

Ordinance No. 121802

Council Bill No. 115232

AN ORDINANCE relating to the sale of City real property for multifamily development; authorizing the sale of Dearborn-Hiawatha Parcel 2c in the I-90 Redevelopment Project area, at Hiawatha Place South and South Charles Street, to Artspace Projects, Inc. or its designee; authorizing the Director of the Office of Housing to execute, deliver, and administer the contract for sale of land, deed and related documents; and ratifying and confirming prior acts.

CF No. _____

Date Introduced:	<u>4-18-05</u>	
Date 1st Referred:	To: (committee) <u>Housing, Human Services & Health</u>	
Date Re - Referred:	To: (committee)	
Date Re - Referred:	To: (committee)	
Date of Final Passage:	Full Council Vote: <u>8-0</u>	
Date Presented to Mayor:	Date Approved: <u>5/18/05</u>	
Date Returned to City Clerk:	Date Published: <u>6/20/05</u>	T.O. <input checked="" type="checkbox"/> F.T. <input type="checkbox"/>
Date Vetoed by Mayor:	Date Veto Published:	
Date Passed Over Veto:	Veto Sustained:	

The City of Seattle - Legislative Department

Council Bill/Ordinance sponsored by: _____
Councilmember

John Peterson

Committee Action:

5/3/05 passed 2-0 TR, JJ

5-9-05 Passed 8-0 (Excused: Steinhilber)

This file is complete and ready for presentation to Full Council. Committee: _____ (initial/date)

Law Department

Law Dept. Review

OMP Review

City Clerk Review

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ORDINANCE 121802

AN ORDINANCE relating to the sale of City real property for multifamily development; authorizing the sale of Dearborn-Hiawatha Parcel 2c in the I-90 Redevelopment Project area, at Hiawatha Place South and South Charles Street, to Artspace Projects, Inc. or its designee; authorizing the Director of the Office of Housing to execute, deliver, and administer the contract for sale of land, deed and related documents; and ratifying and confirming prior acts.

WHEREAS, the City obtained ownership of certain parcels known as the "Dearborn-Hiawatha Properties" from the State of Washington, Seattle Housing Authority, King County, and private owners; and

WHEREAS, the City issued a competitive Request for Developer Qualifications / Proposals to solicit proposals for redevelopment of one or more of the Dearborn-Hiawatha Properties; and

WHEREAS, in response to the Request for Developer Qualifications / Proposals, Artspace Projects, Inc. submitted a proposal dated May 6, 2004 to acquire Dearborn-Hiawatha Parcel 2c and construct a mixed use project containing rental units; and

WHEREAS, the Director of the City's Office of Housing has determined that the Artspace Projects, Inc. proposal is complete and responsive to the Request for Developer Qualifications / Proposals, and recommends that ownership of Dearborn-Hiawatha Parcel 2c be transferred to Artspace Projects, Inc. or a designee approved by the Director;

NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The Director of the Office of Housing ("Director") is authorized to enter into and perform an agreement ("Agreement") with Artspace Projects, Inc. ("Artspace") or to a designee of Artspace approved by the Director (Artspace and any approved designee, and any assignee of the Agreement approved by the Director, are referred to as "Purchaser"), for the transfer of the Property, legally described as:



1 Commencing at the most Northerly corner of Lot 3, Block 3, "Rainier Boulevard
2 Addition", according to the Plat thereof recorded in Volume 9 of Plats at page 59, in King
3 County, Washington; Thence South 27°29'34" East, along the Northeasterly line of said
4 Block 3, a distance of 260.33 feet to the true point of beginning; Thence continuing
5 South 27°29'34" East, along said Northeasterly line, a distance of 219.98 feet to the most
6 Easterly corner of Lot 14 of said Block 3; Thence South 62°27'56" West, along the
7 Southeasterly line of said Lot 14, a distance of 97.94 feet; Thence North 27°29'34" West,
8 along a line 2.00 feet Northeasterly of and parallel to the Southwesterly line common to
9 Lots 2 through 14 of said Block 3, a distance of 219.99 feet; Thence North 62°27'56"
10 East, a distance of 97.94 feet to the true point of beginning

11 (the "Property") on the terms and subject to the conditions authorized in this ordinance. The
12 Agreement shall be in the form attached to this ordinance as Attachment A, with such revisions
13 and additions, not inconsistent with the express terms of this ordinance or with applicable law, as
14 the Director may determine are reasonably necessary to carry out the intent of this ordinance.

15 The stated sale price for the Property is \$1,723,600. All except \$28,470 shall be deferred under
16 a non-recourse promissory note ("Note") in accordance with the Agreement, and Purchaser may
17 earn forgiveness of up to the entire deferred portion, and interest thereon, through the provision
18 of low-income housing, on the terms set forth in the Agreement. The terms of the Note, and for
19 forgiveness thereof, shall be substantially as set forth in Attachment A except as they may be
20 modified by written agreement based on a determination by the Director that, after review of the
21 Purchaser's financing and operating plan and taking into account all subsidies and incentives
22 from all sources for the Property, and the reasonable costs of developing the housing and
23 maintaining long-term affordability, the terms in Attachment A are or may be more favorable
24 than reasonably required in order for Purchaser to provide and maintain long-term affordable
25 housing at the income and rent levels established under commitments to the City and other
26 governmental entities. In order to carry out the Agreement for and on behalf of the City, the
27



1 Director is authorized to execute a deed for the Property in substantially the form attached hereto
2 as an Exhibit to the Agreement, and upon satisfaction of the conditions precedent under the
3 Agreement, except for any that may be waived in writing by the Director, the Director is
4 authorized to cause the deed to be recorded and delivered to the purchaser. The Director is
5 authorized to execute, deliver, accept, record, modify, and administer such other documents,
6 which may include amendments and extensions to the Agreement, and take such other actions, as
7 she shall deem necessary or advisable to implement the purpose of this ordinance.
8

9 Section 2. The Agreement shall require Purchaser to use diligent efforts to pursue design
10 work, financing applications, environmental reports, permit applications and all other steps
11 necessary to construct and permanently finance improvements on the Property as described in
12 Section 3 of this ordinance. All such efforts of Purchaser shall be at its own expense and risk.
13 The Agreement may provide interim deadlines as deemed appropriate by the Director, which may
14 be extended in the discretion of the Director. The Agreement shall terminate if the conditions to
15 transfer of the Property by the City are not satisfied within two (2) years of the effective date of
16 this ordinance, except that one extension, not to exceed six (6) months, may be granted by the
17 Director if in her judgment an extension furthers the City's objectives.
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19 Section 3. The improvements to be developed on the Property are to include:
20

21 (a) at least 20 units of housing for very low-income households, with rents affordable to
22 such households; and (b) at least 30 units of housing for 60% of median income households, with
23 rents affordable to such households, all substantially as set forth in Section 3.03 of Attachment
24 A. The housing, together with any additional improvements to be developed on the Property
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1 with the approval of the Director and all necessary regulatory approvals, are referred to in this
2 ordinance as the "Project".

3 Section 4. The City Council recognizes that the actual development capacity of the
4 Property will depend upon the results of applicable regulatory processes and financial feasibility.
5 If the Director determines that, because of regulatory, financial or other constraints, Purchaser
6 will be unable to develop a project on the Property that includes both the minimum number of
7 units for very low-income households and the minimum number of units for 60% of median
8 income households, set forth in Section 3, then the Director may recommend to the City Council
9 an alternative plan for the Property, which shall require approval by ordinance.
10

11 Section 5. The Agreement shall provide for the transfer of the Property to Purchaser after
12 the Director is satisfied that (1) Purchaser has obtained all necessary financing commitments for
13 the construction and permanent financing of the Project as described in Section 3 of this
14 ordinance; and (2) any other conditions in the Agreement, as may be deemed necessary or
15 appropriate by the Director, are satisfied.
16

17 Section 6. The Agreement, and the covenants to be recorded at closing of the transfer,
18 shall prohibit any sale or other transfer of the Property prior to completion of the Project without
19 the express written consent of the City, except for mortgages, deeds of trust, regulatory
20 agreements and covenants for the purposes of the financing contemplated by the Agreement. The
21 Agreement and such covenants shall not prohibit any transfer upon foreclosure of a deed of trust
22 or mortgage approved by the Director, or in lieu of foreclosure thereof, or any subsequent
23 transfer, but any transfer shall be subject to the requirements as to use of the Property set forth in
24 the covenants. The Director may approve a transfer of the Property to a limited partnership or
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1 limited liability company managed by Artspace, or the designation by Artspace of such an entity
2 as Purchaser, if the Director finds such a transfer or designation is necessary for the financing of
3 the Project.

4 Section 7. The Director is authorized to execute and deliver such additional documents,
5 which may include amendments to the Agreement and related covenants, and to take such other
6 actions, as may be necessary or appropriate to implement the intent of this ordinance, and to
7 administer and enforce the Agreement, covenants, and any other such documents.
8

9 Section 8. Payments made from escrow at closing, from funds deposited by or on behalf
10 of the purchaser, of prorated assessments and other costs payable by the City at closing pursuant
11 to the terms of the Agreement, shall be credited toward payment of the purchase price of the
12 Property. All funds payable from escrow to the City shall be deposited in the Low-income
13 Housing Fund (16400).
14

15 Section 9. Any act pursuant to the authority and prior to the effective date of this
16 ordinance is hereby ratified and confirmed.
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18 Section 10. This ordinance shall take effect and be in force thirty (30) days from and
19 after its approval by the Mayor, but if not approved and returned by the Mayor within ten (10)
20 days after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.
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1 Passed by the City Council the 9th day of May, 2005, and signed by me in open
2 session in authentication of its passage this 9th day of May, 2005.

3 Jan Deago
4 President _____ of the City Council

5 Approved by me this 18th day of May, 2005.

6 Gregory J. Nickels
7 Gregory J. Nickels, Mayor

8 Filed by me this 20th day of May, 2005.

9 [Signature]
10 City Clerk

11 (Seal)

12 Attachment A: Purchase and Sale Agreement

- 13 Exhibit A Legal Description of the Property
14 Exhibit B Map of Property Location [not submitted]
15 Exhibit C Form of Promissory Note
16 Exhibit D Form of Quit Claim Deed
17 Exhibit E Schedule of Other Financing [not submitted]
18 Exhibit F Form of Covenant
19 Exhibit G Preliminary Title Report with Permitted Exceptions [not submitted]
20 Exhibit H Schematic Design and Summary Description [not submitted]
21 Exhibit I Permit for Entry



Attachment A
Hiawatha Parcel 2c

PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (the "Agreement" or "Contract") is made as of _____, 2005, by and between The City of Seattle, a municipal corporation of the State of Washington (the "City" or "Seller"), and Artspace Projects, Inc., a Minnesota corporation ("Purchaser"), whose address is 250 Third Avenue North, Suite 500, Minneapolis, Minnesota 55401.

WHEREAS, the City obtained ownership of certain parcels known as the "Dearborn-Hiawatha Properties" from the State of Washington, Seattle Housing Authority, King County, and private owners; and

WHEREAS, the City issued a competitive Request for Developer Qualifications/Proposals to solicit proposals for redevelopment of one or more Hiawatha parcels; and

WHEREAS, in response to the Request for Developer Qualifications/Proposals, Artspace Projects, Inc. submitted a proposal dated May 6, 2004 to acquire Dearborn-Hiawatha Parcel 2C and construct rental units; and

WHEREAS, by Ordinance _____, dated _____, 2005, the Seattle City Council authorized the Director to execute, deliver and administer a real estate purchase and sale agreement, which is this Agreement; and

Now, therefore, the parties hereto, for and in consideration of the promises and mutual obligations herein undertaken, do hereby agree as follows:

PART I

Section 1. Agreement to Convey Property

Subject to all of the terms and conditions of this Agreement, the City agrees to sell and convey to Purchaser, and Purchaser agrees to buy from the City, that certain real property located at 843 Hiawatha Place S. in the City of Seattle, commonly known as Parcel 2C of the Dearborn / Hiawatha Properties, and legally described on the attached Exhibit A (the "Property"), and generally located as shown on the map attached hereto as Exhibit B. Such map is attached solely for convenience of reference and does not qualify in any way the description of the Property, nor constitute or evidence any representation or warranty of any kind as to the Property dimensions or boundaries, or any other information shown thereon, it being the intent of the parties that the Purchaser assumes the risk of any discrepancies or inaccuracies in such map.

Section 2. Purchase Price and Purchase Money Mortgage; Subordination; Conveyance

2.01 Purchase Price; Purchase Money Note; Satisfaction Based on In-kind Benefits.

(a) The total Purchase Price is \$1,723,600. Purchaser shall, at Closing, deliver \$28,470 in cash and a promissory note ("Purchase Money Note") in the amount of \$1,695,130.



(b) Except as may be otherwise agreed pursuant to subsection (c) of this Section:

The Purchase Money Note shall be in the form attached hereto as Exhibit C. The interest rate on the Purchase Money Note shall be 1% per annum. If the Purchaser shall have complied fully with the terms of the Covenant described in Section 3.03 for 50 years after the date upon which the City Department of Planning and Development shall have issued a certificate of occupancy for all of the Improvements to be built pursuant to this Agreement (the "Completion Date"), and if the Purchase Money Note shall be extended beyond the fiftieth anniversary of the Completion Date, then (i) no further interest shall accrue so long as Purchaser continues to comply with the provisions of the Covenant that then remain in effect; and (ii) on each anniversary of the Completion Date beginning with the 51st such anniversary, so long as Purchaser continues to comply fully with the remaining applicable provisions of the Covenant, a portion of the total principal and interest outstanding, equal to 4% of such total as of such 50th anniversary, shall be deemed paid, until the entire Purchase Money Note is satisfied.

(c) The purpose of the terms of the Purchase Money Note is to enable the Purchaser to provide long-term low-income housing at the Property, and not to permit the Purchaser to receive a windfall or to receive and retain substantial cash flow from the Property that would be available to pay installments on conventional terms of deferred payment land sales. The parties acknowledge that the Purchaser expects to use certain other public subsidies and tax incentives for the development of the Property, but the extent of available subsidies or incentives, as well as the actual costs of developing the Property in a manner consistent with regulatory and permit conditions and requirements, is not presently known. In addition, the terms of other subsidies or incentives may require commitments to serve tenants with lower incomes and to limit rents to levels lower than contemplated hereunder. Therefore, agreement by Purchaser to adjustments to the final terms of the Purchase Money Note and the terms on which performance may be accepted in lieu of cash thereunder may be required as a condition of this sale pursuant to Section 5.A.3 below.

2.02 Purchase Money Documents.

The "Purchase Money Documents" are the Purchase Money Note, the Purchase Money Mortgage, and any additional documents granted or delivered as security for the Purchase Money Note.

2.03 Purchase Money Mortgage.

(a) The Purchase Money Note shall be secured by a Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing on the Property granted by Purchaser, in form and content acceptable to Seller ("Purchase Money Mortgage"). The parties acknowledge that to complete the financing for the Project, the Purchaser intends to convey the Property to a limited liability company or limited partnership controlled by Purchaser ("Company"). If

(1) the Purchaser is otherwise in full compliance with the terms of this Contract;

(2) the Seller receives such title insurance or endorsements thereto as the Seller may require,

then the Seller shall permit the conveyance of the Property to the Company, provided that the Company assumes all obligations of the Purchaser hereunder and subject to the prior satisfaction of any of the conditions of Section 5 below that the Seller shall have waived for purposes of Closing.



Upon satisfaction of the conditions to permit such conveyance, Seller shall subordinate the lien of the Purchase Money Mortgage to the liens and covenants reasonably required for the Company's financing of the development of the Property as contemplated in this Contract with the sole exception of liens in favor of Purchaser or its affiliates. Seller acknowledges that the financing for the development of the Property is intended to include the financing identified on **Exhibit E** hereto, but the Seller does not hereby make any commitment or assurance that funding from the City will be provided.

(b) Any obligation of the Seller to grant any subordination hereunder is conditioned upon the delivery to Seller, at least 30 days in advance of the date when Purchaser desires a subordination agreement to be delivered, of the proposed form of subordination agreement and all documents related to the liens or encumbrances to which subordination is requested, as well as documents demonstrating to the satisfaction of the Seller that the conditions to subordination are satisfied or will be satisfied as of the date of deliver and recording of the subordination agreement. In addition, any subordination may be conditioned upon such changes to the form of subordination agreement as the Seller may require, and the issuance to the Seller of one or more endorsements to the Seller's title insurance policy, as the Seller may require.

2.04 Conveyance

Upon (a) the payment of the sum provided in this Section 2 and all other amounts required to be paid by Purchaser at Closing hereunder, and (b) the satisfaction of the conditions set forth in this Agreement, the City shall convey the Property, by Quitclaim Deed in the form attached hereto as Exhibit D (the "Deed"), which is hereby approved as to form by Purchaser.

Section 3. Purpose of Sale; Improvements; Low-Income Housing

3.01 Purpose of Sale

The intent of this sale is to enable the Purchaser promptly to construct a building and related improvements on the Property, consistent with this Contract and according to plans to be approved by the Seller. The improvements on the Property are to be used primarily as housing for low-income persons.

3.02 Improvements

The improvements to be developed on the Property shall include:

- (a) at least 20 units of housing for Very Low-Income households with rents affordable to such households;
- (b) at least 30 units of housing for 60%-of-Median Income households with rents affordable to such households;

3.03 Covenant

As a condition of Seller's obligations at Closing, the Purchaser shall execute, acknowledge and deliver for recording a covenant ("Covenant") committing the use of the Property as follows:

(a) At least 20 units of housing shall be rented to Very Low-Income households, with rents affordable to such households, for a minimum of 50 years; and



(b) At least 30 units of housing shall be rented to 60%-of-Median Income households, with rents affordable to such households, for a minimum of 50 years;

(c) The Covenant shall be substantially in the form attached hereto as **Exhibit F**.

(d) The Covenant shall have priority over any monetary encumbrance on the Property and over any lease.

(e) For purposes of this section:

(1) a "Very Low-Income household" is a household with annual income, at the time of initial occupancy of a housing unit, at or below 50% of the Median Income;

(2) a "60%-of-Median Income household" is a household with annual income, at the time of initial occupancy of a housing unit, at or below 60% of the Median Income;

(3) "Median income" means annual median family income, as published from time to time by HUD, for the Seattle-Bellevue-Everett Primary Metropolitan Statistical Area, or for the Seattle-Bellevue-Everett Division of the Seattle-Tacoma-Bellevue Metropolitan Statistical Area, whichever is then generally used by HUD to establish income limits for federal programs, or such other area including Seattle as HUD may use from time to time for the purpose of publishing median income, and as adjusted for household size according to the method used by HUD for income limits in subsidized housing. If, at any time, Median Income for a household size cannot be determined under the foregoing sentence based on data published by HUD for the Seattle area within the most recent thirteen months, then the City may determine "Median Income" for such household size based on any data for the Seattle area or an area including Seattle, published or reported by a federal, state, or local agency, as the City shall select in its sole discretion, adjusted for household size in such manner as the City shall determine in its sole discretion.

(4) a unit is considered "affordable" (A) to a Very Low-Income household if the annual rent paid by the household, together with a reasonable allowance for utilities paid by the household, is no greater than 30% of the maximum annual income for a Very Low-Income household; and (B) to a 60%-of- Median Income household, if the annual rent paid by the household, together with a reasonable allowance for utilities paid by the household, is no greater than 30% of the maximum annual income for a 60%-of- Median Income household. For the purpose of determining affordability the presumed household size shall correspond to the size of unit as set forth below, regardless of the number of persons actually occupying the unit:

Unit size	Presumed household size
Studio or SRO	1 person
1 bedroom	1.5 persons
2 bedrooms	3 persons
3 bedrooms	4.5 persons
4 bedrooms	6 persons



(5) "HUD" means the United States Department of Housing and Urban Development and any other department or agency that shall succeed to its functions with respect to low-income rental housing.

Section 4. Title Insurance

The City shall pay the cost of an ALTA Standard Coverage Owner's policy of title insurance for Purchaser, issued by Pacific Northwest Title Insurance Company, Inc. ("Title Company") in the amount of the Purchase Price of the Property, insuring Purchaser as the sole fee title holder as to the Property.

Purchaser has reviewed a preliminary title commitment from the Title Company, Order no. _____, dated _____, 2005, as supplemented through supplement no. ____ dated _____, 2005 (as so supplemented, the "Title Commitment," which is attached hereto as Exhibit G), along with all documents referenced in the Title Commitment. Any claims, liens, encumbrances and defects (collectively, "Permitted Exceptions") shown thereon are hereby approved and accepted by Purchaser, except for exceptions _____ regarding _____. Prior to the date of closing, the City shall not further encumber the Property, or permit additional encumbrances to attach to the Property. Upon receiving notice of the Closing date from the Purchaser, the City shall provide at its expense title updates or supplements to the Purchaser to cover the period from the original Title Commitment up to a date one week prior to Closing. If title to the Property is not insurable on the date fixed for Closing free and clear of all liens, except for the Permitted Exceptions and any that may be created or suffered by Purchaser, then unless the Purchaser elects to accept the liens or the parties, by mutual written agreement, extend the date for Closing to allow the City or the Purchaser, to remove such liens, this Agreement shall immediately terminate, in which case the City shall return the Earnest Money to Purchaser, and neither party shall have any further liability or obligation, of any kind whatsoever, to the other under this Agreement (except pursuant to indemnity provisions, which survive termination of this Agreement).

Purchaser may obtain such additional title insurance coverage as Purchaser chooses, if Purchaser pays any difference in the cost between the standard coverage policy to be paid by the City and the increased premium due from any increase in the scope or amount of coverage or endorsements.

Section 5. Conditions Precedent

- A. The following shall be conditions precedent to the City's obligation to convey the Property:
1. Purchaser shall have obtained approval from the Director of the Office of Housing ("Director") for any changes to the Schematic Design (including the landscaping features), and the Construction Documents consistent with the Schematic Design shall have been submitted to the Director, as provided in Sections 302, 303, and 304.
 2. Purchaser shall have obtained the Master Use Permit for the development of the Property consistent with the Schematic Design and the grading permit required to commence construction for the Improvements, as defined in Section 101, shall have been issued by the City's Department of Planning and Development ("DPD"), or DPD shall have given notice that such permit is ready to issue.



3. Purchaser shall have provided evidence satisfactory to the City that Purchaser has the necessary financing to fund the construction of the Improvements as provided in Section 307. Purchaser also shall have delivered to the City a detailed financing and operating plan, consistent with the financing commitments and based on reasonable assumptions, and including development and operating budgets and pro forma results of operations, noting sources and uses of funds, all in form and content acceptable to the City. If the Housing Director shall have determined based on the financing and operating plan that the anticipated cash flow available to the Property owner or its affiliates, after reasonable allowances for reserves to preserve and maintain the Improvements, will or may exceed _____ [insert appropriate level determined by the Director] then the Purchaser shall have agreed in writing to (a) modification of the terms of the Note to provide for payments to the City, and/or (b) commitments to provide housing units at lower rents and to persons with lower incomes than specified in Section 3.03, that are satisfactory to the Director in his or her discretion.
4. Purchaser shall have deposited with Pacific Northwest Title Company of Washington, Inc. or another escrow agent mutually agreed to in writing by the parties (the "Escrow Agent") for delivery to the City, the sum of money required to pay the Purchase Price of the Property as stated under Section 2 of this Agreement and all other amounts payable by Purchaser hereunder in cash or cashiers check or by wire transfer.
5. Purchaser's representations contained herein shall be true as of the Closing of the Property.
6. Purchaser shall have signed the Deed to evidence its approval thereof.
7. Purchaser shall otherwise be in compliance with all of the terms hereof.
8. The City shall have conducted all applicable environmental reviews to satisfy HUD requirements and either a Finding of No Significant Impact shall have been issued and approved by HUD, or a Final Environmental Impact Statement shall have been issued and the City shall have determined to proceed with this Agreement after evaluation of the environmental impacts.

The foregoing conditions are solely for the benefit of the City and may be waived at the City's sole option, but no waiver shall be valid unless signed by an authorized officer of the City. Unless all of the above conditions are satisfied or waived on or before the date set forth in Section 7.B below, the City shall have no obligation to convey the Property.

B. The following shall be conditions precedent to Purchaser's obligation to purchase the Property:

1. The City shall have deposited with the Escrow Agent the Deed and a properly completed and signed real estate excise tax affidavit.
2. At Closing, title to the Property shall be insurable free and clear of all liens except for the Permitted Exceptions and any others created by Purchaser.



3. The City shall otherwise be in compliance with all of the terms hereof.

Section 6. Earnest Money

Immediately upon execution of this Agreement, Purchaser shall deposit with the City the amount of **Five Thousand and 00/100 Dollars (\$5,000.00)**, which shall be hereinafter referred to as the Earnest Money. The Earnest Money shall be held in the City Finance Department's Clearing Account until such time as the Purchaser becomes entitled to return of such Earnest Money under the terms hereof, or until the City becomes entitled to retain such Earnest Money under the provisions of this Agreement. Earnest Money shall be credited to the Purchase Price at Closing. Purchaser shall not be entitled to any interest on the Earnest Money. The City shall be entitled to retain any interest it may earn on the Earnest Money.

Section 7. Closing; Effect of Failure to Close

A. "Closing" shall mean the execution, delivery and recording (as appropriate) of all documents and payment of all funds into escrow as provided herein.

B. Closing shall take place on such date as the Purchaser shall specify in a written notice to the City, which written notice (i) shall be delivered to the City at least ten (10) days in advance of the Closing Date specified in such written notice, and (ii) may be given at any time within, but not later than forty five (45) days after all conditions required herein to be satisfied prior to Closing, other than deposit of funds and instructions in escrow, have been satisfied, but in any event Closing shall occur no later than

_____ [insert date 2 years after effective date of authorizing ordinance]. If Closing does not occur on or before that date, this Agreement shall then terminate, without notice.

C. At least five (5) days in advance of the date fixed for Closing the Purchaser shall deliver to the City an original of the Deed, in the form attached as Exhibit D but with exhibit designations removed, signed by the Purchaser to evidence Purchaser's approval of the form thereof. At least two (2) days in advance of the date fixed for Closing, the City and Purchaser shall each deliver to the Escrow Agent for deposit into escrow, all of the documents required by this Agreement as conditions to Closing, bearing all the original signatures called for therein, together with reasonable escrow instructions.

D. At Closing, the Escrow Agent shall be instructed to record the Deed.

E. The escrow fee charged in connection with this Closing shall be paid one-half each by the Purchaser and the City. Any taxes, assessments or public charges that are payable with respect to the Property during the City's ownership thereof shall be prorated and paid by the City as of Closing. Purchaser shall pay the cost of recording the deed, and any documents required by Purchaser's financing.

If the sale fails to close due to fault of one of the parties, as described in Sections 702 and 703 of Part III of this Agreement, then such party shall be solely responsible for all escrow and title insurance



cancellation charges. If the sale fails to close by the date set forth in subsection B above for reasons other than those set forth in Sections 702 or 703, then the Earnest Money shall be returned to Purchaser, and the Purchaser shall pay directly to the escrow agent one half of any escrow fees and title insurance cancellation charges and the City shall pay one-half from the City's own funds. In that case neither party shall have any further liability or obligation, of any kind whatsoever, to the other under this Agreement (except pursuant to indemnity provisions, which survive termination of this Agreement).

Part II

SUBPART 100 - COMPLIANCE WITH SCHEMATIC DESIGN

Section 101. Compliance with Schematic Design; Improvements

Purchaser shall develop the Property with improvements substantially as described in Exhibit H, "Schematic Design and Summary Description", as the same may be modified with the consent of the City as provided hereunder, and in compliance with all applicable state and local laws and regulations. The parties acknowledge that the drawing in Exhibit H represents the Purchaser's present preferred design and that it is subject to revisions resulting from applicable reviews and processes, including City Design Review and environmental reviews. In any modified design the Purchaser shall preserve in all material respects the elements described in the narrative in Exhibit H, including without limitation the amount and proportion of rentable space devoted to housing units, the breakdown among various sizes of housing units, and 1st floor retail space. The improvements to be constructed on the Property as described in the Construction Documents to be submitted to DPD and Office of Housing by Purchaser as provided hereunder, are referred to as the "Improvements."

SUBPART 200 – ACCEPTANCE, CONDITION AND POSSESSION OF PROPERTY

Section 201. Acceptance AS IS

Purchaser has inspected the Property and has had the opportunity to obtain inspections and reports of professionals, and Purchaser agrees to accept the Property AS IS, WITH ALL DEFECTS, and ASSUMES THE RISK of any defects in the condition of the Property and of all the matters set forth in this Section. The City makes NO WARRANTIES OR REPRESENTATIONS OF ANY KIND except as may be set forth specifically in this Agreement. Purchaser agrees that any express or implied representations or warranties made by or on behalf of the City prior to this Agreement are hereby revoked and canceled and shall have no force or effect. Purchaser further agrees that no representations or warranties are implied by any provision of this Agreement or any other words or conduct in connection with this transaction.

Without limiting the generality of the foregoing paragraph, Purchaser agrees that, except as may be specifically set forth in this Agreement, neither City nor any person for whom City may have any responsibility makes any representation, warranty or promise of any kind with regard to any of the following: (1) the physical condition of the Property (land, buildings, fixtures, or infrastructure), whether or not readily determined by inspection and whether or not information related to such



condition is in the possession of the City; (2) the presence or absence of any underground tanks or any hazardous or defective substances or conditions on or about the Property, or on adjacent properties; (3) the history of the Property or activities that may have occurred or been conducted thereon or thereunder; (4) soils conditions or drainage; (5) square footage of land or buildings; (6) encroachments; or (7) location or condition of utility lines.

Purchaser acknowledges that substantially the entire Property is located in a liquefaction zone as shown on City maps.

Except as otherwise expressly provided herein, Purchaser hereby irrevocably releases and waives any and all claims that Purchaser has or may have against City and its officers, employees and agents with respect to the condition of the Property or arising pursuant to the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, or the Washington State Model Toxics Control Act, as amended, or any other environmental law. The provisions of this Section shall not be construed to limit in any way the scope of the release, covenants and indemnity obligations to be granted and assumed by the Purchaser under the Deed.

Purchaser and City by the initials below acknowledge that this Section has been specifically bargained for and that City would not be willing to sell the Property on the terms and conditions set forth in the rest of this Agreement without Purchaser's agreement to this Section.

Purchaser: _____ City: _____

Section 202. Changes in Condition

1. Purchaser has inspected the Property in its present condition as of the date of this Agreement and such inspection has not disclosed any physical condition that would materially impair the development thereof as contemplated hereunder.
2. If prior to Closing Purchaser or the City becomes aware of any change in the physical condition of the Property or any portion thereof after the date of this Agreement that would materially impair the feasibility of the project as contemplated hereunder or would substantially increase the hard construction costs of the Improvements (a "Changed Condition"), such party shall within ten (10) days of becoming aware of such Changed Condition, and in any event prior to Closing, notify the other party in writing of such Changed Condition.
 - a) If the Changed Condition is caused by Purchaser or its agents, employees or contractors, Purchaser shall have the option to either restore the Property to its prior condition, complete its purchase of the Property hereunder, or both.
 - b) If the Changed Condition is caused by the City or its agents, employees or contractors, the City shall at its discretion (i) restore the Property to its prior condition and reimburse Purchaser for Purchaser's damages caused by the Changed Condition or the City's restoration of the Property, or (ii) terminate this Agreement by written notice to Purchaser and return the Earnest Money.
 - c) If neither Purchaser nor the City is responsible for the Changed Condition, which may include, but shall not be limited to the discovery of pre-existing Hazardous Substances on the Property, then (i) if, within fifteen (15) days after the City sends or receives written notice of the Changed Condition, the City gives written notice to Purchaser that the City



elects to remedy the Changed Condition, then this Agreement shall remain in effect and the City shall remedy the Changed Condition prior to Closing, or (ii) if the City does not give written notice of such election within said fifteen (15) days, then Purchaser shall have the option, by written notice to the City no later than fifteen (15) days after sending or receiving notice of the Changed Condition, either (A) to terminate this Agreement, in which case the City shall return the Earnest Money and neither party shall have any further obligation or liability to the other under this agreement (except pursuant to indemnity provisions, which survive termination of this Agreement), or (B) to assume the risk of the Changed Condition and complete the purchase of the Property.

3. Any written notice from Purchaser to the City hereunder that Purchaser is prepared to close the purchase of the Property shall constitute Purchaser's representation that it has re-inspected the Property and Purchaser's agreement to accept it in its condition on the date of such notice, whether or not such condition has changed from the date hereof.
4. Together with any notice required under this paragraph, each party shall, to the extent they have not already done so, provide the other party with a copy of any reports or findings in its possession or control that disclose the Changed Condition or describe how such Changed Condition would in fact materially impair the development of the Property as contemplated hereunder, or would substantially increase the cost of such development.

Section 203. Possession

As between City and Purchaser, Purchaser's right to possession of the Property (subject to the rights of the City reserved in the Deed) shall be effective upon recording of the Deed.

Section 204. Licenses for Entry

The Purchaser acknowledges that it has been afforded the opportunity, directly and through its agents or contractors, to enter on the Property and perform certain tests, including soil borings. At any time and from time to time prior to Closing and prior to any termination of this Agreement, the Purchaser may request further access for Purchaser's employees, agents and contractors to the Property, for the purpose of conducting therein and thereon such inspections and studies as Purchaser may reasonably deem necessary or appropriate with respect to evaluating its condition and designing the Improvements. Purchaser shall make any such request in writing at least 10 days prior to the first date when it desires such access and shall state the specific purposes for entry on the Property, the names of any agents or contractors involved, and the nature of any tests or other activities intended. The City will not unreasonably withhold or delay consent to such entry for purposes within the scope of this Section, provided that Purchaser, and its agents or contractors if applicable, agrees in writing to terms and conditions substantially as contained in the form of Permit attached as Exhibit I. Any such Permit shall state a limited period during which entry is authorized and the specific purposes for which entry is permitted. The covenants, releases and indemnities of Purchaser and any such other person in such Permit(s) shall be in addition to, and not in substitution for, the covenants, waivers and indemnities hereunder, and shall survive the Closing or termination of this Agreement.

Section 205. Indemnification



Purchaser hereby agrees to release and forever discharge, indemnify, defend and hold the City, and its elected officials, employees and agents, harmless from and against any and all liability, including without limitation any claims, liability, costs, damages or fees (including but not limited to reasonable attorneys' fees and costs) incurred as a result of or in connection with Purchaser's entry onto any portion of the Property owned by the City, and including but not limited to Purchaser's release of any Hazardous Substances thereon, but only to the extent such liability does not arise from the actions of the City.

The term "Hazardous Substances" shall mean any and all hazardous, toxic, infectious or radioactive substances, wastes or materials as defined or listed by any federal, state or local statute, regulation or ordinance pertaining to the protection of human health or the environment and shall specifically include petroleum oil and its fractions.

SUBPART 300 - PLANS, APPROVALS, FINANCING AND CONSTRUCTION

Section 301. Community Meetings on Design

If so requested by the Director, Purchaser agrees to attend one or more community meetings to present the architectural design and hear comments from neighboring residents and businesses, which comments shall not be binding upon Purchaser or require Purchaser to amend the design or other documents relating to the Improvements.

Section 302. Schematic Design, Approval of Schematic Design by the Director

Purchaser has prepared and the Director has approved plans and drawings, attached hereto as Exhibit H (collectively, the "Schematic Design") in sufficient detail with respect to development of the Property to clearly describe the site plan, architectural character, circulation, landscaping features and relationship to the surrounding environment of the Improvements.

Section 303. Construction Documents

Purchaser shall use diligent efforts to pursue design work, financing applications, environmental reports, permit applications and all other steps necessary to construct and permanently finance the Improvements on the Property. Purchaser shall prepare plans and specifications with respect to the construction of the Improvements (the "Construction Documents") substantially consistent with the approved Schematic Design and all applicable state and local laws and regulations. The Construction Documents shall be sufficiently complete and detailed to satisfy requirements pertinent to application for a building permit to DPD but also to demonstrate to the Director that the Improvements will be in accordance with the previously approved Schematic Design.

Purchaser shall submit the Construction Documents, together with a construction or progress schedule, to the Director at the same time as Purchaser submits the Construction Documents to DPD. Purchaser may submit Construction Documents to the Director at any time following the City's approval of the Schematic Design. In any event Purchaser shall submit Construction Documents to the Director within 12 months following execution of this Agreement.



Section 304. Changes in Schematic Design or Construction Documents

Purchaser shall notify the Director not less often than bimonthly (every two months) of any material changes in the size, character, design, or exterior surface of structures or in the site plan, exterior elevation or materials as set forth in the Schematic Design and Construction Documents or either of them after approval of the Schematic Design by the City. The Director shall have ten (10) business days after receipt of such notice to provide Purchaser with written objection to any such changes. Such written notice shall contain a statement of the specific reasons for such rejection. Purchaser may within thirty (30) days after receiving Director's written notice of objection, submit a revision of the proposed changes, which shall be subject to the timely review described in Section 306 of this Agreement, unless the revisions are manifestly inconsistent in material respects with the approved Schematic Design. If in the Director's judgment the revised proposed changes satisfy the Director's objections stated in the Director's prior written notice of rejection or otherwise satisfy the criteria set forth above, the Director shall approve the revised proposed changes and evidence her approval by endorsement of the same on the revised plan sheets and by notifying the Purchaser.

If the revised proposed changes do not satisfy the Director's written objections or the criteria set forth above, the Director may reject the revised proposed changes and if the Closing shall not have occurred, then the City may terminate this Agreement by written notice to Purchaser and the Escrow Agent, in which case the Earnest Money shall be retained by the City. In such case the Earnest Money is intended as liquidated damages and not as a penalty, and together shall be City's sole and exclusive remedy, and neither party shall have any further liability or obligation, of any kind whatsoever, to the other under this Agreement (except pursuant to indemnity provisions, which survive termination of this Agreement).

Section 305. Permits

As a condition precedent to the City's obligation to sell the Property to the Purchaser, a Master Use Permit for the development of the Property consistent with the Schematic Design (as the same may have been modified with the consent of the City hereunder) and the grading permit needed to commence construction of the Improvements must be issued by DPD, or DPD must have given notice that such permits are ready to issue.

Section 306. Timely Review of Changes in Design or Plans

If, with respect to any transmittal or submission of any changes to the Schematic Design or Construction Documents, Director does not give Purchaser written notice of her objection thereto and reasons therefor within ten (10) business days of receiving such documents, then if the first page of the transmittal conspicuously stated the effect of this Section with express reference hereto, the documents as transmitted to the Director shall be deemed approved, unless the changes are manifestly inconsistent in material respects with the previously approved Schematic Design.

Section 307. Financing Commitment

Purchaser represents that Purchaser will use its best efforts to obtain an allocation of low income housing tax credits and financing commitment ("Financing Commitment") from one or more



lending entities (individually and collectively, the "Lender(s)") to finance the construction of the Improvements to be built on the Property.

As a condition precedent to the City's obligations hereunder, Purchaser shall provide to the Office of Housing financing commitments from the Lender(s) and evidence of receiving an allocation of low income housing tax credits, that together demonstrate to the reasonable satisfaction of the Director that Purchaser will obtain all financing necessary to complete the Improvements in accordance with this Agreement, the Schematic Design and the Construction Documents, permanently to finance the Improvements, and that no term of any Financing Commitment is in material conflict with the terms of this Agreement, the Schematic Design, or the Construction Documents.

Section 308. Permits

The City acknowledges that the redevelopment of the Property and the requirements of this Agreement necessitate that Purchaser apply for and obtain certain permits and other similar authorizations (collectively, the "Permits") from the City and other governmental agencies relating to the Property and the Improvements prior to Purchaser obtaining fee title to the Property. The term "Permits" shall include without limitation use permits; building permits; short plats and lot boundary adjustments and other similar authorizations and approvals; grading permits; shoring permits; permits for work in public rights-of-way; and utility permits.

Nothing in this Agreement is intended or shall be construed to require that the City exercise its discretionary authority under its regulatory ordinances to further the development of the Property, nor binds the City to do so. The City will process applications for Permits as if such applications were made in the absence of this Agreement. Purchaser assumes the risk of inability to obtain any such approvals, consents, or permits, for any reason. No consent, approval or requirement contained in or made by the Director of Housing or her designees pursuant to this Agreement shall constitute the approval, consent, or Permit required for any regulatory or other City purpose, nor require the City to grant any such approval, consent, or Permit. No regulatory requirement, condition or recommendation related to any Permit shall constitute approval for any change in the Schematic Design or for any Construction Plans or changes therein, nor obligate the Director of Housing to grant any such approval.

PART III – GENERAL

SUBPART 400 - REGULATORY CONDITIONS

Section 401. Non-Discrimination; Fair Contracting Practices

The Purchaser shall not create barriers to open and fair opportunities for women and minority-owned businesses ("WMBEs ") to participate in contracts and to obtain or compete for contracts and subcontracts as sources of supplies, equipment, construction and services related to the development of the Property. In considering offers from and doing business with contractors and suppliers, the Purchaser shall not discriminate on the basis of race, color, creed, religion, sex, age, national origin, marital status, sexual orientation or the presence of any mental or physical disability in an otherwise qualified disabled person.



Each party is required to comply with the Fair Contracting Practices Ordinance of the City of Seattle (Ordinance 119601), as amended. Conduct made unlawful by that ordinance constitutes a breach of contract. Engaging in an unfair contracting practice may also result in the imposition of a civil fine or forfeiture under the Seattle Criminal Code as well as various civil remedies.

SUBPART 500 – PURPOSE OF PURCHASE; PROHIBITIONS AGAINST ASSIGNMENT AND TRANSFER

Section 501. Improvements

Purchaser represents and agrees that the purchase of the Property is for the purpose of immediate development of a residential complex with 1st floor commercial space as shown in the Schematic Design and not for speculation in land holding.

Section 502. Transfer of Property and Assignment of Agreement

Prior to Closing, Purchaser shall not transfer this Agreement or any interest herein without the express written consent of the City, and the City shall not be required to recognize any rights of any assignee to which it has not given express written consent. If the Purchaser shall satisfy the conditions set forth in Section 307, then the City will not unreasonably withhold its consent to the assignment of Purchaser’s rights and obligations under this Agreement to a limited liability company of which the Purchaser is the managing member or limited partnership of which the Purchaser is the general partner, provided that such transfer is necessary for the purpose of financing the Improvements and such entity assumes all such obligations by delivering an agreement satisfactory to the City.

In the absence of a specific written agreement by the City to the contrary, no transfer or consent thereto by the City shall relieve Purchaser, or any other party bound in any way by this Agreement or otherwise with respect to the construction of the Improvements, from any of its obligations with respect thereto. Purchaser shall not transfer title to the Property prior to completion of the Improvements without the express written consent of the City. This Section shall not prohibit any transfer upon foreclosure of a deed of trust or mortgage approved by the Director, or in lieu of foreclosure thereof, or any subsequent transfer, but any transfer shall be subject to the requirements as to use of the Property set forth in the Covenant.

SUBPART 700 - DEFAULT AND REMEDIES

Section 701. Default

Except as otherwise provided in this Agreement, in the event of any default in or breach of this Agreement, or any of its terms or conditions, by any party hereto, or any successor to a party, such party (or successor) shall, upon written notice from the other, proceed immediately to cure or remedy such default or breach, and, in any event, shall complete such cure within sixty (60) days after receipt of such notice or such shorter period as may be provided herein. In case such action is not taken or not diligently pursued, or the default or breach shall not be cured or remedied within the time permitted hereunder, the aggrieved party may pursue any remedies available at law or in equity, subject to the specific limitations herein. This Section shall not affect the operation of Section 702 or



703 below, nor require any notice or opportunity to cure prior to exercise of remedies under those Sections.

Section 702. Remedies Upon Default of City

Except as otherwise provided in this Agreement, in the event that any of the following occurs:

- a) The City fails to tender conveyance of the Property or otherwise close on the Property in the manner required herein after satisfaction of the conditions provided in this Agreement and receipt of a notice to close from Purchaser as specified herein, and any such failure shall not be cured within sixty (60) days after notice from the Purchaser; or
- b) The Director of the Office of Housing fails or refuses to approve of Purchaser's Construction Documents pursuant to the terms of this Agreement without providing a written explanation for such refusal, and such failure or refusal is not cured within sixty (60) days after written notice thereof; or
- c) The City otherwise fails or refuses to comply with the terms and conditions of or is in default or breach of this Agreement prior to Closing, and does not cure such breach within sixty (60) days after written notice thereof;

then at the option of Purchaser this Agreement shall be terminated, upon written notice to the City of such termination, the City shall surrender the Earnest Money to the Purchaser and Purchaser shall have the right, as its sole remedy, to proceed against the City for actual damages, limited to out-of-pocket costs directly related to development of the Property, not to exceed \$5,000. Such termination, recovery of Earnest Money and proceeding for such damages shall be Purchaser's only remedies for breach or default by the City at or prior to Closing. As used herein, the term "out-of-pocket costs" excludes administrative or overhead costs, legal fees to the extent not incurred as part of the financing and development of the project, and also excludes consequential damages of any kind whatsoever, such as but without limitation lost profits, lost business opportunities or interference with business or contractual expectancies.

Section 703. Remedies Upon Default of Purchaser

Except as otherwise provided in this Agreement, in the event that prior to the conveyance of the Property to Purchaser, any of the following occurs:

- (a) Purchaser (or any successor in interest) assigns or attempts to assign this Agreement or any rights therein or in the Property without the express consent of the City; or
- (b) Purchaser does not submit Construction Documents acceptable to the Director as required by this Agreement or obtain the permits necessary to allow construction, in each case, in the manner and by the dates respectively provided in this Agreement; or
- (c) Purchaser, without legal excuse, gives notice that it will be unable or unwilling to close on the Property provided herein; or



(d) Purchaser, without legal excuse, does not tender the full consideration for and take title to the Property and perform all other obligations of Purchaser on or before the working day before the date set for Closing hereunder; or

(e) Purchaser, without legal excuse, otherwise fails to comply with the terms of or is in default or breach of this Agreement prior to Closing and does not cure such breach within sixty (60) days after written notice thereof;

then at the option of the City this Agreement and any rights of Purchaser or of any assignee or transferee in this Agreement or arising therefrom with respect to the City or the Property shall be terminated upon receipt by Purchaser of written notice of such termination, the Earnest Money shall be retained by the City. The Earnest Money is intended as liquidated damages and not as a penalty, and together shall be City's sole and exclusive remedy for a default of Purchaser prior to Closing, and neither party shall have any further liability or obligation, of any kind whatsoever, to the other under this Agreement (except pursuant to indemnity provisions, which survive termination of this Agreement).

Section 704. Other Rights and Remedies; No Waiver of Delay

Either party shall have the right to institute such actions or proceedings as it may deem desirable for effectuating its remedies, subject to express limits herein. Any delay by either party in instituting or prosecuting any such actions or proceedings or otherwise asserting its rights under this Agreement shall not operate as a waiver of any rights or remedies or to deprive it of or limit such rights or remedies in any way; nor shall any waiver in fact and in writing made with respect to any specific default be considered or treated as a waiver of the rights or remedies of either party with respect to any other defaults or with respect to the particular default except to the extent specifically waived in writing.

SUBPART 800 - MISCELLANEOUS PROVISIONS

Section 801. [RESERVED]

Section 802. City's Representations and Warranties

For the purposes of inducing Purchaser to consummate the transactions contemplated hereby City represents and warrants to Purchaser, as of the date hereof and as of the Closing Date, as follows:

(a) City has full power, authority and legal right to execute, deliver and perform this Agreement, and all other documents and certificates contemplated hereby; the City has duly authorized the execution, delivery and performance thereof; and has authorized the person executing this Agreement to do so;

(b) Except as expressly provided herein, there is not pending or, to the best of City's knowledge, threatened (i) condemnation or similar proceedings with respect to the Property or any



part thereof, (ii) legal action of any kind or nature, affecting the Property, which would enjoin or restrict the right of City to consummate the transactions contemplated hereby;

(c) The Property is not affected by any special assessment, whether or not a lien thereon, which has not or will not be paid in full by City prior to the Closing Date;

Section 803. Purchaser's Representations and Warranties

Purchaser represents and warrants that it is a duly organized and validly existing not-for-profit corporation and has full power and authority to enter into and perform this Agreement and the transactions contemplated hereby; the execution and delivery of this Agreement by the undersigned individual has been duly authorized by all necessary corporate or other action; and this Agreement is the valid, binding obligation of Purchaser, enforceable in accordance with its terms.

Section 804. Notices

A notice or communication under this Agreement by one party to any other party shall be in writing and shall be effective on the earlier of the date actually received by hand delivery or by mail as evidenced by a signed receipt for certified mail, or three (3) days after deposited in the United States mail, postage prepaid, return receipt requested, to the addresses listed below for the parties or to such other addresses as the parties may, from time to time, designate in writing delivered as provided in this Section. Any notice required or permitted by any applicable law also shall be effective if given in the manner specifically required or permitted by such law.

PURCHASER: Attn: Greg Handberg
 Artspace Projects, Inc.
 250 Third Avenue North, Suite 500
 Minneapolis, Minnesota 55401.

THE CITY: Adrienne E. Quinn, Director
 City of Seattle Office of Housing
 700 Fifth Avenue, Suite 5700
 Seattle, WA 98124-4725

Section 805. Agreement Survives Conveyance

It is the intent of the parties hereto that the following provisions of this Agreement shall not be merged by reason of any deed transferring any interest in any real or personal property: 1, 2.01-2.03, 3.01-3.02, 101, 201, 203, 205, 304, 306, 308, 401, 501, 502, 701, 704, and 802-820, inclusive. Any such deeds shall not be deemed to in any way affect or impair any of the provisions, conditions, covenants, or terms of the foregoing Sections of this Agreement or the Exhibits referred to therein, except as otherwise provided in this Agreement.

Section 806. Interpretation



Any titles of the several Parts, Subparts or Sections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions. The Exhibits are by this reference incorporated into this Agreement.

Section 807. Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

Section 808. City Approval and Consent

The Mayor and the Director are the sole persons authorized to act for and on behalf of the City in connection with this Agreement except where another is required to act by law or by this Agreement.

Section 809. Entire Agreement

This Agreement, including recitals and Exhibits, attached hereto, constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes any and all prior or contemporaneous oral or written agreements, understandings, statements, documents, reports, studies or communications with respect to the sale of the Property.

Section 810. Time

Time is the essence of all provisions of this Agreement.

Section 811. Partial Invalidity

Any provision of this Agreement which shall prove to be invalid, void or unenforceable shall in no way affect, impair, or invalidate any other provision hereof, and such other provisions shall remain in full force and effect.

Section 812. Governing Law; Venue

This Agreement shall be governed by the laws of the State of Washington. Venue of any action brought to interpret or enforce this Agreement shall be in the Superior Court of King County, Washington at Seattle.

Section 813. Successors and Assigns

This Agreement shall be binding upon the parties hereto and their respective successors and assigns.

Section 814. No Third Party Beneficiaries



The provisions hereof are for the sole benefit of the parties hereto and, subject to restrictions on transfers by Purchaser stated herein, their respective successors and assigns. No other parties shall have any rights or remedies hereunder.

Section 815. Amendments

Amendments to this Agreement may be made only in writing, signed by the City and Purchaser. Amendments which are not fairly within the scope of the Ordinance referred to in the recitals to this Agreement shall not be effective unless authorized by ordinance.

Section 816. Waiver of Rights Under RCW Chapter 64.06

Purchaser hereby irrevocably waives the right to receive a disclosure statement pursuant to RCW Chapter 64.06 and waives any right to rescind this Agreement under RCW Chapter 64.06.

Section 817. Brokerage Commission

Purchaser and City agree that no real estate brokers are involved in this transaction or shall be compensated in connection with the sale of the Property or any portion thereof. If any such commission or fee is or becomes due by reason of the conduct of one party, then that party shall pay such fee or commission and shall indemnify and hold the other party harmless from and against any liability for the same.

Section 818. Force Majeure

In the event that either party is unable to perform its obligations under this Agreement or to enjoy any of its benefits because of acts of God, war, civil commotion, riots, strikes, picketing, other labor disputes, damage to work in progress by reason of fire or other casualty, severe weather, or any other cause beyond the reasonable control of said party (hereinafter referred too as a "Force Majeure Event" or "Event"), the party who has been so affected promptly shall give notice to the other party and shall do everything reasonably possible to resume performance. Upon receipt of such notice, the affected party shall be excused from such performance as is affected by the Force Majeure Event for the period of such Event, not to exceed 90 days, but nothing in this Section shall operate to extend the last date for Closing hereunder.

Section 819. Calculation of Time

If the time for performance of any of the terms, conditions and provisions hereof shall fall on a Saturday, Sunday or City of Seattle holiday, then the time of such performance shall be extended to the next day thereafter that is not a Saturday, Sunday or City of Seattle holiday.

Section 820. Exhibits

The following Exhibits are part of this Agreement and are incorporated herein by this reference:

- Exhibit A Legal Description of the Property
- Exhibit B Map of Property Location
- Exhibit C Form of Promissory Note



- Exhibit D Form of Quitclaim Deed
- Exhibit E Schedule of Other Financing
- Exhibit F Form of Covenant
- Exhibit G Preliminary Title Report with Permitted Exceptions
- Exhibit H Schematic Design and Summary Description
- Exhibit I Permit for Entry

EXECUTED as of the day and year first above written.

CITY: **THE CITY OF SEATTLE,**
a municipal corporation of the State of Washington

By: _____
Adrienne E. Quinn
Director, Office of Housing

PURCHASER: **ARTSPACE PROJECTS, INC.**
a Minnesota nonprofit corporation

By: _____
Greg Handberg

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this ____ day of _____, 200_, personally appeared before me Adrienne E. Quinn, to me known to be Director of the Office of Housing of the City of Seattle, the municipal corporation that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of said municipal corporation for the uses and purposes therein mentioned and on oath stated that she was authorized to execute said instrument and that the seal affixed, if any, is the corporate seal of said municipal corporation.

WITNESS my hand and official seal the date and year first above written.

NOTARY PUBLIC in and for the State of
Washington, residing at _____
My Commission expires _____
Print name: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)



On this ____ day of _____, 200_, personally appeared before me Greg Handberg, to me known to be the _____ of Artspace Projects, Inc., the Minnesota nonprofit corporation that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that she was authorized to execute said instrument and that the seal affixed, if any, is the corporate seal of said corporation.

In witness whereof I have hereunto set my hand and affixed my official seal the day and year first above written.

NOTARY PUBLIC in and for the State of _____,
_____, residing at _____
My Commission expires _____
Print name: _____



Exhibit A: Legal Description of Property

Hiawatha Parcel 2c:

Commencing at the most Northerly corner of Lot 3, Block 3, "Rainier Boulevard Addition", according to the Plat thereof recorded in Volume 9 of Plats at page 59, in King County, Washington; Thence South 27°29'34" East, along the Northeasterly line of said Block 3, a distance of 260.33 feet to the true point of beginning; Thence continuing South 27°29'34" East, along said Northeasterly line, a distance of 219.98 feet to the most Easterly corner of Lot 14 of said Block 3; Thence South 62°27'56" West, along the Southeasterly line of said Lot 14, a distance of 97.94 feet; Thence North 27°29'34" West, along a line 2.00 feet Northeasterly of and parallel to the Southwesterly line common to Lots 2 through 14 of said Block 3, a distance of 219.99 feet; Thence North 62°27'56" East, a distance of 97.94 feet to the true point of beginning.



Exhibit B: Map of Property Location

B-1

Attachment A: Hiawatha 2c PSA



Exhibit C: Form of Promissory Note

PROMISSORY NOTE

(Secured)

\$ 1,695,130

Seattle, Washington

Date: _____, 2005

1) Promise to Pay. For value received, ARTSPACE PROJECTS, INC., a Minnesota corporation (hereinafter referred to as "Maker"), promises to pay in lawful money of the United States of America, to the order of THE CITY OF SEATTLE ("City"), a Washington municipal corporation, at 700 Fifth Avenue, Suite 5700, Post Office Box 94725, Seattle, WA 98124-4725, or such other place as the holder of this Note may designate in writing from time to time, the principal sum of One Million, Six Hundred Ninety-Five Thousand, One Hundred Thirty Dollars and no cents (\$1,695,130.00), with interest as set forth herein.

2) Contract for Sale; Covenant. This Note is made pursuant to a Purchase and Sale Agreement dated as of _____, 2005 between the Maker and the named payee ("Contract"), to evidence the unpaid purchase price of certain real property on Hiawatha Place in Seattle, Washington. Capitalized terms used and not defined herein shall have the meanings specified in the Contract unless the context otherwise clearly requires. Pursuant to the Contract the Maker has executed a Covenant dated as of the date hereof recorded against such property ("Covenant").

3) Maturity; Extension. The principal amount of this Note, accrued interest, and all other amounts owing hereunder, unless earlier accelerated under the terms of this Note or any documents securing this Note, are due and payable as follows: (a) on _____, if a Certificate of Occupancy for the Improvements ("Certificate of Occupancy") then shall not have been issued by the Seattle Department of Planning and Development; and (b) otherwise, on the fiftieth (50th) anniversary of the date of issuance of the Certificate of Occupancy for the Improvements (the date when the outstanding principal balance becomes due under clause (a) or (b), as it may be extended under this Section, is referred to as the "Maturity Date"). If the Property has not been sold or otherwise transferred prior to the Maturity Date, and this Note has not otherwise been accelerated, the Maturity Date shall, at Maker's request in writing made not more than sixty (60) and not less than thirty (30) days before the Maturity Date, be extended for twenty-five (25) years.

4) Satisfaction by Nonfinancial Performance. If this Note shall be extended pursuant to Section 3 above, then amounts owing under this Note may be satisfied by nonfinancial performance beginning on the fifty-first (51st) anniversary date of the date of issuance of the Certificate of Occupancy under the terms, and subject to the conditions, stated in Section 2.01 of the Contract.

5) Interest Rate; Forgiveness of interest. Maker shall pay interest on the outstanding principal of this Note at the rate of 1% per annum from the date hereof. All interest shall be due and payable on the Maturity Date or any earlier date on which the principal balance shall be declared due. If the Maturity Date shall be extended pursuant to Section 3 above, then so long as Maker is in compliance with the Covenant and the principal balance hereunder shall not have been accelerated, no further interest shall accrue. Any amounts past due hereunder, including accrued interest, shall bear



interest at 12% per annum or the highest rate allowed by applicable law, whichever shall be less.

6) Default and Acceleration. Any default under the Contract, the Covenant or the Deed of Trust securing this Note shall constitute a default under this Note, and upon such default the holder of this Note shall have the right, without notice or demand, to declare all amounts owing hereunder immediately due and payable. This Section applies to a default by any successors in interest to the Maker of this Note with respect to any of the Property (as defined in the Covenant), whether or not the Maker shall have caused or permitted such default and whether or not the transfer to such successor shall have been approved or permitted by the holder hereof.

7) Prepayment. The principal amount of this Note may be prepaid in full or in part at any time.

8) Costs and Attorneys' Fees. In case Maker defaults in payment of this Note, Maker agrees to pay all of the holder's costs of collection, including but not limited to, reasonable attorney's fees incurred by the holder of this Note whether or not suit is instituted. If any legal proceedings are instituted relating to this Note, including without limitation any arbitration, bankruptcy, trial or appellate proceedings, Maker shall pay the holder's costs, including reasonable attorney's fees, in all such proceedings.

9) Waivers. Maker hereby waives presentment, demand for payment and notice of dishonor. The holder of this Note may forgo or delay enforcing any rights or remedies under this Note without losing them.

10) Time. Time is of the essence of all of the provisions of this Note.

11) Application of Payments. Any payments received hereunder shall be applied first, to any costs or fees owing hereunder; next, to any interest owing; and the balance, if any, to reduction of principal.

12) Security. This Note is secured by a Deed of Trust covering property situated in King County, Washington, and shall be construed, enforced and otherwise governed by the laws of the State of Washington. The holder of this Note shall not be required to pursue any remedy under the Deed of Trust or any other security documents prior to bringing an action on this Note.

13) Non-recourse. Maker shall have no liability for payment of this Note other than to have the Property and all other collateral under the Deed of Trust and other documents securing this Note, and the rents, income and proceeds from such Property and collateral, applied to satisfy the obligations hereunder; provided, however, that Borrower shall be liable for damages or deficiencies (including costs and reasonable attorneys' fees) resulting from fraud; waste; material misrepresentation; misappropriation of rents, insurance proceeds, condemnation proceeds, or reserves; failure to maintain required insurance without advance written notice to the holder of this Note; breaches of covenants or warranties relating to hazardous or toxic substances; and costs of compliance with laws, regulations and orders of environmental agencies regarding hazardous or toxic substances.



NOTICE: ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT, ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

ARTSPACE PROJECTS, INC., a Minnesota corporation

By: _____

Print Name: _____

Title: _____



Exhibit D: Form of Quitclaim Deed

After recording, return to:

Seattle Office of Housing

700 Fifth Avenue, Suite 5700

Seattle, WA 981124-4725

Attn: Rick Hooper

QUITCLAIM DEED SUBJECT TO CONDITION SUBSEQUENT / POWER OF TERMINATION, with GRANTEE's COVENANTS, RELEASES AND INDEMNITY

Reference number of related documents: N/A

Grantor: The City of Seattle

Grantee: ARTSPACE PROJECTS, INC.

Grant. The City of Seattle, a Washington municipal corporation ("Grantor"), for and in consideration of TEN DOLLARS in hand paid, the covenants, releases and indemnity set forth herein, the Covenant for Low-Income Housing described below, and the other consideration described in that certain Purchase and Sale Agreement described below, hereby conveys and quit claims to ARTSPACE PROJECTS, INC., a Minnesota corporation ("Grantee"), that certain real property located in the City of Seattle, King County, Washington, and legally described as follows ("Property"):

Commencing at the most Northerly corner of Lot 3, Block 3, "Rainier Boulevard Addition", according to the Plat thereof recorded in Volume 9 of Plats at page 59, in King County, Washington; Thence South 27°29'34" East, along the Northeasterly line of said Block 3, a distance of 260.33 feet to the true point of beginning; Thence continuing South 27°29'34" East, along said Northeasterly line, a distance of 219.98 feet to the most Easterly corner of Lot 14 of said Block 3; Thence South 62°27'56" West, along the Southeasterly line of said Lot 14, a distance of 97.94 feet; Thence North 27°29'34" West, along a line 2.00 feet Northeasterly of and parallel to the Southwesterly line common to Lots 2 through 14 of said Block 3, a distance of 219.99 feet; Thence North 62°27'56" East, a distance of 97.94 feet to the true point of beginning.

Pursuant to Seattle Ordinance _____, this deed is made subject to, and the Grantor reserves the rights and interests of The City of Seattle set forth in, that certain Covenant for Low-Income Housing granted by Grantee dated as of the date hereof and recorded on the date of recording hereof, which is incorporated herein by this reference.

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Attachment A: Hiawatha 2c PSA



Grantee's Covenants, Releases and Indemnity ("Covenant")

The Property is conveyed **AS-IS, WHERE-IS, WITH-ALL-FAULTS, AND WITHOUT ANY REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, AS TO ITS CONDITION, ENVIRONMENTAL OR OTHERWISE, OR ITS SUITABILITY OR SUFFICIENCY FOR THE GRANTEE'S INTENDED USES AND PURPOSES.**

Grantee acknowledges that adverse physical, economic or other conditions (including without limitation, adverse environmental soils and ground-water conditions), either latent or patent, may exist on the Property and assumes Grantor's responsibility for all environmental conditions of the Property, known or unknown, including but not limited to responsibility, if any, for investigation, removal or remediation actions relating to the presence, release or threatened release of any Hazardous Substance or other environmental contamination relating to the Property. Grantee also releases, covenants not to sue, and shall indemnify, defend, and hold Grantor and its past, present and future officials, employees, and agents, harmless from and against any and all claims, demands, penalties, fees, damages, losses, expenses (including but not limited to fees and costs of regulatory agencies, attorneys, contractors and consultants), and liabilities arising out of, or in any way connected with, the condition of the Property including but not limited to any alleged or actual past, present or future presence, release or threatened release of any Hazardous Substance in, on, under or emanating from the Property, or any portion thereof or improvement thereon, from any cause whatsoever; it being intended that Grantee shall so indemnify Grantor and such personnel without regard to any fault or responsibility of Grantor or Grantee. Grantee is aware of the rights it might otherwise have to seek recovery from Grantor for costs of remediation and cleanup of Hazardous Substances under applicable law, including without limitation the Washington Model Toxics Control Act ("MTCA") and the federal Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), and Grantee hereby knowingly waives all such rights, now existing or hereafter arising, and voluntarily relinquishes those rights and forever releases the Grantor from any such obligation. The obligation to complete all environmental investigation, removal or remediation of the Property and the acknowledgements, releases, and covenants herein touch and concern the Property, are intended to run with the land and bind Grantee and Grantee's heirs, successors and assigns, and inure to the benefit of Grantor and its successors and assigns.

For purposes of this **Covenant**, the term "Hazardous Substance" shall mean petroleum products and compounds containing them; flammable materials; radioactive materials; polychlorinated biphenyls ("PCBs") and compounds containing them; lead, asbestos or asbestos-containing materials in any friable form; underground or above-ground storage tanks; and any substance or material that is now is or hereafter becomes regulated under any federal, state, or local statute, ordinance, rule, regulation, or other law relating to environmental protection, contamination or cleanup.

Grantee's release and covenant not to sue shall include both claims by Grantee as original plaintiff against Grantor and any cross-claims, third-party claims or other claims against Grantor by Grantee based upon claims made against Grantee by any third parties. The obligation to



indemnify and defend shall include, but not be limited to, any liability of Grantor to any and all federal, state or local regulatory agencies or other persons or entities for remedial action costs and natural resources damages claims. **This Covenant means that Grantee accepts the Property “as-is, where-is and with-all-faults,” and that Grantee assumes all responsibility of Grantor to investigate, remove and remediate any environmental conditions on the Property and has no recourse against Grantor or any of its officers, employees or agents for any claim or liability with respect to the Property.** This Covenant shall apply regardless of whether or not Grantee is culpable, negligent or in violation of any law, ordinance, rule or regulation. Nothing herein shall release, discharge or affect any rights or causes of action that Grantor or Grantee may have against any other person or entity, except as otherwise expressly stated herein, and each of the parties reserves all such rights including, but not limited to, claims for contribution or cost recovery relating to any Hazardous Substance in, on, under or emanating from the Property.

Nondiscrimination. Grantee further covenants that there shall be no discrimination upon the basis of race, color, religion, sex, or national origin, in the sale, lease or rental, or in the use or occupancy, of the Property or any improvements erected or to be erected thereon. Both the Grantor and the United States of America shall be entitled to enforce this paragraph, which shall run with the land and bind Grantee and Grantee's heirs, successors and assigns.

The terms of this Covenant are in addition to, and not in substitution for, those terms of the Purchase and Sale Agreement dated _____, 2005 between Grantor and Grantee (the “Contract”) that, by the terms of such Contract, survive the delivery of this deed.

Condition Subsequent / Power of Termination. This conveyance is subject to the following condition and power of termination which shall be binding on the Grantee and its successors and assigns, and to which Grantee agrees on behalf of Grantee and its successors and assigns:

1. Condition Subsequent. This Deed and all rights of Grantee hereunder are subject to a condition subsequent upon the occurrence of which Grantor or its governmental successors or assigns shall have the absolute right, subject only to the express limitations set forth herein, to terminate, by notice to Grantee or by reentering and taking possession of the Property, the estate conveyed under this deed and all rights of all persons claiming by or through Grantee, whereupon fee simple title to the Property shall revert entirely in Grantor or its governmental successors or assigns. The condition subsequent shall have occurred unless the following shall have occurred on or before _____: Grantee shall have obtained from the Seattle Department of Planning and Development (“DPD”) the Certificate of Occupancy for the Property consistent with the Schematic Design and Summary Description.
2. Certificate of Compliance. Upon recording of a Certificate of Compliance duly signed by the Director of the Office of Housing of the Grantor, stating that the Grantee has timely satisfied the above requirement such that the condition subsequent cannot occur, or that if such requirements have not been timely satisfied they have been waived by the City, the condition subsequent in this deed shall be of no further force or effect.



3. Miscellaneous. Capitalized terms not defined herein shall have the meanings set forth in the Contract. Time is of the essence of all of the provisions hereof.

Executed this ____ day of _____, 2005, pursuant to Ordinance _____ of The City of Seattle.

THE CITY OF SEATTLE

By: _____
Adrienne E. Quinn, Director
Office of Housing

Grantee:
ARTSPACE PROJECTS, INC.

By: _____
Print Name: _____
Print Title: _____

STATE OF WASHINGTON)

) ss

COUNTY OF KING)

On this ____ day of _____, 200__, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Adrienne E. Quinn, to me known to be the Director of the Office of Housing of THE CITY OF SEATTLE, the municipal corporation on behalf of which the within and foregoing instrument was executed, and acknowledged said instrument to be the free and voluntary act and deed of said municipal corporation, for the uses and purposes therein mentioned, and on oath stated that she was authorized to execute said instrument.

WITNESS my hand and official seal hereto affixed the day and year in this instrument above written.

(Signature)

(Print or Type Name)



Exhibit E: Schedule of other financing



Exhibit F: Form of Covenant

AFTER RECORDING, RETURN TO:

Seattle Office of Housing
700 Fifth Avenue, Suite 5700
Seattle, WA 98124-4725
Attn: Rick Hooper

COVENANTS FOR LOW-INCOME HOUSING

GRANTOR: ARTSPACE PROJECTS, INC., a Minnesota corporation

GRANTEE: The City of Seattle, a Washington municipal corporation

TAX PARCEL NUMBER: _____

RELATED DOCUMENTS: N/A

The covenants herein (collectively, this "Agreement") are made on or as of the ____ day of ____, 2005, for the benefit of The City of Seattle, a municipal corporation of the State of Washington, (hereinafter called "City"), by ARTSPACE PROJECTS, INC., a Minnesota corporation (hereinafter called "Owner"), whose address is _____. This Agreement is made as a condition of, and as part of the consideration for, the transfer of a portion of the land described below to Owner by the City, and is made pursuant to Seattle Ordinance _____.

WHEREAS, Owner is the owner of certain real property located on Hiawatha Place, Seattle, WA, legally described as follows (which, including all improvements now or hereafter thereon, is referred to as the "Property"):

Commencing at the most Northerly corner of Lot 3, Block 3, "Rainier Boulevard Addition", according to the Plat thereof recorded in Volume 9 of Plats at page 59, in King County, Washington; Thence South 27°29'34" East, along the Northeasterly line of said Block 3, a distance of 260.33 feet to the true point of beginning; Thence continuing South 27°29'34" East, along said Northeasterly line, a distance of 219.98 feet to the most Easterly corner of Lot 14 of said Block 3; Thence South 62°27'56" West, along the Southeasterly line of said Lot 14, a distance of 97.94 feet; Thence North 27°29'34" West, along a line 2.00 feet Northeasterly of and parallel to the Southwesterly line common to Lots 2 through 14 of said Block 3, a distance of 219.99 feet; Thence North 62°27'56" East, a distance of 97.94 feet to the true point of beginning;



WHEREAS, the Seattle City Council authorized the transfer of Hiawatha Parcel 2c to the Owner, pursuant to a Purchase and Sale Agreement dated _____, 2005 ("Contract") on condition that this Agreement be made and the covenants below be granted by Owner;

NOW, THEREFORE, in consideration of the foregoing and of the conveyance of the Property, Owner hereby grants, agrees to, and imposes upon the Property the following covenants and restrictions:

1. Term of Agreement; General Obligation of Owner

Commencing on the date hereof and continuing until the end of the period set forth in Section 2 below, Owner shall use the Property only to construct, renovate, maintain, and operate buildings consistent with the terms of this Agreement.

2. Low-Income Housing.

(a) Commencing on the earlier of _____ or the date that the Certificate of Occupancy is issued for the Improvements (as defined in the Contract), and continuing for a minimum of fifty (50) years after the date when such Certificate of Occupancy is issued, the Owner shall operate or cause to be operated at least twenty (20) units of rental housing solely for Very Low-Income households on the Property, with rents affordable to such households, and at least thirty (30) additional units of rental housing solely for 60%-of-Median Income households, with rents affordable to such households. If after the end of such 50-year period there shall be any amount unpaid under the Purchase Money Note, as defined in the Contract, then the term of this Covenant shall continue until all such amount are paid or otherwise satisfied under the terms of the Contract.

Owner shall maintain or cause to be maintained such units at all times in good condition and repair, and in compliance with all ordinances applicable to units offered for rent or occupied as rental housing.

(b) For purposes of this Section:

(i) a "Very Low-Income household" is a household with annual income, at the time of initial occupancy of a housing unit, at or below 50% of the Median Income;

(ii) a "60%-of-Median Income household" is a household with annual income, at the time of initial occupancy of a housing unit, at or below 60% of the Median Income;

(iii) "Median Income" means annual median family income, as published from time to time by HUD, for the Seattle-Bellevue-Everett Primary Metropolitan Statistical Area, or for the Seattle-Bellevue-Everett Division of the Seattle-Tacoma-Bellevue Metropolitan Statistical Area, whichever is then generally used by HUD to establish income limits for federal programs, or such other area including Seattle as HUD may use from time to time for the purpose of publishing median income, and as adjusted for household size according to the method used by HUD for income limits in subsidized housing. If, at any time, Median Income for a household size cannot be determined under the foregoing sentence based on data published by HUD for the Seattle area within the most recent thirteen months, then the



City may determine "Median Income" for such household size based on any data for the Seattle area or an area including Seattle, published or reported by a federal, state, or local agency, as the City shall select in its sole discretion, adjusted for household size in such manner as the City shall determine in its sole discretion.

(iv) a unit is considered "affordable" (A) to a Very Low-Income household if the annual rent paid by the household, together with a reasonable allowance for utilities paid by the household, is no greater than 30% of the maximum annual income for a Very Low-Income household; and (B) to a 60%-of-Median Income household, if the annual rent paid by the household, together with a reasonable allowance for utilities paid by the household, is no greater than 30% of the maximum annual income for a 60%-of-Median Income household. For the purpose of determining affordability the presumed household size shall correspond to the size of unit as set forth below, regardless of the number of persons actually occupying the unit.

Unit size	Presumed household size
Studio or SRO	1 person
1 bedroom	1.5 persons
2 bedrooms	3 persons
3 bedrooms	4.5 persons
4 bedrooms	6 persons

(v) "HUD" means the United States Department of Housing and Urban Development and any other department or agency that shall succeed to its functions with respect to low-income rental housing.

(c) Owner shall make diligent efforts to ensure that any unit that becomes vacant shall be rented to an eligible household. Owner shall affirmatively market units in compliance with all applicable Fair Housing laws and regulations and in such a manner as to make opportunities available to persons from all segments of the community, including without limitation minorities.

(d) Owner shall not, prior to expiration of the period set forth in this Section, cause or permit the demolition or removal of any structure, fixture or improvements on the Property without the express written consent of the Director of Housing of the City ("Director") given expressly for purposes of this Agreement.

(e) Other than the rent permitted hereunder, Owner shall not require any other fees or payments from residential tenants as a condition to commencing or continuing occupancy in any of the 50 units for households required by this Agreement, except as may be approved in writing by the City expressly for purposes of this Agreement.

3. Other Uses

So long as Owner is in compliance with the terms of Section 2 above, the Owner may maintain on the Property other lawful uses, for which all necessary permits and approvals shall have been obtained, that are not incompatible with the residential use required under Section 2.



4. Run with the Land; Limits on Transfer; Remedies

(a) The covenants herein shall run with the Property and be binding on Owner and its successors including any purchaser, grantee, owner or lessee of any portion of the Property and any other person or entity having any right, title or interest therein and on the respective heirs, executors, administrators, devisees, successors and assigns of any of the foregoing, provided that (i) any tenant occupying a residential unit shall not be obligated except with respect to the restrictions on eligible occupants of that unit; (ii) any lessee of any space that is allowed to be devoted to other uses as set forth in Section 3 shall not be obligated for performance of any covenants herein, except those in Section 5 to the extent applicable to the activities of such lessee or to activities in such lessee's space.

(b) Except for leases or rental agreements with residential tenants, Owner shall not sell, lease or otherwise transfer the Property or any portion thereof or interest therein to anyone unless the transferee agrees in writing to be bound by the provisions of this agreement to the same extent as the transferor, except as limited in subsection 4(a) above, and the City receives a copy of the transferee's agreement prior to the transfer, but the covenants and restrictions herein shall be binding on any such transferee regardless of whether such written agreement is obtained. In any event the Owner shall not sell, lease, or otherwise transfer ownership, possession or control of (i) the entire Property; or (ii) more than one residential unit to the same transferee without the express written consent of the City. This Section shall not prohibit any transfer upon foreclosure of a deed of trust or mortgage approved by the Director, or in lieu of foreclosure thereof, or any subsequent transfer, but any transfer shall be subject to the terms of this Covenant.

(c) This Agreement may be enforced by The City of Seattle, which shall have all remedies available at law or in equity in case of any breach of the terms hereof. Owner agrees that such remedies may include, without limitation, specific performance, injunctions, appointment of a receiver, and restitution of any unjust enrichment that may accrue to Owner or its successors or assigns from any transfer or use of the Property or any part thereof contrary to the terms hereof. No provision of this Agreement is intended to be enforceable by any person other than The City of Seattle.

5. Compliance with Laws and Documents.

Owner shall at all times maintain and operate the Property consistent with all applicable Seattle, State, and federal laws, ordinances, and permits. Owner shall not cause or permit any activity on the Property that would constitute a nuisance. Owner shall ensure that any additional uses authorized by Section 3 hereof are maintained and operated in a manner compatible with the uses required by this Agreement.

6. No Waiver or Termination.

No waiver or modification of this Agreement shall be valid unless in writing and signed by Owner and City. No termination of this Agreement prior to expiration of its term, nor of the obligations in Section 2 during the periods specified in such Sections, shall be valid unless expressly authorized by City Ordinance. No forbearance or delay by the City in enforcement of this Agreement shall be construed as a waiver, nor in any way impair the rights or remedies of the City hereunder, and if any waiver shall be granted with respect to any instance of noncompliance with the terms hereof, such waiver shall not affect the right of the City to require compliance will all



terms hereof in the future. Any consent of the City required hereunder shall be valid only if given by the Director of Housing or his or her designee expressly for the purposes of this Agreement, and no consent given for purposes of this Agreement shall be construed as a consent, permit, or approval for purposes of any other contract or instrument, nor for purposes of any law, ordinance, regulation or permit.

7. Governing Law; Venue

This agreement shall be governed by the laws of the State of Washington. Owner, for itself and its successors and assigns, consents to the jurisdiction of the courts of the State of Washington and to venue of any proceedings brought hereunder in King County, Washington.

8. Severability

If any provision of this agreement, or the application thereof to any conditions or circumstances, shall be found to be invalid or unenforceable, the parties intend that the validity or enforceability of the other provisions, or of such provision as applied to other conditions or circumstances, as the case may be, shall not be impaired.

9. Reporting

Owner shall make annual certifications to the City that it is in compliance with the housing provisions of this Agreement and shall provide annual audited financial statements for the operation of the housing, including a statement of revenues and expenses for the operation of the housing units and a statement of assets and liabilities of the owner of the housing unit as of the end of the calendar year, in each case certified by an officer of such owner and including the auditor's report. Such certifications and the financial statements for the most recently ended year shall be submitted by June 30 of each year and shall include the most current rent schedule (showing which units are those maintained for extremely low-income households and, if there be more than a total of 32 units, which ones are maintained for extremely low-income households); the income and household size of each tenant household; a calculation justifying any increases in rents from the previous rent schedule, consistent with this Agreement, and the actual rents being charged to each tenant household. Owner shall also include with such certification any changes in the management policies for the Property and such other information covering the prior calendar year as the City may request by notice at least 90 days in advance of the due date, and with such accompanying documentation as the City may request. If so requested by the City, Owner shall report to the City, at such other times as the City shall request upon reasonable advance notice, on the rent levels, current income levels of tenants, and management policies for the Property.

Reports under this Section shall be submitted to the Office of Housing of the City. If pursuant to any other agreement the Owner shall be required to submit to the Office of Housing reports containing the same information as required in this Section, no additional report shall be required hereunder.

10. Rights and Remedies Additional to Contract Documents.

The rights and interests granted by Owner, the covenants of Owner herein, and the remedies of the City hereunder, are in addition to, and not in substitution for, those terms of the Contract that, by the terms thereof, survive the Closing thereunder, and are in addition to the rights, covenants,



Exhibit G: Preliminary Title Report with Permitted Exceptions

G -1

Attachment A: 2c PSA



Exhibit H: Schematic Design and Summary Description

H-1

Attachment A: 2c PSA



Exhibit I: Permit for Entry

PERMIT FOR ENTRY

FROM THE CITY OF SEATTLE, WITH AGREEMENT, RELEASE AND INDEMNITY

Purpose: Allow for access by Artspace Projects, Inc. (Artspace) to the real property owned by the City of Seattle on Hiawatha Place (Hiawatha Parcel 2c), in order to conduct _____ as part of a pre-development process being undertaken by Artspace for potential construction of a new building on the site.

RECITALS:

A. The City of Seattle, acting through its Office of Housing (“City”) is the owner of certain real property located on Hiawatha Place, Seattle, WA, as shown on the map attached hereto (the “Property”).

B. Artspace (the “Permittee”) has requested permission for itself, its officers and employees, and any other agents and independent contractors named in Section 10 below, to enter the Property for the purpose of _____ testing as part of a pre-development process being undertaken by Artspace for potential construction of a new building on the site.

C. City is willing to grant such permission to Permittee under terms and conditions stated in this Permit.

GRANT OF PERMIT:

The City hereby grants to Permittee permission, effective from _____ to the time of termination determined as set forth in Section 7 below, to enter on the Property for the purpose set forth above, as is necessary or appropriate for such purpose. Such permission is referred to herein as the “Permit.” The terms hereof are in addition to, and not in substitution for, any other agreement or instrument by which Permittee has any rights of access to or possession of, or any duties with respect to, the Property.

The Permit is granted subject to the terms and conditions set forth in the Agreement below:

AGREEMENT (WITH RELEASE, INDEMNITY AND CONDITIONS)

In consideration for the grant of the Permit and for other good and valuable consideration, the Permittee hereby accepts the Permit on the terms and conditions stated below and agrees with the City as follows:



1. Permittee must deliver a counterpart of this Permit and Agreement, signed by the Permittee without modification (except as may be specifically approved in writing by the City), to the City no later than the date stated at the end of this Agreement. If the Permittee does not deliver the signed counterpart on or before that date, the Permit will expire without further legal or financial responsibilities to either party, except that if the City receives a signed counterpart from Permittee on a later date and the City specifically elects in writing to waive such deadline, then the Permit and Agreement shall be in full force and effect as of the date set forth above or such later effective date, if any, as the City shall specify in writing.
2. This Permit is solely for the purposes stated above, and does not allow any additional activities, including without limitation storage of materials and equipment, or the placement of job shacks. This Permit is made by the City solely in its capacity as owner of the Property. This Permit is a license to enter upon land does not constitute or substitute for any permit or approval that may be required for any activity pursuant to applicable ordinances of the City. For any activity on the Property requiring such a permit or approval, or any permit or approval under other laws or regulations, it shall be the obligation of Permittee, at its sole expense, to apply for and obtain all such necessary permits and approvals prior to conducting such activity, and to satisfy all conditions thereof. Purchaser shall supply copies of such applications, permits and approvals to the City upon its request. This Permit does not authorize any activity that would modify the physical environment except as may be specifically set forth above. Without limiting the foregoing, Permittee shall not perform grading, blasting or excavation (with the sole exception of soil borings for analysis purposes) on any portion of the Property.

3. **RELEASE, INDEMNITY AND WAIVER:**

The Permittee hereby agrees to release and forever discharge, indemnify, defend and hold the City, and its elected officials, employees and agents, harmless from and against any and all liability, including without limitation any claims, liability, costs, damages or fees (including but not limited to reasonable attorneys' fees and costs) incurred as a result of or in connection with Permittee's, its contractors', agents', or employees' entry upon, use or occupancy of any portion of the Property owned by the City, including but not limited to the release of any Hazardous Substances thereon or thereunder. The foregoing release and indemnity includes, without limitation, any damage or injury resulting from: any latent condition of the Property, any failure by the City or any other person to warn of any condition of the Property, or any negligent act or omission of the City or its officers or employees in connection with the condition of the Parcel or the entry of any person thereon. Permittee hereby assumes the risk of any loss or damage from any such causes. The Permittee, if not the Purchaser, also hereby agrees to release and forever discharge, indemnify, defend and hold the Purchaser, and its employees and agents, harmless from and against any and all liability, including without limitation any claims, liability, costs, damages or fees (including but not limited to reasonable attorneys' fees and costs) incurred as a result of or in connection with Permittee's, its contractors', agents', or employees' entry, use or occupancy of any portion of the Property owned by the City, including but not limited to the release of any Hazardous Substances thereon or thereunder.



The term "Hazardous Substances" means any and all hazardous, toxic, infectious or radioactive substances, wastes or materials as defined or listed by any federal, state or local statute, regulation or ordinance pertaining to the protection of human health or the environment and specifically includes petroleum and its derivatives, and includes underground storage tanks.

For purposes of this Section 3, Permittee waives, solely with respect to the City, its immunity under RCW Title 51, Industrial Insurance. Permittee and City acknowledge that this waiver has been specifically negotiated and that City would not grant this Permit absent this waiver.

Initials: Permittee _____ City _____

4. As a condition to the permission hereunder to perform any drilling, excavation, boring or activity involving any equipment or machinery, Permittee shall provide evidence satisfactory to the Director of Housing that the persons conducting such activity have in effect a policy of liability insurance acceptable to such Director, naming the Permittee and the City as additional insureds by endorsements satisfactory to such Director. Such policy shall comply with the standards in SMC Section 21.16.060 and any other requirements of the Director.
5. Permittee will promptly pay for all work performed upon or other activities conducted on the City's Property by or at the direction of Permittee. The Permittee shall cause any person preparing any report or analysis related to the entry and activities allowed hereunder to include language expressly allowing The City of Seattle to receive and to rely upon the information included in such document, and shall deliver a copy of each such report or analysis to the Director of Housing of the City promptly upon receipt of report or analysis by Permittee.
6. The Permittee shall not keep, dispose of, generate, or cause any hazardous waste or substance to be released, or deposited on, from or under the Property. If any hazardous materials or substances are deposited or spilled on, from or under the Property in connection with the activities of the Permittee, its contractors, agents or employees, Permittee will cause such spillage to be cleaned up and any other remedial measures to be taken that may be required to bring the Property into compliance with all applicable environmental standards.
7. This Permit shall terminate upon the earlier of: (i) _____ or (ii) revocation of this Permit, (iii) Permittee's voluntary surrender of this Permit, or (iv) as stated in Section 11 below. City may revoke this Permit (A) without cause upon five (5) days notice, or (B) immediately upon notice for failure of Permittee to comply with the terms of this Permit, or if Permittee's activities violate applicable laws and regulations. Any termination or revocation notwithstanding, all of the terms hereof other than the Permit itself shall remain in full force and effect.
8. If any noxious, non-native vegetation, including giant hogweed, is removed from the Property, Permittee shall comply with King County requirements to prevent the spread of such vegetation. Permittee shall transport such vegetation securely covered to prevent the spread of seeds, and shall not dispose of such vegetation at composting stations.



9. Permittee shall give the City at least 24 hours' notice of any activities to be conducted under this Permit, and shall afford the City the opportunity to accompany Permittee and its agents, employees and contractors onto the Property. Permittee shall ensure that all activities conducted on the Property by or for Permittee shall be undertaken in a safe, workmanlike and reasonable manner in compliance with all applicable laws and ordinances. If the Permittee causes any change in condition of the Property, the Permittee shall promptly restore the Property to its condition prior to Permittee's entry. Permittee shall not cause any condition on or about the Property that would pose a risk or hazard to persons or property, including without limitation persons who may trespass on the Property, or that would create a nuisance. Permittee shall not engage in any activity causing noise or disturbance on or about the Property before 7:00 AM or after 5:00 PM. Permittee shall comply with, and shall ensure that all activities of all persons entering the Property pursuant to the Permit comply with, all applicable laws, regulations and ordinances in all activities on and about the Property.

10. This Permit shall be personal to the Permittee and shall not be exercisable by any successors or assigns. The following agents or contractors of Permittee, and their employees, shall have the same rights to enter, subject to the same terms and conditions, as Permittee:

[insert names and addresses or if none, insert "NONE"]

Permittee shall ensure that such agents or contractors, and any persons entering the Property with the permission of any of them or of Permittee, shall comply with all of the terms and conditions herein, and Permittee agrees to be liable to the City for the acts and omissions of all such agents, contractors and other persons to the same extent as if the acts or omissions were those of Permittee. Permittee shall notify all such agents and contractors immediately upon termination of the Permit.

11. This Permit is given in connection with a present or anticipated purchase and sale agreement between the City and Permittee. If any purchase and sale agreement between the City and Permittee shall terminate, the Permit shall automatically terminate.

12. Any notice to Permittee shall be sufficient if mailed, postage prepaid, to the address set forth below, or by facsimile or electronic mail to any fax number or email address of Permittee set forth below. Notice shall be effective at noon two (2) business days after mailing, or if sent by facsimile or electronic mail, immediately upon receipt during normal business hours on a business day, or if not sent during normal business hours on a business day, then at 9:00 AM on the next business day. For purposes of this section a "business day" is any day that is not a Saturday, Sunday or City of Seattle holiday.



The undersigned individual signing on behalf of the Permittee hereby represents and warrants that he or she has full power and authority to act on behalf of Permittee and that the foregoing Agreement is binding on the Permittee.

In witness whereof, the parties have executed this Permit and Agreement as of the dates written below:

The City of Seattle

By: _____

Name: Adrienne E. Quinn

Director, Office of Housing

Date: _____

Name of Permittee:

Artspace Projects, Inc.

By: _____

Print Name: _____

Title: _____

Address of Permittee:

fax: _____

email: _____

Date: _____



Exhibit: Map of Property

Deadline for receipt of signed counterpart by City: _____.

Receipt of counterpart signed by Permittee on or before such date is hereby acknowledged.

THE CITY OF SEATTLE

By: _____

_____, Office of Housing



FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	DOF Analyst/Phone:
OH	Rick Hooper/4-0338	Janet Credo/ 4-8687

Legislation Title:

AN ORDINANCE relating to the sale of City real property for multifamily development, authorizing the sale of Dearborn-Hiawatha Parcel 2c in the I-90 Redevelopment Project area, at Hiawatha Place South and South Charles Street, to Artspace Projects, Inc. or its designee; authorizing the Director of the Office of Housing to execute, deliver, and administer the contract for sale of land, deed and related documents; and ratifying and confirming prior acts.

- **Summary of the Legislation:**

This legislation will authorize OH to sell vacant I-90 surplus property to Artspace Projects, Inc for the development of 50 rental units of affordable live/work space for artists and their families. The proceeds from the sale of the property shall be deposited in the Low-income Housing Fund 16400.

- **Background:** *(Include brief description of the purpose and context of legislation and include record of previous legislation and funding history, if applicable):*

The City purchased the property in the late 80's / early 90's. A Request for Proposals (RFP) process was conducted in the late 90's, which resulted in a proposed project that ultimately turned out to be unfeasible. The Office of Housing issued another RFP in March 2004, and received 2 proposals. The proposal submitted by Artspace and HomeSight was selected. Artspace proposes to develop 50 rental units on a portion of the total site (affordable live/work space for artists earning between 50% to 60% of area median income). HomeSight will develop 91 for-sale units on the remainder of the parcel. This ordinance approves conveyance of the Artspace portion of the total site. A separate ordinance now being drafted will convey the remainder of the site to HomeSight.

The purchase price is \$1,723,600, of which \$28,470 in cash will be due at closing to cover OH closing costs and OH administrative expenses. The balance will be forgiven if low-income housing is provided for 75 years. This legislation does not contain appropriation authority; since closing will not likely occur until 2006, appropriation authority will be included in the 2006 budget. Sale proceeds will be deposited by OH into the Low-income Housing Fund (16400).

- *Please check one of the following:*



This legislation does not have any financial implications. (Stop here and delete the remainder of this document prior to saving and printing.)

 X **This legislation has financial implications.** (Please complete all relevant sections that follow.)

Appropriations: This table should reflect appropriations that are a direct result of this legislation. In the event that the project/ programs associated with this ordinance have appropriations that were, or will be, received because of previous or future legislation or budget actions, please provide details in the Notes section below.

N/A

Fund Name and Number	Department	Budget Control Level*	2005 Appropriation	2006 Anticipated Appropriation
N/A				
TOTAL				

*See budget book to obtain the appropriate Budget Control Level for your department.

Notes: Appropriation authority relating to sale proceeds will be included in the 2006 budget.

Anticipated Revenue/Reimbursement: Resulting From This Legislation: *This table should reflect revenues/reimbursements that are a direct result of this legislation. In the event that the issues/projects associated with this ordinance/resolution have revenues or reimbursements that were, or will be, received because of previous or future legislation or budget actions, please provide details in the Notes section below the table.*

Fund Name and Number	Department	Revenue Source	2005 Revenue	2006 Revenue
N/A				
TOTAL				28,470

Notes: Property sale proceeds will be used for OH closing costs and OH administrative expenses. The sale will not close until 2006---anticipated proceeds to be used for OH administration will be included in the 2006 budget.



Author's Name: Rick Hooper
 Date (Hard-Coded): February 9, 2005
 Name of Companion Legislation: Hiawatha Parcel 2c
 Version #: 2

Total Regular Positions Created Or Abrogated Through This Legislation, Including FTE

Impact: This table should only reflect the actual number of positions created by this legislation. In the event that positions have been, or will be, created as a result of previous or future legislation or budget actions, please provide details in the Notes section below the table.

Position Title and Department*	Fund Name	Fund Number	Part-Time/ Full Time	2005 Positions	2005 FTE	2006 Positions**	2006 FTE**
N/A							
TOTAL							

* List each position separately

** 2006 positions and FTE are total 2006 position changes resulting from this legislation, not incremental changes. Therefore, under 2006, please be sure to include any continuing positions from 2005

Notes: None

- **Do positions sunset in the future?** (If yes, identify sunset date):

Spending/Cash Flow: This table should be completed only in those cases where part or all of the funds authorized by this legislation will be spent in a different year than when they were appropriated (e.g., as in the case of certain grants and capital projects). Details surrounding spending that will occur in future years should be provided in the Notes section below the table.

N/A

Fund Name and Number	Department	Budget Control Level*	2005 Expenditures	2006 Anticipated Expenditures
TOTAL				

* See budget book to obtain the appropriate Budget Control Level for your department.

Notes:

- **What is the financial cost of not implementing the legislation?** (Estimate the costs to the City of not implementing the legislation, including estimated costs to maintain or expand an existing facility or the cost avoidance due to replacement of an existing facility, potential conflicts with regulatory requirements, or other potential costs if the legislation is not implemented.)



Author's Name: Rick Hooper
Date (Hard-Coded): February 9, 2005
Name of Companion Legislation: Hiawatha Parcel 2c
Version #: 2

Not implementing the legislation means the City continues to own and be responsible for the property. This has 2 major implications: carrying costs continue to be the responsibility of the City (fence rental, clean-up and weed control), and the blighting influence of this vacant parcel continues to hamper redevelopment efforts in a key revitalization area. The Jackson Place Community Council strongly supports our efforts to sell to Artspace.

- **What are the possible alternatives to the legislation that could achieve the same or similar objectives?** *(Include any potential alternatives to the proposed legislation, such as reducing fee-supported activities, identifying outside funding sources for fee-supported activities, etc.)*

None---the Artspace proposal presents the best potential for positive redevelopment in many years. We need to take advantage of this opportunity.

- **Is the legislation subject to public hearing requirements:** *(If yes, what public hearings have been held to date, and/or what plans are in place to hold a public hearing(s) in the future.)*
No.
- **Other Issues** *(including long-term implications of the legislation):* None

Please list attachments to the fiscal note below: None





City of Seattle

Gregory J. Nickels, Mayor

Office of the Mayor

March 29, 2005

Honorable Jan Drago
President
Seattle City Council
City Hall, 2nd Floor

Dear Council President Drago:

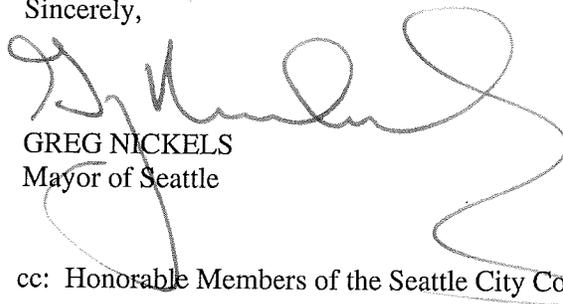
I am pleased to transmit the attached proposed Council Bill that authorizes sale of City-owned property to Artspace Projects, Inc. The property is at the corner of Hiawatha Place South and South Charles Street, in the Central Area. Artspace plans to develop 50-60 live/work rental units for artists above a street level floor of retail space.

Artspace's project will join two other City-assisted projects across South Hiawatha Place that were constructed over the last several years: Jackson Place Co-housing and HomeSight's Stellina condominium development. Legislation authorizing sale of two additional City-owned parcels adjacent to the Artspace site will be coming to the City Council over the next few months: another 91-unit HomeSight condominium project and an 18 unit condominium complex to be developed by the Low-income Housing Institute.

These projects will be a great addition to the Jackson Place neighborhood. When complete, a total of 230 units will have been developed on these sites, providing a mix of rental and for-sale housing. The Jackson Place community has been very involved in helping plan the mix of housing types, in addition to supporting necessary land use code changes needed to accomplish project goals.

Thank you for your consideration of this legislation. Should you have questions, please contact Rick Hooper, at 684-0338.

Sincerely,



GREG NICKELS
Mayor of Seattle

cc: Honorable Members of the Seattle City Council



STATE OF WASHINGTON – KING COUNTY

--SS.

186070
CITY OF SEATTLE, CLERKS OFFICE

No. ORDINANCES IN FULL

Affidavit of Publication

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

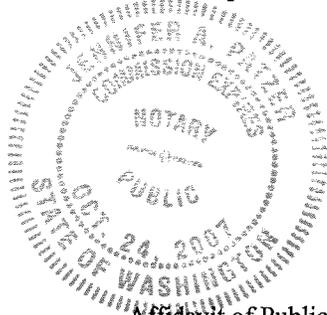
The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:121802-121811

was published on

05/25/05

The amount of the fee charged for the foregoing publication is the sum of \$ 145.75, which amount has been paid in full.



[Handwritten signature]

Subscribed and sworn to before me on

05/25/05

[Handwritten signature]

Notary public for the State of Washington,
residing in Seattle

Affidavit of Publication

State of Washington, King County

City of Seattle

TITLE-ONLY PUBLICATION

The full text of the following ordinances, passed by the City Council on May 9, 2005, and published here by title only, will be mailed upon request, or can be accessed electronically at <http://clerk.ci.seattle.wa.us>. For further information, contact the Seattle City Clerk at 684-8344.

ORDINANCE NO. 121811

AN ORDINANCE appropriating money to pay certain audited claims and ordering the payment thereof.

ORDINANCE NO. 121807

AN ORDINANCE relating to the City's capital budget; abandoning certain unspent appropriations and increasing Capital Improvement Program allocations for purposes of Ordinance 121660.

ORDINANCE NO. 121809

AN ORDINANCE authorizing the Department of Executive Administration to close certain funds and subfunds; authorizing the transfer of all unexpended and unencumbered balances and other assets and liabilities of those funds and subfunds; and abandoning appropriation authority from those funds and subfunds.

ORDINANCE NO. 121796

AN ORDINANCE amending the 2005 Adopted Budget, including the 2005-2010 Capital Improvement Program (CIP); changing appropriations to various departments and from various funds in the Budget; making cash transfers between various City funds and subfunds; removing a 2005 budget proviso; and creating positions; all by a three-fourths vote of the City Council.

ORDINANCE NO. 121808

AN ORDINANCE amending the 2004 Adopted Budget, including the 2004-2009 Capital Improvement Program (CIP); changing appropriations to various departments and from various funds in the Budget; amending the total dollar amount allocated for a project in 2004 in the 2004-2009 CIP; and lifting various budget provisos, all by a three-fourths vote of the City Council.

ORDINANCE NO. 121810

AN ORDINANCE authorizing, in 2005, acceptance of funding from non-General-Subfund sources; authorizing the Department of Parks and Recreation, the Human Services Department, the Office of Housing, the Office of Sustainability and Environment, Seattle City Light, the Seattle Department of Transportation, the Seattle Fire Department, the Seattle Municipal Court, the Seattle Police Department, and the Department of Information Technology to accept specified grants and private funding.

ORDINANCE NO. 121806

AN ORDINANCE relating to the 2005 Budget; carrying forward certain unexpended appropriations from the 2004 budget of various departments and funds for both capital and non-capital purposes; all by a three-fourths vote of the City Council.

ORDINANCE NO. 121805

AN ORDINANCE relating to the Seattle Center Department; authorizing execution of an agreement with the Seattle International Children's Festival for the presentation of annual festivals at Seattle Center.

ORDINANCE NO. 121804

AN ORDINANCE relating to City real property; transferring jurisdiction of certain property in Block 46, Gilman Park, commonly referred to as 5701 22nd Avenue NW (FMA

4278-Ballard Safeway), from the Fleets and Facilities Department to the Department of Parks and Recreation for park and recreation purposes.

ORDINANCE NO. 121803

AN ORDINANCE relating to housing for low-income households, adopting the 2005-2006 Administrative and Financial Plan for 2002 Housing Levy Programs; amending the Affordable Housing Financing Plan adopted by Ordinance 120823; adopting certain policies for use of funds from the 1986 Housing Levy and 1995 Housing Levy; and ratifying and confirming prior acts.

ORDINANCE NO. 121802

AN ORDINANCE relating to the sale of City real property for multifamily development; authorizing the sale of Dearborn-Hiawatha Parcel 2c in the I-90 Redevelopment Project area, at Hiawatha Place South and South Charles Street, to Artspace Projects, Inc. or its designee; authorizing the Director of the Office of Housing to execute, deliver, and administer the contract for sale of land, deed and related documents; and ratifying and confirming prior acts.

Publication ordered by JUDITH PIPPIN,
City Clerk

Date of publication in the Seattle Daily
Journal of Commerce, May 25, 2005.

5/25(186070)