A" of document.</p>
<p>Assessor's Property Tax Parcel Account Number(s):</p> <p><u>182604-9454</u></p>

The Auditor/Recorder will rely on the information provided on the form. The staff will not read the document.

MULTI-FAMILY HOUSING LIMITED PROPERTY TAX EXEMPTION CONTRACT

ALEXAN SHORELINE

THIS MULTI-FAMILY HOUSING LIMITED PROPERTY TAX EXEMPTION CONTRACT (the "Contract") is made and entered into as of this _____ day of _____, 20____, by and between the CITY OF SHORELINE, a Municipal Corporation of the State of Washington (the "City"); SHORELINE APARTMENTS OWNER, L.L.C., a Delaware limited liability company (the "Owner").

WHEREAS, the City has an interest in stimulating new construction or rehabilitation of multi-family housing in Residential Targeted 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 Revised Codes of Washington (RCW) Chapter 84.14, designated various areas of the City as Residential Targeted Areas for the provision of a limited property tax exemption for new or rehabilitation multi-family housing; and

WHEREAS, the City has, as set forth in Chapter 3.27 SMC, 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 Owner is interested in receiving a limited property tax exemption for constructing three hundred thirty (330) units of NEW multifamily housing ("Project") within the Aurora Avenue North Corridor Residential Targeted Area pursuant to SMC 3.27.030; and

WHEREAS, the Owner submitted to the City a complete application for Property Tax Exemption outlining the proposed Project to be constructed on property located at 15560 Westminster Way N in Shoreline, Washington ("Property") and legally described in **Exhibit A** of this Contract; and

WHEREAS, in consideration of the City's approval of Permit No. _____, the Owner accepts certain conditions affecting the use of the Property and the improvements authorized by Permit No. _____. It is the purpose of this Contract to set forth those conditions and to impose enforceable restrictions on the use and occupancy of the residential portion of the Property; and

WHEREAS, on _____, the city manager determined that the application met all the eligibility and procedural requirements to qualify for a Conditional Certificate of Acceptance of Property Tax

Exemption as provided in Chapter 3.27 SMC, with the exception of entering in to and recording this Contract; and

WHEREAS, on _____, the City Council authorized the city manager to execute this contract; 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, for and in consideration of the mutual promises aforesaid and made and relied upon by the parties hereto, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Owner and the City mutually agree as follows:

SECTION 1 – DEFINITIONS

Unless otherwise expressly provided herein, the following terms shall have the respective meanings set forth below. If a term is not defined herein, then it shall be defined as provided in Chapter 20.20 SMC or given its usual and customary meaning.

"Affordable Units" means the sixty-six (66) units in the Project designated by the Owner and approved by the City, as set forth in **Exhibit B**, and reserved for occupancy by Eligible Households with maximum rents pursuant to Section 3.

"City's Designee" mean that individual(s) authorized by the City to administer this Contract.

"Completion Date" means the date of the first certificate of occupancy issued by the City for the Project.

"Dwelling Unit" means a residential living facility, used, intended or designed to provide physically segregated complete independent living facilities for one or more persons, including living, sleeping, cooking and sanitation facilities.

"Eligible Household" means one or more adults and their dependents who meet the qualifications for eligibility set forth in Section 3.F. or Section 3.I.

"Household Income" means gross annual income from all household members over the age of 18 residing in the household. Gross annual income consists of all wages, benefits (e.g. military, unemployment, welfare), interest, and other such income. Income of dependents over the age of 18 who reside within a household for less than three (3) months of the year will not be counted toward Household Income.

"Household Size" means all of the persons, related or unrelated, occupying an Affordable Unit. For the purpose of calculating maximum Housing Expenses, the following assumptions apply:

<u>UNIT TYPE</u>	<u>ASSUMED HOUSEHOLD SIZE</u>
Studio	1 Person
Open 1-Bedroom	1.5 Persons
1 Bedroom	1.5 Persons
2 Bedroom	3 Persons
3 Bedroom	4.5 Persons

"Housing Expense" means a tenant's costs for rent, parking for one motor vehicle if a parking space is available, Utilities or an equivalent Utility Allowance, and any recurring expenses required by the Owner as a condition of tenancy. Expenses that the Owner makes optional, such as pet rent, extra storage space, or additional parking, are not considered Housing Expenses for the purpose of this Contract.

"Median Income" means the median family income for the *Seattle-Bellevue, WA HUD Metro FMR Area* as most recently published by the Secretary of Housing and Urban Development (HUD), as amended. In the event that HUD no longer publishes median family income figures, the City may estimate the Median Income applicable to the City in such manner as the City shall determine in its sole discretion.

"Property" means the real property, together with improvements, legally described in **Exhibit A**.

"Project" means the Owner's multi-family residential building containing three hundred thirty (330) Dwelling Units also known as "Alexan Shoreline."

"Compliance Period" means 12 years from the date of initial occupancy of the Affordable Units.

"SMC" means the Shoreline Municipal Code, as it now exists or hereinafter amended.

"Utility" or "Utilities" means water, electricity, natural gas, sewer, and garbage collection but not including phone, internet service, or cable or satellite television.

"Utility Allowance" means that portion of Housing Expenses that the City determines, from time to time, is adequate for the reasonable Utility costs of Affordable Units in the event the Owner makes tenants responsible for payment for their own Utilities.

SECTION 2 – THE PROJECT

A. General Description. The Owner will construct the Project for purposes of providing multi-family rental housing, and the Owner shall own, manage, and operate (or cause the management and operation of) the Project. The Owner 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).

B. The Owner 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.

C. Conversion from Renter-Occupied to Owner-Occupied. In the event the Property is proposed for conversion to a condominium, owner-occupied, or non-rental residential use during the Compliance Period, the Owner must submit to the City for its review a plan for preserving the Affordable Units. The City may consider options which would convert the Affordable Units to owner-occupancy by Eligible Households and are consistent with the provisions of Chapter 3.27 SMC and SMC 20.40.235. The Owner must receive authorization from the City prior to conversion to condominium, owner-occupied, or non-rental residential use. This section does not waive the Owner's obligations to comply with any other law or regulations pertaining to conversion to ownership use.

SECTION 3 – AFFORDABLE UNITS FOR ELIGIBLE HOUSEHOLDS

A. Number of Affordable Units. The Project shall include the number and types of Affordable Units as set forth in the table below.

Dwelling Units in the Project

Unit Type (Bedrooms)	Total Units	Affordable Units
Studio	124	25
Open 1-bedroom	4	1
1-bedroom	130	26
2-bedroom	72	14
Total	330	66

B. Similar Quality Construction. All of the Dwelling Units in the Project shall be constructed of similar quality. The finish and quality of flooring, counters, appliances, and other interior features of the Affordable Unit(s) shall be comparable to or better than entry level market rate housing in Shoreline, Washington, as determined by the City and have substantially the same net square footage, equipment, and

amenities as other Dwelling Units in the Project with a comparable number of rooms.

C. Designation of Affordable Units. Affordable Units shall be generally distributed throughout the Project. The Owner agrees to designate the Dwelling Units identified in **Exhibit B** as Affordable Units. The Owner, from time to time, may propose to change the specific Dwelling Units designated as Affordable Units herein, in which case the Owner shall notify the City of the proposed change in writing for the City's approval. The City will review the proposed changes and shall approve or deny the proposed changes based upon the criteria that at all times at least 66 of all of the Dwelling Units in the Project are designated as Affordable Units, and provided that at all times the same unit mix and affordability mix is retained.

D. Maximum Rents for Affordable Units.

(1) The Housing Expense of an Affordable Unit shall not exceed thirty percent (30%) of the Income Level relevant for the Unit Type shown in the following table, with adjustments for assumed Household Size.

Maximum Affordable Rents

Unit Type	Income Level (Percent of Median Income)
Studio or 1 bedroom	70%
2 or more bedrooms	80%

(2) An Affordable Unit's contract rent shall not exceed the tenant's maximum Housing Expense less a Utility Allowance, if applicable, and any other recurring expenses required by the Owner as a condition of rental.

(3) No Affordable Unit's tenant shall have more than one rent increase for the same Unit in any twelve (12)-month period; provided, however, that in the event an Affordable Unit's lease expires and said tenant elects to continue leasing the Affordable Unit on a month-to-month tenancy, and the tenant remains an Eligible Household, the Owner may increase the rent for that Affordable Unit up to once every thirty (30) days but no higher than the maximum contract rent as set forth in this section.

E. Renting Affordable Units to Eligible Households. During the Compliance Period, the Owner shall lease or rent, or make available for lease or rental, to Eligible Households all of the Affordable Units in the Project. If at any time the Owner is unable to rent or lease an Affordable Unit, then the Affordable Unit shall remain vacant pending rental or lease to Eligible Households.

F. Income Qualifications for Eligible Households.

(1) To qualify as an Eligible Household for initial occupancy of an Affordable Unit, a household's Household Income may not exceed the applicable Percent of Median Income set forth in the table below, adjusted for Household Size.

(2) At time of recertification, as provided in Section I below, a tenant will remain an Eligible Household as long as said tenant's Household Income does not exceed the Maximum Income for Recertification.

Maximum Income at Initial Occupancy Maximum

Bedrooms	Percent of Median Income
Studio or 1 bedroom	70%
2 or more bedrooms	80%

G. Occupancy Limits for Affordable Units. The Owner shall utilize the following occupancy standards for Affordable Units:

Unit Type	Minimum Occupants
Studio or 1 bedroom	1 person
2-bedroom	2 persons
3-bedroom	3 persons
4-bedroom	4 persons

H. Completion of Certificate of Household Eligibility. Prior to allowing any household to occupy any Affordable Unit, the Owner shall require the prospective tenant to complete a Certification of Household Eligibility ("COHE") that shall be substantially in the form set forth in **Exhibit C**. The Owner shall also undertake a good faith effort to verify the prospective tenant's Household Income, as reported on the completed COHE. The Owner's obligation to verify the reported Household Income shall be limited to requesting copies of and reviewing the prospective tenant's federal income tax returns, unless the Owner has actual knowledge, or reason to believe, that the information provided by the prospective tenant is materially inaccurate. In the event federal income tax returns are not available, the Owner shall verify Household Income using wage or salary statements, or other income records that the City may consider appropriate.

I. Household Eligibility Recertification. At each renewal of a lease for an Affordable Unit, and at least once each calendar year, the Owner shall require all tenants occupying Affordable Units to complete and return to the Owner an updated COHE. The Owner shall undertake a good faith effort to verify the reported Household Income as set forth in Section 3(H). If a tenant's Household Income exceeds the Maximum Income for Recertification set forth below when the tenant's lease

expires, then within ninety (90) calendar days either (a) the Owner may charge said tenant the current, applicable market rent for the Dwelling Unit and the Owner must designate and rent the next available comparable market rate Dwelling Unit as an Affordable Unit, or (b) the tenant must vacate the Dwelling Unit, unless otherwise prohibited by law, so as to make it available for an Eligible Household.

Maximum Household Income for Recertification

Bedrooms	Percent of King County Median Income
Studio or 1 bedroom	90%
2 or more bedrooms	100%

J. Equal Access to Common Facilities. Tenants in the Affordable Units shall have equal access to all amenities and facilities of the Project, such as parking, fitness centers, community rooms, and swimming pools. Parking is not guaranteed for all units and will be provided on a first-come, first-served basis. If a fee is charged for the use of an amenity or facility, then all tenants in the Project must be charged equally for such use. If the City prohibits a fee for certain amenities or facilities included in the Project, such as parking, the Owner shall include such amenities or facilities in the rent price of an Affordable Unit.

SECTION 4 - MULTI-FAMILY LIMITED PROPERTY TAX EXEMPTION

A. The City agrees to issue the Owner a Conditional Certificate of Acceptance of Tax Exemption ("Conditional Certificate") once this Contract is approved by the City Council, fully executed, and recorded with the King County Recorder's Office. The Conditional Certificate shall expire three (3) years from the date the City Manager approved the Owner's application for tax exemption, unless extended by the City Manager as provided in SMC 3.27.060(B).

B. The Owner shall, upon completion of the improvements and upon issuance by the City of a temporary or permanent certificate of occupancy, file with the City Manager an application for Final Certificate of Tax Exemption ("Final Certificate") with the information and fees required by SMC 3.27.070. Required information includes:

(1) A statement of expenditures made with respect to each multi-family housing unit and the total expenditures made with respect to the entire Property;

(2) A description of the completed work and a statement of qualification for the exemption;

(3) A statement that the work was completed within the required three-year period or any authorized extension; and

(4) A statement that the Project meets affordable housing requirements of Chapter 3.27 SMC.

C. The City agrees, conditioned on the Owner's successful completion of the improvements in accordance with the terms of this Contract and on the Owner's filing of the materials described in Section B above, to file a Final Certificate with the King County Assessor within forty (40) days of application.

D. The Owner agrees, within thirty (30) days following the first anniversary of the City's filing of the Final Certificate and each year thereafter for the duration of the property tax exemption to file a report with the City Manager with the information required by SMC 3.27.090, which includes:

(1) A statement of occupancy and vacancy of the newly constructed or rehabilitated Project during the twelve months ending with the anniversary date;

(2) A certification by the Owner that the Project has not changed use since the date of the Final Certificate approved by the City and that Project conforms with affordable housing requirements of Chapter 3.27 SMC; and

(3) A description of any subsequent changes or improvements constructed after issuance of the Final Certificate.

E. The Owner agrees, by December 15 of the year in which the City issued a Final Certificate for the Project, to provide the City information sufficient to complete the City's report to the Washington State Department of Commerce as set forth in SMC 3.27.090(D).

F. If the Owner converts any of the new or rehabilitated multi-family housing units constructed under this Contract into another use, the Owner shall notify the King County Assessor and the City Manager within sixty (60) days of such change in use.

G. Owner agrees that the Contract is subject to the Shoreline Multi-Family Housing Tax Exemption set forth in Chapter 3.27 SMC.

SECTION 5 – ENFORCEMENT

A. Enforcement Provisions. The Owner shall exercise reasonable diligence to comply with the requirements of this Contract and shall correct any such noncompliance within sixty (60) calendar days after such noncompliance is first discovered by the Owner or would have been discovered by the exercise of reasonable diligence, or within 60 calendar days after the Owner receives notice of such noncompliance from the City, whichever is earliest; provided however, that such period for correction may be extended by the City if the Owner is exercising due diligence to

correct the noncompliance. If such noncompliance remains uncured after such period, then the Owner shall be in default and the City on its own behalf may take any one or more of the following actions:

(1) By any suit, action or proceeding at law or in equity, require the Owner to perform its obligations under this Contract, or enjoin any acts or things which may be unlawful or in violation of the rights of the City hereunder; it being recognized that the beneficiaries of the Owner's obligations hereunder cannot be adequately compensated by monetary damages in the event of the Owner's default;

(2) Have access to, and inspect, examine and make copies of, all of the books and records of the Owner pertaining to the Project. Provided, however, the City shall not divulge such information to any third party unless required by law or unless the same is necessary to enforce the City's rights hereunder; and

(3) Take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants, conditions and agreements of the Owner under this Contract.

SECTION 6 - CANCELLATION OF TAX EXEMPTION

A. The City reserves the right to cancel the Final Certificate should the Owner, its successors and assigns, fail to comply with any of the terms and conditions of this Contract, Chapter 3.27 SMC, or for any reason that the Project or that portion of the Property on which the Project is constructed no longer qualifies for the tax exemption.

B. Upon determining that a tax exemption is to be canceled, the City Manager shall notify the Owner by certified mail, return receipt request. The Owner may appeal the determination in accordance with SMC 3.27.100.

C. The Owner acknowledges that, in the event the City cancels the tax exemption, state law requires that an additional real property tax is to be imposed in the amount of (1) the difference between the tax paid and the tax that would have been paid if it had included the value of the non-qualifying improvements, dated back to the date that the improvements became non-qualifying; (2) a penalty of 20% of the difference calculated under (1) of this Paragraph C; and (3) interest at the statutory rate on delinquent property taxes and penalties, calculated from the date the tax would have been due without penalty if the improvements had been assessed without regard to the exemptions provided by Chapter 84.14 RCW and Chapter 3.27 SMC. The Owner acknowledges that, pursuant to RCW 84.14.110, any additional tax owed, together with interest and penalty, become a lien on that portion of the Property on which the Project is constructed and attached at the time the portion of the Property is removed from multi-family use or the amenities no longer meet applicable requirements, and that the lien has

priority to and must be fully paid and satisfied before a recognizance, mortgage, judgment, debt, obligation, or responsibility to or with which the Property may become charged or liable. The Owner further acknowledges that RCW 84.14.110 provides that any such lien may be foreclosed in the manner provided by law for foreclosure of liens for delinquent real property taxes.

SECTION 7 – REPORTING REQUIREMENTS

A. Notice of Occupancy Permit. The Owner shall notify the City's Designee of receipt of the first occupancy permit for the Project within thirty (30) calendar days of the permit's issuance.

B. Initial Project Certification. After the Completion Date and until ninety percent (90%) of all rental units in the Project are occupied, the Owner shall file with the City a Project Certification report, substantially in the form of **Exhibit D**, attached with copies of the COHE required under Section 3 of this Contract.

C. Annual Project Certification. The Owner shall file with the City Manager, within thirty (30) days following the first anniversary of the City's filing of the Final Certificate and each year thereafter for the duration of the property tax exemption, a report substantially in the form of **Exhibit D**, attached with copies of the COHE and which includes information from the preceding year providing:

(1) A statement of occupancy and vacancy of the newly constructed or rehabilitated Project during the past twelve (12) months ending with the anniversary date;

(2) A certification by the Owner that the Project has not changed use since the date the City approved the Final Certificate and that Project conforms with affordable housing requirements of Chapter 3.27 SMC; and

(3) A description of any subsequent changes or improvements constructed after issuance of the Final Certificate.

D. Maintain Complete Records. The Owner shall maintain complete and accurate records pertaining to the Affordable Units and shall, during regular business hours, permit any duly authorized representative of the City, including, without limitation, the City's Designee, to inspect the books and records of the Owner pertaining to the Affordable Units, including the Initial and Annual Project Certifications, and if applicable, income documentation of households residing in Affordable Units in the Project. The Owner's failure to maintain such records or failure to allow inspection by the City or any duly authorized representative shall constitute a material default hereunder. The Owner shall retain all records pertaining to the Affordable Units for at least six (6) years.

E. Form of Certification. Notwithstanding anything in this Section to the contrary, the Owner shall submit all documentation required by this Section on the forms designated herein, which may be modified by the City from time to time. Changes to forms by the City shall not increase the Owner's obligations hereunder.

SECTION 8 – SUBSIDIZED TENANTS

The Owner shall accept as tenants for Affordable Units, on the same basis as all other prospective households, households who receive state or federal rent subsidies, such as Housing Choice Vouchers under Section 8 of the United States Housing Act of 1937, or other rent subsidies. The Owner shall not apply, or permit the application of, management policies or lease provisions with respect to the Project which have the effect of precluding occupancy of any Dwelling Units by rent subsidy recipients.

SECTION 9 – LEASE PROVISIONS

A. It is the Owner's responsibility to screen and select tenants for desirability and credit worthiness. Except as restricted in this Contract and under state and federal law, such selection is within the Owner's discretion. If written management policies exist, or exist in the future, with respect to the Project, the City may review such written policies and may require changes in such policies, if necessary, so that the policies comply with the requirements of this Contract.

B. All leases for Eligible Households shall contain clauses wherein each individual lessee: (i) certifies the accuracy of the statements made in the COHE, (ii) agrees that the Household Income and other eligibility requirements shall be deemed substantial and material obligations of the tenancy, and (iii) agrees that misrepresentation in the COHE is a material breach of the lease, entitling the Owner to immediately terminate tenant's lease for the Affordable Unit.

SECTION 10 – SALE OR TRANSFER OF THE PROJECT

The Owner hereby covenants and agrees not to sell, transfer or otherwise dispose of the Project or any portion thereof without first providing a written statement executed by the purchaser that the purchaser understands the Owner's duties and obligations under this Contract and will enter into a contract with the City for the continuation of those obligations. Such notice must be received by the City at least ten (10) working days prior to the close of escrow.

SECTION 11 – TERM

This Contract shall become effective upon its execution and shall continue in full force and effect throughout the Compliance Period, unless sooner modified or terminated by the City or property owner

consistent with SMC 3.27.100, as adopted on the date of execution of this Agreement.

SECTION 12 – NO DISCRIMINATION

The Owner shall not discriminate on the basis of race, creed, religion, color, sex, sexual orientation, age, national origin, marital status, or presence of any mental or physical handicap as set forth in RCW 49.60.030, as now existing and as may be amended, in the lease, use, or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project.

SECTION 13 – COVENANTS RUN WITH LAND

A. The City and Owner hereby declare their understanding and intent that the covenants, conditions and restrictions set forth herein directly benefit the land (i) by enhancing and increasing the enjoyment and use of the Project by certain Eligible Households, and (ii) by furthering the public purposes of providing housing for Eligible Households.

B. The City and the Owner hereby declare that the covenants and conditions contained herein shall bind and the benefits shall inure to, respectively, the Owner and all subsequent owners of the Project or any interest therein, and the City, all for the Compliance Period. Except as provided in Section 12 of this Contract, each and every contract, deed or other instrument hereafter executed conveying the Project or any portion thereof or interest therein shall contain an express provision making such conveyance subject to the covenants and conditions of this Contract, provided however, that any such contract, deed or other instrument shall conclusively be held to have been executed, delivered and accepted subject to such covenants and conditions, regardless of whether or not such covenants and conditions are set forth or incorporated by reference in such contract, deed or other instrument.

C. Hold Harmless. The Owner shall defend, indemnify, and hold the City, its officers, officials, employees, volunteers and its Designee and any other party authorized hereunder to enforce the terms of this Contract, harmless from any and all claims, injuries, damages, losses, or suits, including attorney fees, arising out of or resulting from this Contract. This provision shall survive termination or expiration of this Contract.

D. No Third-Party Beneficiaries. The provisions of this Contract and of the documents to be executed and delivered in connection herewith are and will be for the benefit of the Owner and the City only and, are not for the benefit of any third party (including, without limitation, any tenants or tenant organizations), and accordingly, no third party shall have the right to enforce the provisions of this

Contract or of the documents to be executed and delivered in connection herewith.

SECTION 14 – FORECLOSURE

In the case of any foreclosure, the immediate successor in interest in the Property pursuant to the foreclosure shall assume such interest subject to the lease(s) between the prior Owner and the tenant(s) and to this Contract for Affordable Units. This provision does not affect any state or local law that provides longer time periods or other additional protections for tenants.

SECTION 15 – ESTOPPEL CERTIFICATE

The City agrees, upon the request of the Owner or its successor in interest, to promptly execute and deliver to the Owner or its successor in interest or to any potential or actual purchaser, mortgagor, or encumbrancer of the Project, a written certificate stating, if such is true, that the City has no knowledge of any violation or default by the Owner of any of the covenants or conditions of this Contract, or if there are such violations or defaults, the nature of the same.

SECTION 16 – BINDING EFFECT

The provisions, covenants, and conditions contained in this Contract are binding upon the parties hereto and their legal heirs, representatives, successors, assigns, and subsidiaries and are intended to run with the land.

SECTION 17 – AGREEMENT TO RECORD

The Owner shall cause this Contract to be recorded in the real property records of King County, Washington. The Owner shall pay all fees and charges incurred in connection with such recording and shall provide the City with a copy of the recorded document.

SECTION 18 – RELIANCE

The City and the Owner hereby recognize and agree that the representations and covenants set forth herein may be relied upon by City and the Owner. In performing its duties and obligations hereunder, the City may rely upon statements and certificates of the Owner and Eligible Households, and upon audits of the books and records of the Owner pertaining to occupancy of the Project. In performing its duties hereunder, the Owner may rely on the Certificates of Household Eligibility unless the Owner has actual knowledge or reason to believe that such Certificates are inaccurate.

SECTION 19 – GOVERNING LAW

This Contract shall be governed by the laws of the State of Washington, except to the extent such laws conflict with the laws of the United States or the regulations of federally insured depository institutions or would restrict activities otherwise permitted in relation to the operation of federally insured depository institutions. Venue for any legal actions shall be in King County Superior Court or, if pertaining to federal laws, the U.S. District Court for Western Washington.

SECTION 20 – NO CONFLICT WITH OTHER DOCUMENTS

The Owner warrants that it has not executed and will not execute, any other agreement with provisions contradictory to, or in opposition to, the provisions hereof, and that in any event the requirements of this Contract are paramount and controlling as to the rights and obligations herein set forth and supersede any other requirements in conflict herewith.

SECTION 21 – AMENDMENTS

This Contract shall be amended only by a written instrument executed by the parties hereto or their respective successors in interest, and duly recorded in the real property records of King County, Washington. Amendments to **Exhibit B** shall be considered approved in writing when the **Revised Exhibit B** is signed by the Owner and the City without the need for a further written document attaching the revised exhibit and striking prior versions of the exhibit. In the event of conflict between versions of **Exhibits B**, the version maintained by the City as the then-current version, signed by Owner and City, shall prevail.

SECTION 22 – NOTICE

A. Any notice or communication hereunder, except legal notices, shall be in writing and may be given by registered or certified mail. The notice or communication shall be deemed to have been given and received when deposited in the United States Mail, properly addressed with postage prepaid. If given otherwise, it shall be deemed to be given when delivered to and received by the party to whom addressed. Such notices and communications shall be given to the Parties' representatives hereto at their following addresses:

If to the City: City of Shoreline
17500 Midvale Ave N
Shoreline, WA 98133
Attn: City Manager

With a copy to the City's Designee:

Mike Stanger
13626 92nd Place NE
Kirkland, WA 98034

If to the Owner:

Trammell Crow Residential
2003 Western Avenue, Suite 330
Seattle, WA 98121
Attn: Mark Hoyt, Managing Director

With a copy to:

MORE Residential
5800 Granite Parkway, Suite 1050
Plano, TX 75024
Attn: James J. McGinley III,
Executive Vice President

With a copy to:

McCullough Hill Leary, PS
701 Fifth Avenue, Suite 6600
Seattle, Washington 98104
Attn: Courtney Flora
Attorney at Law

B. Any party may change its identified representative and address for notices upon ten (10) calendar days prior written notice to the other parties. Legal counsel for a party may deliver notices on behalf of the represented party and such notice shall be deemed delivered by such party.

SECTION 23 – SEVERABILITY

If any provision of this Contract shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

SECTION 24 – CONSTRUCTION

Unless the context clearly requires otherwise, words of the singular number shall be construed to include the plural number, and vice versa, when appropriate. All the terms and provisions hereof shall be construed to effectuate the purposes set forth in this Contract and to sustain the validity hereof.

SECTION 25 – TITLES AND HEADINGS

The titles and headings of the sections of this Contract have been inserted for convenience of reference only, are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in the

construing this document or any provision hereof or in ascertaining intent, if any question of intent shall arise.

SECTION 26 - COUNTERPART ORIGINALS

This Agreement may be executed in any number of counterpart originals, each of which shall be deemed to constitute an original agreement, and all of which shall constitute one agreement. The execution of one counterpart by a Party shall have the same force and effect as if that Party had signed all other counterparts.

SECTION 27 - AUTHORITY TO EXECUTE

Each person executing this Agreement on behalf of a Party represents and warrants that he or she is fully authorized to execute and deliver this Agreement on behalf of the Party for which he or she is signing. The Parties hereby warrant to each other that each has full power and authority to enter into this Agreement and to undertake the actions contemplated herein and that this Agreement is enforceable in accordance with its terms.

IN WITNESS WHEREOF, the Owner and City have each executed the Multi-Family Housing Limited Property Tax Exemption Contract on the Date first above written.

Owner:

City:

SHORELINE APARTMENTS OWNER,
L.L.C., a Delaware limited
liability company

Debbie Tarry
Its: City Manager

By _____
Name: _____
Its: _____

Approved as to Form:

Julie Ainsworth-Taylor
Assistant City Attorney

STATE OF WASHINGTON }
 } ss.
COUNTY OF KING }

On this _____ day of _____, 20____, before me, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared _____, known to me to be the _____ of the CITY OF SHORELINE, who executed the foregoing document on behalf of said City, and acknowledged the said document to be the free and voluntary act and deed of said City, for the uses and purposes therein mentioned, and on oath stated that he or she was authorized to execute said document.

IN WITNESS WHEREOF I have given under my hand and official seal this ___ day of _____, 20____.

Notary Public in and for the State of Washington.

Print Name _____

Residing at _____

My commission expires _____

STATE OF WASHINGTON }
 } ss.
COUNTY OF KING }

On this _____ day of _____, 20____, before me, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared _____, to me known to be the _____ of SHORELINE APARTMENTS OWNER, L.L.C., a Delaware limited liability company, who executed the foregoing instrument on behalf of the said corporation, and acknowledged the said document to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that he or she was authorized to execute said document.

IN WITNESS WHEREOF I have given under my hand and official seal this ____ day of _____, 20____.

Notary Public in and for the State of Washington.

Print Name _____

Residing at _____

My commission expires _____

EXHIBIT A

LEGAL DESCRIPTION

THAT PORTION OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 18, TOWNSHIP 26 NORTH, RANGE 4 EAST, WILLAMETTE MERIDIAN, IN KING COUNTY, WASHINGTON, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE CENTER OF SAID SECTION 18, WHICH IS ALSO A POINT ON THE CENTERLINE OF PRIMARY STATE HIGHWAY NO. 1 (ALSO KNOWN AS AURORA AVENUE NORTH), NORTH 115TH STREET TO NORTH 160TH STREET, AS NOW LOCATED AND RECORDED IN THE OFFICE OF THE DIRECTOR OF HIGHWAYS AT OLYMPIA, WASHINGTON AT HIGHWAY ENGINEER'S SURVEY STATION 185+55.90;

THENCE NORTH $00^{\circ}02'25''$ WEST, ALONG SAID CENTERLINE, A DISTANCE OF 88.50 FEET TO HIGHWAY ENGINEER'S STATION 186+44.40;

THENCE SOUTH $89^{\circ}57'35''$ WEST, DEPARTING SAID CENTERLINE, A DISTANCE OF 160.00 FEET TO THE WEST LINE OF THE EAST 160.00 FEET OF SAID NORTHWEST QUARTER, AND THE POINT OF BEGINNING, SAID POINT BEING THE SOUTHWESTERLY CORNER OF THAT CERTAIN PORTION OF THE ABANDONED STATE ROAD CONVEYED TO PUGET SOUND POWER & LIGHT COMPANY, A CORPORATION, BY DEED RECORDED UNDER KING COUNTY RECORDING NO. 3954784, AND A POINT ALONG THE NORTHERLY RIGHT-OF-WAY LINE OF NORTH 155TH STREET;

THENCE NORTH $76^{\circ}38'08''$ WEST, ALONG SAID NORTHERLY RIGHT-OF-WAY LINE, A DISTANCE OF 354.64 FEET TO A POINT LYING 30.00 FEET FROM, AS MEASURED AT A RIGHT ANGLE, THE CENTERLINE OF RIGHT- OF-WAY OF WESTMINSTER WAY NORTH;

THENCE NORTH $38^{\circ}36'35''$ EAST, RUNNING PARALLEL WITH AND 30.00 FEET DISTANT FROM SAID CENTERLINE, A DISTANCE OF 444.07 FEET TO A POINT OF CURVE;

THENCE NORTHEASTERLY, ALONG THE ARC OF A CURVE TO THE LEFT, SAID CURVE HAVING A RADIUS OF 1176.27 FEET, THROUGH A CENTRAL ANGLE OF $04^{\circ}11'43''$ A DISTANCE OF 86.13 FEET;

THENCE SOUTH $55^{\circ}35'08''$ EAST, ALONG A RADIAL LINE TO THE CENTER OF SAID CURVE, A DISTANCE OF 15.00 FEET;

THENCE SOUTH $04^{\circ}14'42''$ EAST A DISTANCE OF 54.26 FEET TO A POINT LYING 160.00 FEET WEST, AS MEASURED AT A RIGHT ANGLE, THE CENTERLINE OF RIGHT-OF-WAY OF PRIMARY STATE HIGHWAY NO. 1; THENCE SOUTH $00^{\circ}02'25''$ EAST, RUNNING PARALLEL WITH AND 160.00 FEET DISTANT FROM SAID CENTERLINE, A DISTANCE OF 435.60 FEET TO THE POINT OF BEGINNING.

SITUATE IN THE CITY OF SHORELINE, KING COUNTY, WASHINGTON.

PARCEL CONTAINS 88,396 SQUARE FEET OR 2.0293 ACRES, MORE OR LESS.

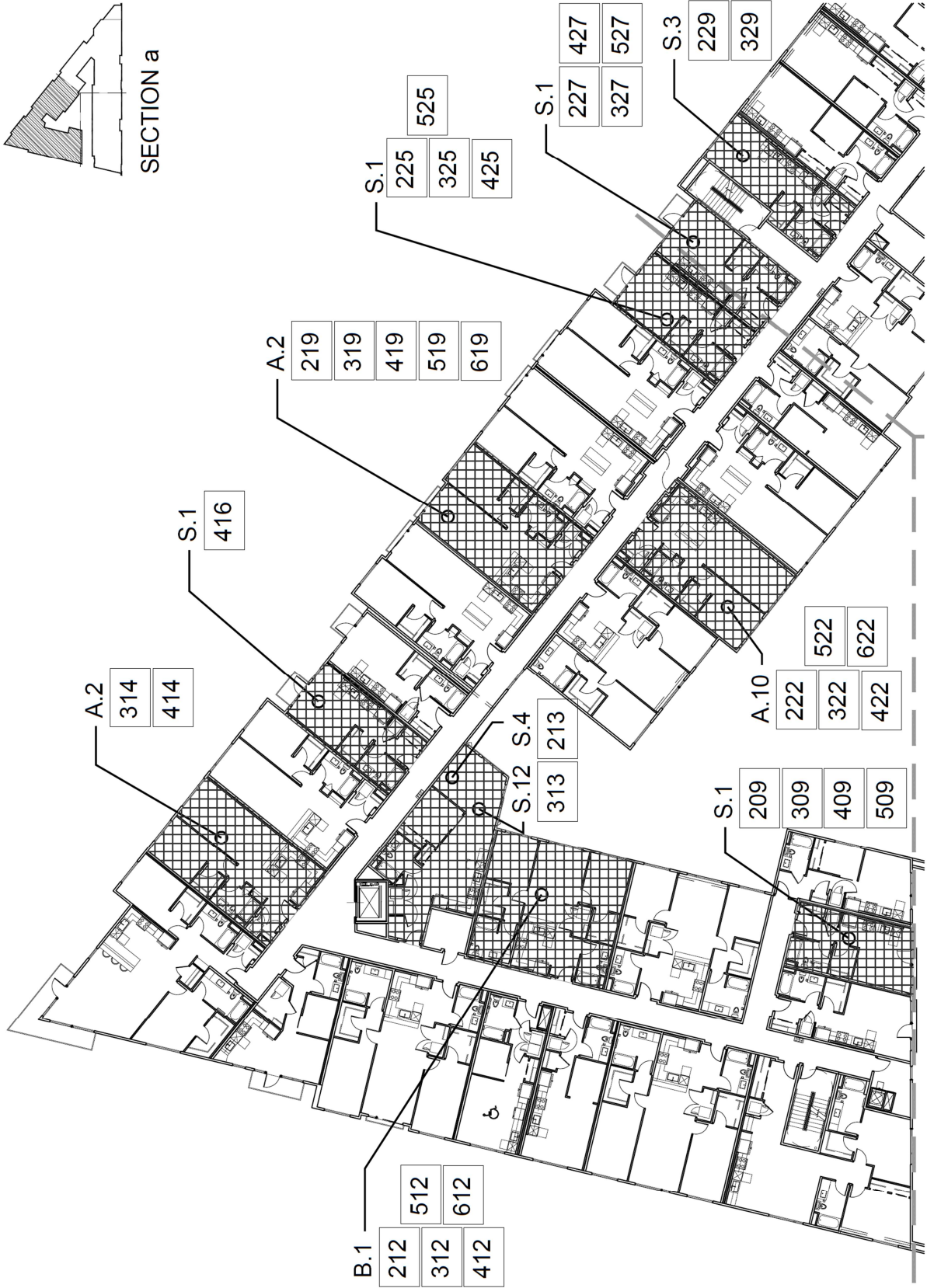
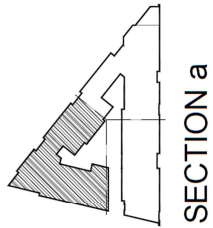
EXHIBIT B

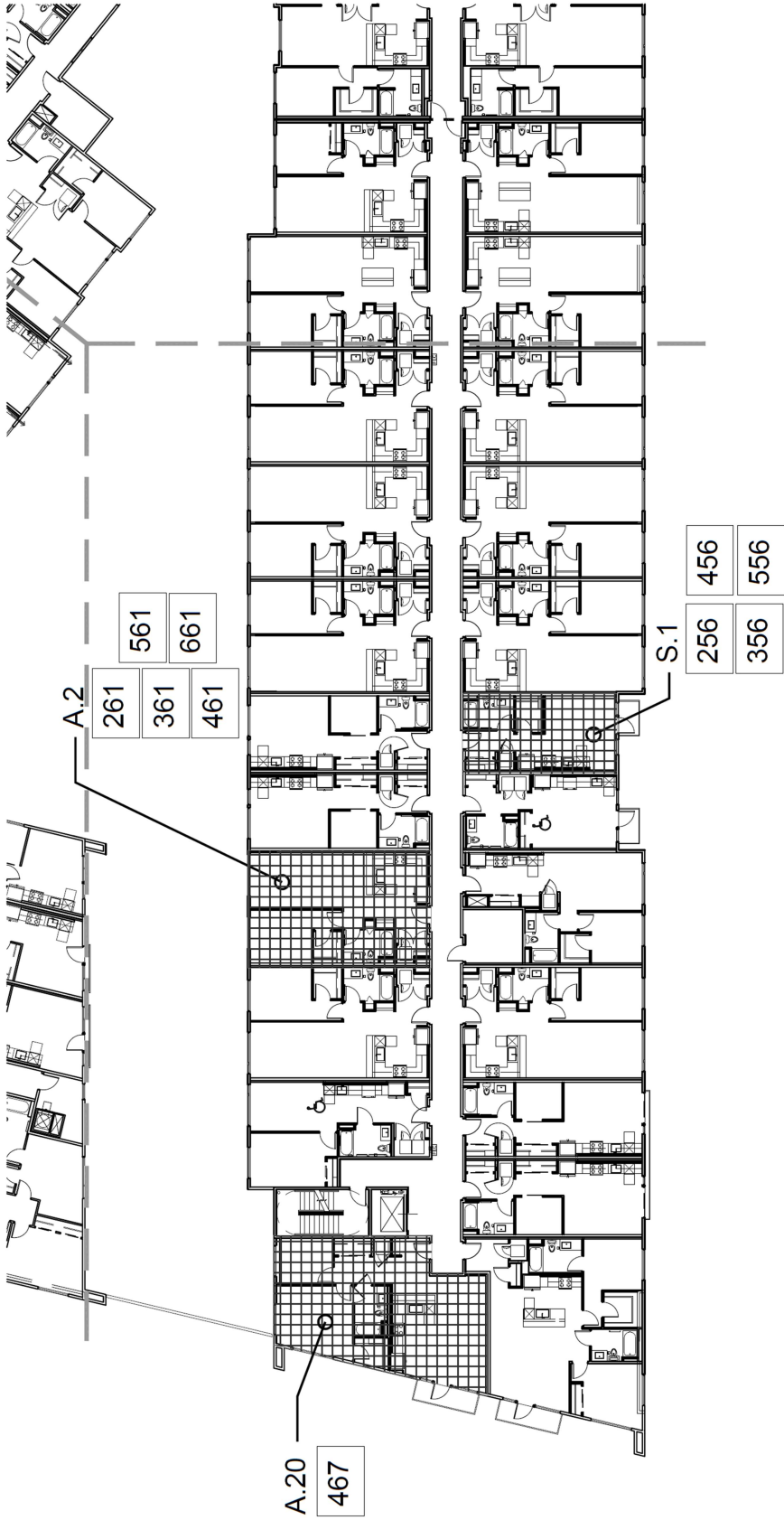
DESIGNATION OF AFFORDABLE UNITS

Unit Number	Unit Type	Unit Size (sq ft)
209	Studio	423
213	Studio	601
225	Studio	450
227	Studio	447
229	Studio	471
240	Studio	504
256	Studio	450
309	Studio	423
325	Studio	450
327	Studio	447
329	Studio	471
340	Studio	504
356	Studio	450
409	Studio	423
416	Studio	450
425	Studio	450
427	Studio	447
440	Studio	504
456	Studio	450
509	Studio	423
525	Studio	423
527	Studio	447
540	Studio	504
556	Studio	450
640	Studio	504
313	Open 1-bedroom	800
219	1-bedroom	762
222	1-bedroom	770
261	1-bedroom	773
314	1-bedroom	773
319	1-bedroom	762
322	1-bedroom	770
343	1-bedroom	739
347	1-bedroom	658
361	1-bedroom	773
414	1-bedroom	773
419	1-bedroom	762
422	1-bedroom	770
443	1-bedroom	739
447	1-bedroom	658

461	1-bedroom	773
467	1-bedroom	974
519	1-bedroom	773
522	1-bedroom	770
543	1-bedroom	739
547	1-bedroom	658
561	1-bedroom	773
619	1-bedroom	773
622	1-bedroom	770
643	1-bedroom	739
647	1-bedroom	658
661	1-bedroom	773
212	2-bedroom	966
244	2-bedroom	1,122
245	2-bedroom	951
312	2-bedroom	966
344	2-bedroom	1,122
345	2-bedroom	951
412	2-bedroom	966
444	2-bedroom	1,122
445	2-bedroom	951
512	2-bedroom	966
544	2-bedroom	1,122
545	2-bedroom	951
612	2-bedroom	966
644	2-bedroom	1,122

See attached diagram(s).





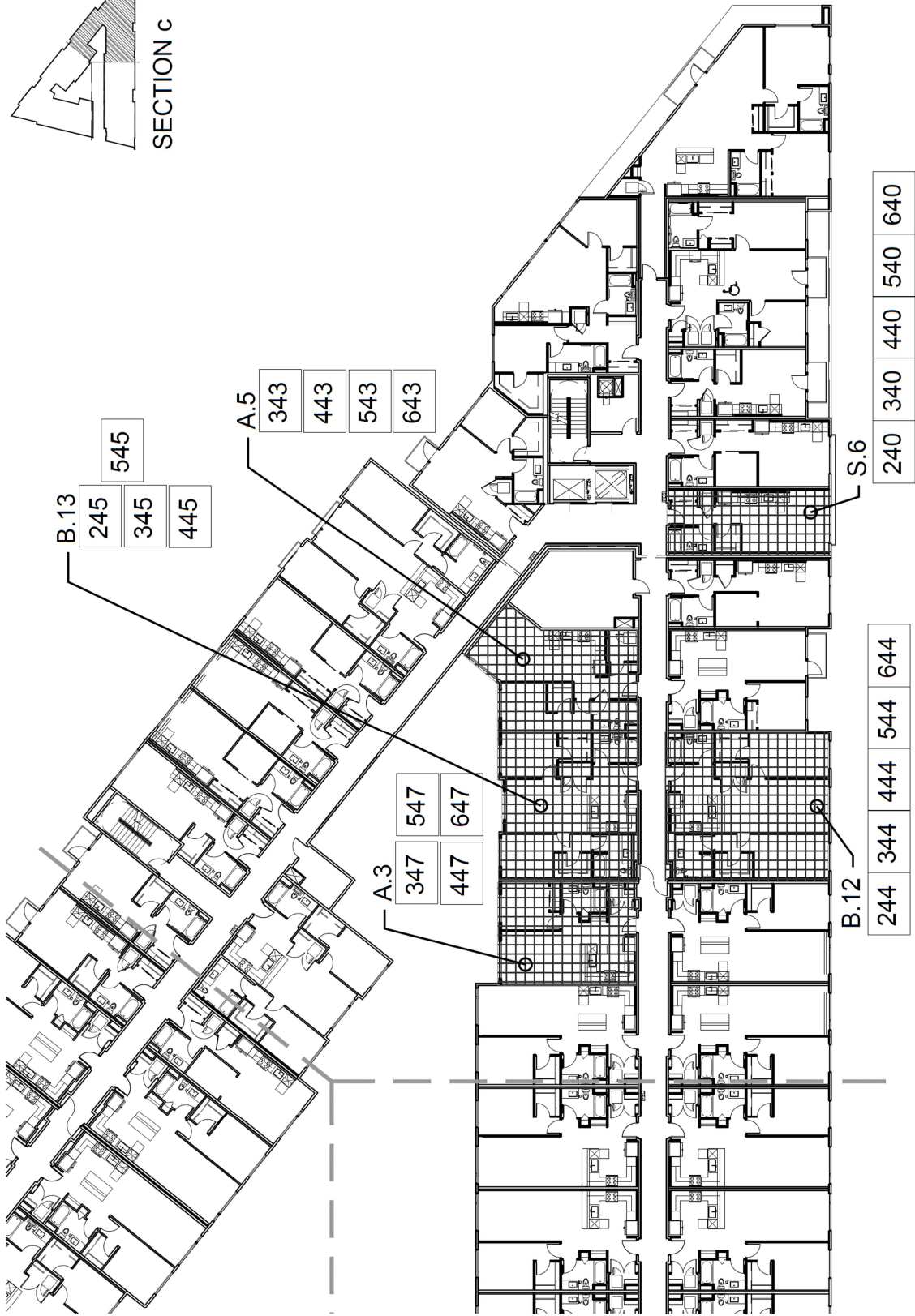
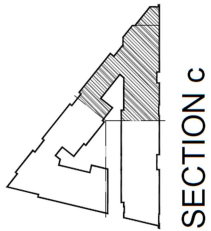


EXHIBIT C

FORM OF CERTIFICATE OF HOUSEHOLD ELIGIBILITY

CERTIFICATION OF HOUSEHOLD ELIGIBILITY

I, _____, and I, _____, as applicants for rental of the following Affordable Unit, do hereby represent and warrant that my/our adjusted annual income is \$ _____

Project: _____ Project Address: _____

Unit # _____ No. of Bedrooms: _____ Household size:1* _____ Disabled: Yes / No

The attached computation is \$ _____, and includes all income I/we received for the date I/we execute a rental agreement for an affordable unit, or the date on which I/we will initially occupy such unit, whichever is earlier.

This affidavit is made with the knowledge that it will be relied upon by the City to determine maximum income for eligibility. I/We warrant that all information set forth in this Certification of Household Eligibility is true, correct and complete based upon information I/We deem reliable, and that the estimate contained in the preceding paragraph is reasonable and based upon such investigation as the undersigned deemed necessary. I/we will assist the Owner in obtaining any information or documents required to verify the statements made in this Certification.

I/We acknowledge that I/we have been advised that the making of any misrepresentation or misstatement in this affidavit will constitute a material breach of my/our agreement with the Owner to lease the unit and will entitle the Owner to prevent or terminate my/our occupancy of this unit by institution of an action for eviction or other appropriate proceedings.

I/We do hereby swear under penalty of perjury that the foregoing statements are true and correct.

Applicant	_____	Applicant	_____
Date	_____	Date	_____
Mailing Address	_____	Mailing Address	_____
E-mail Address	_____	E-mail Address	_____
Phone	_____	Phone	_____

1 The number of people who will reside with you at least four (4) months of the year.

EXHIBIT C TO MULTIFAMILY HOUSING LIMITED PROPERTY TAX EXEMPTION CONTRACT

HOUSEHOLD MEMBERS

Name	Age	Name	Age
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

INCOME COMPUTATION

"Household income" includes all items listed below, from all household members over the age of 18. Income of dependents over 18, who reside in the unit for less than four (4) months of the year will not be counted toward household income.

For the previous 12-month period, indicate income received from the following sources:

- a) The full amount, before any payroll deductions, of wages, salaries, overtime pay, commissions, fees, tips, bonuses and other compensation for personal services, and payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay and any earned income tax credit to the extent that it exceeds tax liability. \$ _____
 - b) Net income from operations of a business or profession or net income of any kind from real or personal property. \$ _____
 - c) Interest and dividends; \$ _____
 - d) The full amount of periodic payments received from Social Security, pensions, retirement funds, annuities, insurance policies, disability or death benefits, alimony, child support, or any similar type of periodical payments, and any regular contributions or gifts from persons not residing in the unit. \$ _____
 - e) Public assistance payments. \$ _____
 - f) Regular and special allowances and pay of a member of the Armed Forces who is a spouse or head of the family. \$ _____
- TOTAL \$ _____

(NOTE: The following are not considered income: occasional, infrequent gifts of money; one-time payments from insurance policies or an inheritance settlement; scholarships or student loans for tuition, fees or books; foster child care payments; the value of Food Stamp coupons; hazardous duty pay to a member of the Armed Forces; relocation payments; assistance received under the Low-Income Home Energy Assistance Program or any similar program).

EXHIBIT D

FORM OF ANNUAL PROJECT CERTIFICATION

ANNUAL PROJECT CERTIFICATION

Project: _____

Address: _____

The undersigned hereby certifies that as of _____, 20____, _____ units in the Project were utilized as Affordable Units, as required in the Regulatory Agreement, in the following manner:

- a) _____ units in the Project were rented to tenants who did not exceed the qualifying income for initial occupancy.
- b) _____ units in the Project were rented to tenants who exceeded the qualifying income for initial occupancy but remained qualified under the income for recertification.
- c) _____ units in the Project were rented to tenants who now exceed the qualifying income for recertification, and therefore can no longer be considered eligible for Affordable units.
- d) _____ units in the Project are being held vacant for Eligible Households.

The above information and that on the attached sheet(s) has been verified as required by the Regulatory Agreement between the City of Shoreline and:

Owner (Company) Name: _____

Name of Owner (Print)

Signature of Owner

Date: _____, 20____

EXHIBIT D TO MULTIFAMILY HOUSING LIMITED PROPERTY TAX EXEMPTION CONTRACT

AFFORDABLE UNIT SUMMARY

Count each Affordable Unit in every applicable category. (For example, a unit that was occupied at the beginning of the year, was vacated and refilled by a qualified new occupant should be counted under both “New Occupants” and “Vacated and Re-filled.”)

Affordability	New Occupants	Recertified	Vacated and Re-filled	Re-designated
50% AMI				
60% AMI				
70% AMI				
80% AMI				
Total				

EXHIBIT D TO MULTIFAMILY HOUSING LIMITED PROPERTY TAX EXEMPTION CONTRACT

ANNUAL PROJECT CERTIFICATION

PROJECT NAME _____

REPORTING PERIOD: _____ through _____.

Does Contract Rent include:										Are residents required to buy:	
Electricity	Yes	Water &	Yes	Garbage?	Yes	Renter's	Yes	One Parking	Yes	Renter's	Yes
& Gas?	No	Sewer?	No		No	insurance?	No	Space?	No	insurance?	No
For each "No" enter the Allowance or Fee below (except Renter's Insurance, if it's not required).											

Unit #	Tenant Name	Family Size	Move-in Date	Current Lease Date	Current HH Income*	Unit Type (BRs)	Affrd Level	Max Housing Expense**	Electric & Gas Allowance	Water & Sewer Allowance ***	Garbage Allowance (or Fee)	Insurance Allowance	Parking Fee	Max Rent	Current Contract Rent
															\$0
															\$0
															\$0
															\$0
															\$0
															\$0
															\$0

* As of report date or when current lease was signed.

** Find on "Rental and Income Guidelines."

*** Maximum Housing Expenses also include water, sewer, and garbage. If these are paid for directly by the tenant (in addition to rent), the maximum rent must be reduced by the typical costs to the tenant of such utilities, or a set allowance established by the city (or ARCH).

ARCH Electric & Gas Allowances:

- Studio
- 1-bedroom
- 2-bedroom
- 3-bedroom
- 4-bedroom
- 5-bedroom

Water & Sewer Allowances:

- Studio
- 1-bedroom
- 2-bedroom
- 3-bedroom
- 4-bedroom
- 5-bedroom

Vacancy Status: The following units are vacant as of _____ and are being held vacant for eligible Tenants.

Attachment B: Summary of approved MFTE projects

2020 Property Tax Exemption Program Report - City of Shoreline

Updated 3/29/2020

Currently in PTE Program								
Units	Project	Type	Affordable	Start	End	Improvements Valuation (2020)	City Tax Rate (2020)	Exemption of City Property Tax
81	Arabella II	12-year affordable	17	1/1/2020	12/31/2031	\$ 14,825,100	\$ 1.34255	\$ 19,903
221	Paceline	12-year affordable	44	1/1/2019	12/31/2030	\$ 65,931,200	\$ 1.34255	\$ 88,516
72	205 Apartments	12-year affordable	14	1/1/2019	12/31/2030	\$ 14,804,200	\$ 1.34255	\$ 19,875
60	Sunrise Eleven	12-year affordable	12	1/1/2018	12/31/2029	\$ 13,941,200	\$ 1.34255	\$ 18,717
80	Interurban Lofts	12-year affordable	16	1/1/2018	12/31/2029	\$ 3,720,800	\$ 1.34255	\$ 4,995
129	Malmo	12-year affordable	26	1/1/2015	12/31/2026	\$ 33,252,000	\$ 1.34255	\$ 44,642
5	North City Development	12-year affordable	1	1/1/2015	12/31/2026	\$ 609,300	\$ 1.34255	\$ 818
165	Polaris*	12-year affordable	165	1/1/2015	12/31/2026	see note		
813			295			\$ 147,083,800		\$ 197,467
Graduates of PTE Program								
Units	Project	Type		Start	End	Improvements Valuation (2020)	City Tax Rate (2020)	2020 Revenue
88	Arabella	10-year market	n/a	1/1/2007	12/31/2016	\$ 23,059,500	\$ 1.34255	\$ 30,959
88						\$ 23,059,500		\$ 30,959
Conditional Certificates of PTE								
Units	Project	Type	Affordable	Cert. Date	Expiration	Status	Est. Completion	Final App
330	Alexan at Shoreline Place	12-year affordable	66	-	-	Application	Late 2020	no
243	The Postmark	12-year affordable	49	2/20/2018	2/20/2021	Construction	Mid 2020	no
573			115					
1,474	Total homes		410	Affordable homes				

*NOTE: Polaris qualifies for an alternative state incentive program offering full property tax exemption; the City's PTE program acts as backup.

2019 Income and Rent Limits

City of Shoreline

The rent and income limits shown below apply to all MFTE projects except those with height bonuses in the MUR-70 zone. Projects in MUR-70 that don't use the height bonus do follow these rent and income limits.

Based on the King County (Seattle-Bellevue HFMA) Median Income:

\$108,600 for a family of 4.

Rent Limits						Household Income Limits		
	BEDROOMS	Maximum Monthly Housing Costs	Maximum Rent if No Other Expenses	Maximum Rent if Tenant Pays Own Utilities, and No Other	Maximum Rent if Tenant Pays Own Utilities, Renters Insurance, and No Other Expenses	AMI: Household Size	70% Initial Occupancy	90% Recertification
		70% AMI	Studio	\$1,330	\$1,330	\$1,222	\$1,210	1
	"Open 1"	\$1,520	\$1,520	\$1,412	\$1,400	2	\$60,850	\$78,200
	One	\$1,520	\$1,520	\$1,412	\$1,400	3	\$68,450	\$88,000
						4	\$76,050	\$97,750
						5	\$82,150	\$105,600
Rent Limits						Household Income Limits		
	BEDROOMS	Maximum Monthly Housing Costs	Maximum Rent if No Other Expenses	Maximum Rent if Tenant Pays Own Utilities, and No Other	Maximum Rent if Tenant Pays Own Utilities, Renters Insurance, and No Other Expenses	AMI: Household Size	80% Initial Occupancy	100% Recertification
		80% AMI	Two	\$1,955	\$1,955	\$1,821	\$1,809	1
	Three	\$2,172	\$2,172	\$2,002	\$1,990	2	\$69,550	\$86,900
	Four	\$2,346	\$2,346	\$2,135	\$2,122	3	\$78,200	\$97,750
						4	\$86,900	\$108,600
						5	\$93,850	\$117,300

Maximum monthly housing costs are 30% of the maximum household income, and include basic utilities, one parking space, and any costs required by the property owner (e.g., renter's insurance).

Income and housing cost limits are adjusted from the 4-person basis according to the table below, left.

Maximum contract rents are calculated by deducting charges borne by the tenant: basic utilities or utility allowance, first parking space, and monthly costs required for tenancy (e.g., renters insurance). Instead of deducting actual expenses, the owner may deduct allowances according to the table below, right.

Other Expense Allowances			
Bedrooms	Electricity & Gas	Water, Sewer, Garbage	Renter's Insurance
Studio	\$38	\$70	\$12
"Open 1"	\$38	\$70	\$12
One	\$38	\$70	\$12
Two	\$53	\$81	\$12
Three	\$70	\$100	\$12
Four	\$93	\$118	\$13

Example: The maximum rent of an 80% AMI studio with all utilities included, and no other required expenses, would be **\$1,330**
 The maximum rent for the same studio with no utilities included and renters insurance required would be **\$1,210**
 The maximum rent for the same studio with water, sewer, and garbage included (i.e., no W/S/G allowance) but not electricity and gas, and renter's insurance required would be **\$1,280**