

RESOLUTION NO. 14-14

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COVINGTON, KING COUNTY, WASHINGTON, RELATING TO THE MULTI-FAMILY PROPERTY TAX EXEMPTION PROGRAM; AUTHORIZING THE EXECUTION OF A MULTI-FAMILY HOUSING PROPERTY TAX EXEMPTION AGREEMENT WITH GEMSTAR PROPERTIES, LLC FOR BOTH THE POLARIS AND AFFINITY AT COVINGTON DEVELOPMENTS IN THE TOWN CENTER ZONE.

WHEREAS, the City of Covington has, pursuant to Chapter 84.14 of the Revised Code of Washington (RCW), designated Residential Target Areas for the allowance of a limited property tax exemption for new multi-family residential housing; and

WHEREAS, the City has, through Ordinance No. 05-12 and codified at Chapter 3.80 of the Covington Municipal Code (CMC), enacted a program whereby property owners in Residential Target Areas 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, pursuant to CMC 3.80, the Community Development Director has reviewed the applications by Gemstar Properties, LLC (aka Polaris at Covington LLC and Affinity at Covington, LLC) for twelve-year limited property tax exemptions for the Polaris and Affinity at Covington developments and has approved each application and recommends that the city council approves for the city manager to execute the proposed multi-family property tax exemption agreements for both Polaris and Affinity at Covington, substantially in the form as set forth as Exhibits "A" and "B" hereto;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Covington, King County, Washington, as follows:

Section 1. The city council does hereby approve for the City Manager to execute twelve-year multi-family property tax exemption agreements with Gemstar Properties, LLC aka Polaris at Covington LLC and Affinity at Covington, LLC) for both the Affinity and Polaris at Covington developments, substantially in the form of the proposed agreements as set for in Exhibits "A" and "B" attached hereto.

PASSED in open and regular session on this 22nd day of July, 2014.

ATTESTED:

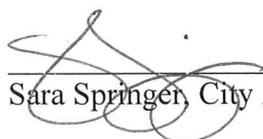


Sharon Scott, City Clerk



MARGARET HARTO, MAYOR

APPROVED AS TO FORM:



Sara Springer, City Attorney

EXHIBIT A

MULTI-FAMILY HOUSING LIMITED PROPERTY TAX EXEMPTION AGREEMENT BETWEEN THE CITY OF COVINGTON AND POLARIS AT COVINGTON, LLC FOR POLARIS AT COVINGTON

THIS MULTI-FAMILY HOUSING LIMITED PROPERTY TAX EXEMPTION AGREEMENT ("Agreement") is entered into this _____ day of July, 2014, by and between the City of Covington, a Washington municipal corporation (the "City") and Polaris at Covington, LLC, a Washington limited liability company (the "Owner").

RECITALS

WHEREAS, the City has an interest in increasing residential opportunities by stimulating construction of new multi-family housing and the rehabilitation of existing vacant and underutilized buildings for multi-family housing in areas where the City finds there are insufficient residential opportunities; and

WHEREAS, the City has, pursuant to the authority granted to it by RCW 84.14, designated the Town Center District as a Residential Target Area for the provision of either eight- or twelve-year limited multi-family property tax exemptions ("MFTE") for qualifying new and refurbished multi-family residential housing; and

WHEREAS, the City has enacted a program through Ordinance No. 05-12, and codified at Chapter 3.80 of the Covington Municipal Code (CMC), whereby property owners may qualify for a Final Certificate of Tax Exemption which certifies to the King County Assessor that the property owner is eligible to receive either an eight- or twelve-year limited MFTE; and

WHEREAS, pursuant to CMC 3.80.050, the Owner submitted to the City a complete application, dated April 24, 2014 (the "Application"), for a twelve-year MFTE for constructing 200 units of new multi-family residential housing located SE 276th Street and 171st Ave SE in the Town Center Zoning District, generally known as the Polaris at Covington Mixed Use development (the "Project", more specifically described below); and

WHEREAS, pursuant to CMC 3.80.060, the City's Community Development Director has determined that the Project, if completed as proposed, satisfies the requirements for a twelve-year Final Certificate of Tax Exemption as required under Chapter 3.80 CMC and has approved the Owner's Application; and

WHEREAS, pursuant to CMC 3.80.060(2), Covington's City Council passed Resolution No ____-14 approving this Agreement and the terms of the Project and eligibility for the MFTE under Chapter 3.80 CMC;

AGREEMENT

NOW, THEREFORE, the City and the Owner do mutually agree as follows:

1. Subject Property and Project.

1.1. The Property. The Owner has submitted to the City preliminary site plans and floor plans for multi-family residential housing (the Project details described more fully below), located at SE 276th Street and 171st Ave SE in the Town Center Zoning District and described as a portion of Parcel A, City of Covington Lot Line Adjustment number LU10-0005 (Covington Town Center) King County Recording Number 0100811900003. The property lies within NW ¼, Section 36, Township 22N, and Range 5E WM, King County Washington (the Property”).

1.2. The Project. The proposed Project on the Property, generally known as the Polaris at Covington Mixed Use development, is a multi-family development that will consist of two six-story mixed-use buildings with a total of 200 units of affordable family apartments, ground level commercial space and parking. The buildings will include a mix of housing sizes ranging from one to three bedrooms. The project will provide 45 one bedroom units, 100 two bedroom units and 55 three bedroom units. The one bedroom units are projected to rent for \$925 per month. The two bedroom units are project to rent for \$1,110 per month. The three bedroom units are projected to rent for \$1,275 per month.

2. Conditional Certificate of Acceptance. Upon execution of this Agreement by all parties, the City shall issue the Owner a conditional certificate of acceptance of tax exemption (“Conditional Certificate”), which shall expire three (3) years from the date of City Council approval unless an extension is granted by the City pursuant to CMC 3.80.060.

3. Final Certificate of Tax Exemption.

3.1. Project Requirements. To qualify for a final certificate of tax exemption (“Final Certificate”), the Owner shall complete construction of the Project on the Property:

- 3.1.1. in compliance with CMC 3.80.040;
- 3.1.2. 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;
- 3.1.3. pursuant to any subsequent Development Agreement entered into between the City and the Owner related to the Project;
- 3.1.4. pursuant to all applicable Project permit conditions and requirements; and
- 3.1.5. in compliance with all other generally applicable local, state, and federal land use, environmental, development, and building regulations; and
- 3.1.6. Within the three-year time period as provided for on the Conditional Certificate, or within any extension thereof granted by the City.

3.2. Application for Final Certificate. The Owner may request a Final Certificate upon completion of the Project and the City’s issuance of a temporary or permanent certificate of occupancy. Such request shall be submitted pursuant to the requirements of CMC 3.80.080.

- 3.3. **Granting of Final Certificate.** The City shall review and either grant or deny the Owner a Final Certificate for the Project pursuant to CMC 3.80.090.
- 3.4. **Annual Reporting.** Upon the City's granting of a Final Certificate, the Owner shall be responsible to comply with the annual certification and reporting requirements pursuant to CMC 3.80.100 in addition to any and all other reporting requirements of the King County Assessor's office to maintain the tax exemption status.
- 3.5. **Cancellation of Tax Exemption.** The tax exempt status of the Project may be cancelled, and the Final Certificate revoked, pursuant to CMC 3.80.110.

4. **General Provisions.**

- 4.1. **Statute References.** In this Agreement, unless the context otherwise requires, a reference to the CMC or other statute or law is a reference to that provision as extended, applied, amended, or enacted from time to time and includes any subordinate legislation.
- 4.2. **Covenants Running with the Land.** The conditions and covenants set forth in this Agreement shall run with the land and the benefits and burdens shall bind and inure to the benefit of the parties. The Owner and every purchaser, assignee, or transferee of an interest in the Property, or any portion thereof, shall be obligated and bound by the terms and conditions of this Agreement, and shall be the beneficiary thereof and a party thereto, but only with respect to the Property, or such portion thereof, sold, assigned, or transferred to it. Any such purchaser, assignee, or transferee shall observe and fully perform all of the duties and obligations of the Owner contained in this Agreement, as such duties and obligations pertain to the portion of the Property sold, assigned, or transferred to it.
- 4.3. **Amendment.** This Agreement may not be modified or amended except by writing signed by the parties and pursuant to CMC 3.80.060(6).
- 4.4. **Assignment.** The Owner shall not assign or transfer any interest in this Agreement the prior written consent of the City, which shall not be unreasonably withheld.
- 4.5. **No Waiver.** Failure or delay of the City to declare any breach or default immediately upon occurrence shall not waive such breach or default. Failure of the City to declare one breach or default does not act as a waiver of the City's right to declare another breach or default.
- 4.6. **Severability.** Each and every provision of this Agreement shall be deemed to be severable. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof, and the Agreement shall be construed in all respects as if such invalid or unenforceable provision were not a part of this Agreement.
- 4.7. **Notices.** All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered or mailed, by first class or certified mail, with postage prepaid to the address included in the signature block below, or to such other person or place as one party shall furnish to the other in writing. Notices and

payments shall be deemed given upon personal delivery or, if mailed, upon the earlier of actual receipt or three (3) business days after the date of mailing.

- 4.8. Governing Law / Venue.** This Agreement shall be interpreted in accordance with the laws of the State of Washington. The venue for any cause of action arising out of this Agreement shall be King County, Washington.
- 4.9. Attorney's Fees.** If any party initiates legal proceedings related to the validity, construction, enforcement, interpretation or breach of this Agreement, the substantially prevailing party shall be entitled to all costs of such proceedings including reasonable attorney's fees. The term "legal proceedings" as used in this paragraph shall include all litigation, arbitration, administrative, bankruptcy, and judicial proceedings, including appeals therefrom.
- 4.10. Headings.** The headings in this Agreement are intended solely for convenience of reference and shall be given no effect in the interpretation of this Agreement.
- 4.11. Recording.** This Agreement shall be recorded with the King County Auditor at the sole expense of the Owner.
- 4.12. Authority.** Each individual executing this Agreement on behalf of the City and the Owner represents and warrants that such individuals are duly authorized to execute and deliver this Agreement on behalf of the Consultant or the City.

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

CITY OF COVINGTON

OWNER

By _____
Name: _____
Its: _____
City of Covington
16720 SE 271st Street, Suite 100
Covington, WA 98042

By _____
Name: _____
Its: _____
Polaris at Covington, LLC
1620 North Mamer Road, Bldg B
Spokane Valley, WA 99216

Attest:

By _____
City Clerk

Approved as to form:

By _____
City Attorney

STATE OF WASHINGTON)

) ss.

KING COUNTY)

On this _____ day of _____, 2014, before me, the undersigned Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared _____, to me known to be an authorized representative of _____, who executed the foregoing instrument and acknowledged to me that the said instrument was signed as his/her free and voluntary act and deed, for the uses and purposes therein mentioned.

WITNESS my hand and official seal this _____ day of _____, 2014.

(Print Name) _____
Notary Public, Residing at _____
My appointment expires: _____

EXHIBIT B

MULTI-FAMILY HOUSING LIMITED PROPERTY TAX EXEMPTION AGREEMENT BETWEEN THE CITY OF COVINGTON AND AFFINITY AT COVINGTON, LLC FOR AFFINITY AT COVINGTON

THIS MULTI-FAMILY HOUSING LIMITED PROPERTY TAX EXEMPTION AGREEMENT ("Agreement") is entered into this ____ day of July, 2014, by and between the City of Covington, a Washington municipal corporation (the "City") and Affinity at Covington, LLC, a Washington limited liability company (the "Owner").

RECITALS

WHEREAS, the City has an interest in increasing residential opportunities by stimulating construction of new multi-family housing and the rehabilitation of existing vacant and underutilized buildings for multi-family housing in areas where the City finds there are insufficient residential opportunities; and

WHEREAS, the City has, pursuant to the authority granted to it by RCW 84.14, designated the Town Center District as a Residential Target Area for the provision of either eight- or twelve-year limited multi-family property tax exemptions ("MFTE") for qualifying new and refurbished multi-family residential housing; and

WHEREAS, the City has enacted a program through Ordinance No. 05-12, and codified at Chapter 3.80 of the Covington Municipal Code (CMC), whereby property owners may qualify for a Final Certificate of Tax Exemption which certifies to the King County Assessor that the property owner is eligible to receive either an eight- or twelve-year limited MFTE; and

WHEREAS, pursuant to CMC 3.80.050, the Owner submitted to the City a complete application, dated April 24, 2014 (the "Application"), for a twelve-year MFTE for constructing 156 units of new age restricted (55+) residential housing located at 172nd Avenue SE and Future 274th Street in the Town Center Zoning District, generally known as the Affinity at Covington Mixed Use development (the "Project", more specifically described below); and

WHEREAS, pursuant to CMC 3.80.060, the City's Community Development Director has determined that the Project, if completed as proposed, satisfies the requirements for a twelve-year Final Certificate of Tax Exemption as required under Chapter 3.80 CMC and has approved the Owner's Application; and

WHEREAS, pursuant to CMC 3.80.060(2), Covington's City Council passed Resolution No ____-14 approving this Agreement and the terms of the Project and eligibility for the MFTE under Chapter 3.80 CMC;

AGREEMENT

NOW, THEREFORE, the City and the Owner do mutually agree as follows:

- 1. Subject Property and Project.**

1.1. The Property. The Owner has submitted to the City preliminary site plans and floor plans for multi-family residential housing (the Project details described more fully below), located at 172nd Avenue SE and Future 274th Street in the Town Center Zoning District, and described as a portion of Parcel A, City of Covington Lot Line Adjustment number LU10-0005 (Covington Town Center) King County Recording Number 0100811900003. The property lies within NW ¼, Section 36, Township 22N, and Range 5E WM, King County Washington (the "Property").

1.2. The Project. The proposed Project on the Property, generally known as the Affinity at Covington Mixed Use development, is a multi-family development that will consist of a six-story building with 156 dwelling units, parking and amenity space. The facility will be age-restricted to seniors age 55 or older and will contain a mix a mix of housing types. Twenty Percent (20%) of the units in the project will be affordable. Affordable units will include 2 studio units projected to rent for \$1,118, 11 one bedroom units projected to rent for \$1,278 and 19 two bedroom units projected to rent for \$1,438.

2. Conditional Certificate of Acceptance. Upon execution of this Agreement by all parties, the City shall issue the Owner a conditional certificate of acceptance of tax exemption ("Conditional Certificate"), which shall expire three (3) years from the date of City Council approval unless an extension is granted by the City pursuant to CMC 3.80.060.

3. Final Certificate of Tax Exemption.

3.1. Project Requirements. To qualify for a final certificate of tax exemption ("Final Certificate"), the Owner shall complete construction of the Project on the Property:

3.1.1. in compliance with CMC 3.80.040;

3.1.2. 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;

3.1.3. pursuant to any subsequent Development Agreement entered into between the City and the Owner related to the Project;

3.1.4. pursuant to all applicable Project permit conditions and requirements; and

3.1.5. in compliance with all other generally applicable local, state, and federal land use, environmental, development, and building regulations; and

3.1.6. Within the three-year time period as provided for on the Conditional Certificate, or within any extension thereof granted by the City.

3.2. Application for Final Certificate. The Owner may request a Final Certificate upon completion of the Project and the City's issuance of a temporary or permanent certificate of occupancy. Such request shall be submitted pursuant to the requirements of CMC 3.80.080.

- 3.3. **Granting of Final Certificate.** The City shall review and either grant or deny the Owner a Final Certificate for the Project pursuant to CMC 3.80.090.
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- 4.3. **Amendment.** This Agreement may not be modified or amended except by writing signed by the parties and pursuant to CMC 3.80.060(6).
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- 4.6. **Severability.** Each and every provision of this Agreement shall be deemed to be severable. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof, and the Agreement shall be construed in all respects as if such invalid or unenforceable provision were not a part of this Agreement.
- 4.7. **Notices.** All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered or mailed, by first class or certified mail, with postage prepaid to the address included in the signature block below, or to such other person or place as one party shall furnish to the other in writing. Notices and payments shall be deemed given upon personal delivery or, if mailed, upon the earlier of actual receipt or three (3) business days after the date of mailing.

- 4.8. **Governing Law / Venue.** This Agreement shall be interpreted in accordance with the laws of the State of Washington. The venue for any cause of action arising out of this Agreement shall be King County, Washington.
- 4.9. **Attorney's Fees.** If any party initiates legal proceedings related to the validity, construction, enforcement, interpretation or breach of this Agreement, the substantially prevailing party shall be entitled to all costs of such proceedings including reasonable attorney's fees. The term "legal proceedings" as used in this paragraph shall include all litigation, arbitration, administrative, bankruptcy, and judicial proceedings, including appeals therefrom.
- 4.10. **Headings.** The headings in this Agreement are intended solely for convenience of reference and shall be given no effect in the interpretation of this Agreement.
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- 4.12. **Authority.** Each individual executing this Agreement on behalf of the City and the Owner represents and warrants that such individuals are duly authorized to execute and deliver this Agreement on behalf of the Consultant or the City.

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

CITY OF COVINGTON

OWNER

By _____
 Name: _____
 Its: _____
 City of Covington
 16720 SE 271st Street, Suite 100
 Covington, WA 98042

By _____
 Name: _____
 Its: _____
 Affinity at Covington, LLC
 1620 North Mamer Road, Bldg B
 Spokane Valley, WA 99216

Attest:

By _____
 City Clerk

Approved as to form:

By _____
 City Attorney

STATE OF WASHINGTON)

KING COUNTY) ss.

On this _____ day of _____, 2014, before me, the undersigned Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared _____, to me known to be an authorized representative of _____, who executed the foregoing instrument and acknowledged to me that the said instrument was signed as his/her free and voluntary act and deed, for the uses and purposes therein mentioned.

WITNESS my hand and official seal this _____ day of _____, 2014.

(Print Name) _____
Notary Public, Residing at _____
My appointment expires: _____