

RESOLUTION NO. 2021-11

A RESOLUTION of the City Council of the City of Lakewood, Washington, authorizing the issuance of Conditional Certificate of Acceptance of Tax Exemption within a Residential Target Area to Lakeview Chapel, LLC.

WHEREAS, pursuant to chapter 84.14 RCW and chapter 3.64 of the Lakewood Municipal Code; municipalities may identify Residential Target Areas. Such areas are designed to spur economic development and developments within those areas may be allowed certain tax benefits; and

WHEREAS, the City of Lakewood has received an application from Lakeview Chapel, LLC proposing a project within a Residential Target Area.

WHEREAS, the project meets the requirements, relative to location, size, housing and compliance with other guidelines meriting conditional approval for tax purposes;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAKEWOOD, WASHINGTON HEREBY RESOLVES, AS FOLLOWS:

Section 1: The City Council approves the application from Lakeview Chapel, LLC for a Conditional Certificate of Acceptance of Tax Exemption (“Conditional Certificate”).

Section 2. The City Manager or designee is authorized to issue a Conditional Certificate of Acceptance of Tax Exemption and to execute any appropriate documents relative to the issuance of the Conditional Certificate, including the agreement in the form attached hereto as Exhibit A to this Resolution and incorporated by reference. This Conditional Certificate shall expire three years from the effective date of this resolution. The City Manager or designee is authorized to extend or revoke the Conditional Certificate as permitted in chapter 3.64 of the Lakewood Municipal Code.

Section 3. Any actions taken by the City Manager or designees to-date in connection with the Conditional Certificate of Acceptance of Tax Exemption be and hereby are ratified.

Section 4. That this Resolution shall be in full force and effect upon passage and signatures hereon.

PASSED by the City Council this 16th day of August 2021.

CITY OF LAKEWOOD



Don Anderson, Mayor

Attest:



Briana Schumacher, City Clerk

Approved as to Form:



Heidi Ann Wachter City Attorney

CONDITIONAL CERTIFICATE OF TAX EXEMPTION

THIS CONTRACT is entered into on the date signed below between Lakeview Chapel, LLC, hereinafter referred to as "Applicant," and the City of Lakewood, Washington, a municipal corporation, hereinafter referred to as "City".

This Conditional Certificate of Acceptance of Tax Exemption is being issued pursuant to Chapter 84.14 RCW, and Chapter 3.64 of the Lakewood Municipal Code, and is based on information provided by the applicant. The Conditional Certificate will be effective for not more than three (3) years from the time of issuance, and may be extended for up to twenty-four (24) additional months pursuant to LMC 3.64.020 (I). The City will issue a Final Certificate of Tax Exemption upon completion of the project, satisfactory fulfillment of all contract terms, final building inspection approval and issuance of a Certificate of Occupancy.

The Lakewood City Council authorized this limited tax exemption through Resolution No. 2006-18, effective June 5, 2006. For the purposes of vesting of rights under the application, this Conditional Certificate of Tax Exemption shall be considered to have vested under the rules applicable on June 5, 2006. Pursuant to RCW 84.14.020, subject to all other applicable limitations and conditions, this tax exemption shall be of a twelve-year duration and is dependent on the inclusion of 20% percent of the multifamily housing units as affordable housing units to low- and moderate-income households.

PROJECT DESCRIPTION

The applicant is proposing to construct a 50 unit multi-family residential development on approximately 1.575 acres located at 4606 108th St SW in the City of Lakewood, Washington Pierce County Assessor's Parcel (APN) # 5080000751 and #5080000752. The properties are located on the south side of 108th St SW between Kendrick ST SW & 47th Ave SW. The proposed development use type, *Multi-Family, four or more residential units*, is a primary permitted use in the applicable Multi-Family 3 (MF3) zoning district. The property is located in the Lakewood Station overlay district. The applicant has agreed to construct street frontages along Kendrick St SW, 47th St SW, and 109th St SW and landscaping along 108th St SW in compliance Chapter 18C of the Lakewood Municipal Code.

The proposed design includes on-site parking spaces. In order to accommodate the spaces the applicant proposes decreasing the open space and setbacks along 47th Ave SW and Kendrick Ave SW, reducing the buffer from the standard 10' required under the subarea plan to 5'. This alternative maintains full compliance with 18C landscape style frontage. When the landscaping and setbacks are combined, the buildings will remain 15' from the edge of the sidewalk and 27' from most traffic aisles.

The project site currently has one structure, the Lakeview Chapel. Prior to construction the existing structure located on the property will be removed. The new development will consist of 50, two-bedroom townhomes, in (2) 6-plexes, (2) 9-plexes, and (2) 10-plex structures. Each unit will be three stories tall with accessory decks and private yard space. Each unit will have a

private one or two-car garage. The total building square footage is approximately 84,000 square feet. The project is proposing to fulfill affordable housing mandates as outlined in Chapter 3.64 of the Lakewood Municipal Code and set aside 10% of all units for affordable housing.

An application for tax exemption was filed with the City of Lakewood in February 23, 2021. On August 16, 2021, the Lakewood City Council adopted Resolution 2021-11 authorizing the City Manager to enter into an agreement with the applicant certifying a twelve-year property tax exemption pursuant to Chapter 84.14 RCW.

In adopting Resolution 2021-11, the Lakewood City Council determined that the project satisfied the requirements for the multi-family tax exemption including:

1. The proposed project is located within a designated Residential Target Area;
2. The proposed project meets the definition of multi-family housing pursuant to the Lakewood Municipal Code.
3. At least 50 percent of the space will be designated for multifamily housing offering permanent residential occupancy
4. The construction is proposed to be completed within 3 years of the date of approval of the application
5. The project complies with the City's comprehensive plan. Additional permits including: design review, SEPA, site development and building permits will be required. At the time of application the project must comply with all applicable regulations in effect. The project has currently vested under SEPA and design review.
6. There are no existing dwelling units on-site.
7. The applicant has committed to renting at least 20% of the multifamily housing units as affordable housing units to low-and moderate-income households.

CONDITIONS OF TAX EXEMPTION APPROVAL

The applicant may, upon completion of the multifamily housing and upon issuance by the City of a temporary or permanent certificate of occupancy, request a Final Certificate of Tax Exemption. The request shall be in writing directed to the City Manager and be accompanied by the following.

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 completed work and a statement of qualification for the exemption; and
3. A statement that the work was completed within the required three-year period or any authorized extension.

In order to be issued building permits, the proposed development will require SEPA, design review and the buildings must comply with all local plans and regulations.

The City requires that building permits must be submitted for this project within 12 months of the date the conditional certificate is issued.

The parties to this agreement acknowledge and agree that at the time of completion of this project, the project shall be constructed in conformity with all local plans and regulations that applied to this project at the time the application was approved.

TAX EXEMPTION

Pursuant to RCW 84.14.020, the value of the new residential construction for the project described above shall be exempt from ad valorem property taxation for a period of twelve successive years beginning January 1 of the year immediately following the calendar year of issuance of the final certificate of tax exemption. The exemption does not include the value of land or non-housing-related improvements. This exemption does not apply to increases in assessed valuation made by the assessor on non-qualifying portions of building and value of land nor to increases made by lawful order of a county board of equalization, the department of revenue, or Pierce County to a class of property throughout the county or specific area of the county to achieve the uniformity of assessment or appraisal required by law. At the conclusion of the exemption period, the new or rehabilitated housing cost shall be considered as new construction for the purposes of chapter 84.55 RCW.

STATEMENT OF ADDITIONAL TAX, INTEREST, AND PENALTY DUE UPON CANCELLATION OF MULTI-FAMILY HOUSING EXEMPTION

If the exemption is canceled for noncompliance, an additional tax shall be imposed as follows:

- a. The difference between the tax actually paid and the tax which would have been due for the pro rata portion of the tax year following cancellation, and for each tax year thereafter, if the improvements had been valued without exemption, (not to exceed 3 years before discovery of the noncompliance); plus
- b. A penalty of 20 percent of the difference, plus
- c. Interest at the statutory rate provided for delinquent property taxes is due within the times provided by RCW 84.40.350-84.40.390.


The additional tax, penalty and interest constitute a lien by the City of Lakewood upon the land which attaches at the time the property is no longer eligible for exemption, and has priority to and must be fully paid and satisfied before a recognizance, mortgage, judgment, debt, obligation, or responsibility to or with which the land may become charged or liable.

AFFIRMATION

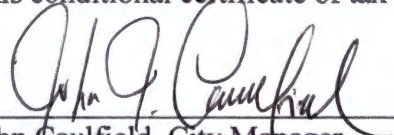
As owner(s) of the land described in this application, I hereby indicate by my signature that I am aware of the additional tax liability to which the property will be subject if the exemption authorized by Chapter 3.64 (LMC) is cancelled. I declare under penalty of perjury under the laws of the State of Washington that this application and any accompanying documents have been examined by me and that they are true, correct and complete to the best of my knowledge.

Signed at Lakewood, Washington, this 1ST day of September 2021

Signature(s) of all Owner(s) and Contract Purchaser(s)


Derek Edwards - *MANAGER*
Lakeview Chapel, LLC

This conditional certificate of tax exemption is hereby **approved**.

 9/7/2021
John Caulfield, City Manager
City of Lakewood, Washington

Approved as to form:


Heidi Ann Wachter, City Attorney

AGREEMENT REGARDING RESIDENTIAL TARGET AREA CENTER DEVELOPMENT

THIS STIPULATED AGREEMENT is entered into on the date signed below between Lakeview Chapel, LLC, hereinafter referred to as "Applicant," and the City of Lakewood, Washington, a municipal corporation, hereinafter referred to as "City".

PROJECT DESCRIPTION

The applicant is proposing to construct a 50 unit multi-family residential development on approximately 1.575 acres located at 4606 108th St SW in the City of Lakewood, Washington Pierce County Assessor's Parcel (APN) # 5080000751 and #5080000752. The properties are located on the south side of 108th St SW between Kendrick ST SW & 47th Ave SW. The proposed development use type, *Multi-Family, four or more residential units*, is a primary permitted use in the applicable Multi-Family 3 (MF3) zoning district. The property is located in the Lakewood Station overlay district. The applicant has agreed to construct street frontages along Kendrick St SW, 47th St SW, and 109th St SW and landscaping along 108th St SW in compliance Chapter 18C of the Lakewood Municipal Code.

The proposed design provides on-site parking spaces. In order to accommodate the spaces the applicant proposes decreasing the open space and setbacks along 47th Ave SW and Kendrick Ave SW, reducing the buffer from the standard 10' required under the subarea plan to 5'. This alternative maintains full compliance with 18C landscape style frontage. When the landscaping and setbacks are combined, the buildings will remain 15' from the edge of the sidewalk and 27' from most traffic aisles.

The project site currently has one structure, the Lakeview Chapel. Prior to construction the existing structure located on the property will be removed. The new development will consist of 50, two-bedroom townhomes, in (2) 6-plexes, (2) 9-plexes, and (2) 10-plex structures. Each unit will be three stories tall with accessory decks and private yard space. Each unit will have a private one or two-car garage. The total building square footage is approximately 84,000 square feet. The project is proposing to fulfill affordable housing mandates as outlined in Chapter 3.64 of the Lakewood Municipal Code and set aside 10% of all units for affordable housing.

An application for tax exemption was filed with the City of Lakewood in February, 2021. The application supports the following determinations:

1. The proposed project is located within a designated Residential Target Area;
2. The proposed project meets the definition of multi-family housing pursuant to the Lakewood Municipal Code.
3. At least 50 percent of the space will be designated for multifamily housing offering permanent residential occupancy
4. The construction is proposed to be completed within 3 years of the date of approval of the application
5. The project complies with the City's comprehensive plan. Additional permits including: design review, SEPA, site development and building permits will be required. At the time

of application the project must comply with all applicable regulations in effect. The project has currently vested under SEPA and design review.

6. There are no existing dwelling units on-site.
7. The applicant has committed to renting at least 20% of the multifamily housing units as affordable housing units to low-and moderate-income households.

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The applicant may, upon completion of the multifamily housing and upon issuance by the City of a temporary or permanent certificate of occupancy, request a Final Certificate of Tax Exemption. The request shall be in writing directed to the City Manager and be accompanied by the following:

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2. A description of completed work and a statement of qualification for the exemption; and
3. A statement that the work was completed within the required three-year period or any authorized extension.
4. In order to be issued building permits, the proposed development will require SEPA, design review and the buildings must comply with all local plans and regulations.
5. The City requires that building permits must be submitted for this project within 12 months of the date the conditional certificate is issued.
6. The parties to this agreement acknowledge and agree that at the time of completion of this project, the project shall be constructed in conformity with all local plans and regulations that applied to this project at the time the application was approved.

TAX EXEMPTION

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The additional tax, penalty and interest constitute a lien by the City of Lakewood upon the land which attaches at the time the property is no longer eligible for exemption, and has priority to and must be fully paid and satisfied before a recognizance, mortgage, judgment, debt, obligation, or responsibility to or with which the land may become charged or liable.

AFFIRMATION

As owner(s) of the land described in this application, I hereby indicate by my signature that I am aware of the additional tax liability to which the property will be subject if the exemption authorized by Chapter 3.64 (LMC) is cancelled. I declare under penalty of perjury under the laws of the State of Washington that this application and any accompanying documents have been examined by me and that they are true, correct and complete to the best of my knowledge.

AGREEMENT REQUIRES APPROVAL OF CITY COUNCIL

In accordance with Lakewood Muni. Code 3.64.020 (H), this agreement is subject to approval by the Lakewood City Council. If this agreement is approved, the City of Lakewood shall issue a Conditional Certificate of Acceptance of Tax Administration. If this agreement is rejected by the City Council, both parties shall be discharged of their obligations under this agreement.

Signed at Lakewood, Washington, this 1ST day of September, 2021

Signature(s) of all Owner(s) and Contract Purchaser(s)

By: [Signature] - MANAGER OF LAKEVIEW CHAPEL, LLC
 Derek Edwards
 Lakeview Chapel, LLC

This conditional certificate of tax exemption is hereby **approved**.

[Signature] 9/7/2021
 John Caulfield, City Manager
 City of Lakewood, Washington