

Attachment 1: Term Sheet

LEASE OF PROPERTY FROM THE CITY OF SEATTLE TO LOW INCOME HOUSING INSTITUTE OR ITS SUBSIDIARY

This term sheet describes the basic terms of the proposed lease of certain real property commonly known as Parcel 9 at 6343 NE 65th Street, Seattle, WA (the “Property”) between Low Income Housing Institute (LIHI), a Washington nonprofit corporation or its wholly owned subsidiary SP Cottages LLC, a Washington limited liability company (collectively, the “Lessee”) and The City of Seattle, a Washington municipal corporation acting by and through its Office of Housing (the “City”). The Agreement will include the following terms:

1. Lease. The lease of the Property shall be by a long-term ground lease between the City of Seattle and LIHI or its subsidiary. The initial term of the lease will be for 30 years. Lessee will have 3 options to renew the term for 10 years each, provided that Lessee is not in default under the Lease and the cottages continue to be in good and habitable condition at the time of each renewal.
2. Consideration. In consideration for the City leasing the Property to Lessee, Lessee shall agree to construct or cause to be constructed within the Property improvements substantially as described in those plans and specifications prepared by Karen DeLucas Architecture under Master Use Permit No. _____, which improvements shall be a common building and 20-25 studio and one-bedroom cottages (the “Project”), all of which will be for rent to homeless households, as defined by the City’s Office of Housing.
3. Conditions precedent to the City’s obligation to lease the property:
 - a. Lessee shall have been awarded an Innovative Methods to Address Homelessness in King County grant from the Washington State Department of Commerce (the “State”) for construction and operation of the Project.
 - b. Lessee shall have implemented the community engagement plan for the Project.
 - c. Lessee shall have provided evidence or assurances satisfactory to the Office of Housing that Lessee has secured all necessary construction financing to fund the construction of the Project.
4. Other conditions.
 - a. In carrying out the Project, Lessee shall satisfy the State’s due diligence and other requirements of the State’s Innovative Methods grant.
 - b. The lease will contain other reasonable and mutually agreed conditions determined by the Director to be necessary to provide the desired outcomes.
 - c. The lease shall be subject to all easements, agreements and covenants of record, including any requirements in the property deed from the US Navy to the City.
 - d. Reverter Clause. If property ceases to be used for homeless housing, property shall revert to the City for use at City’s sole discretion.

- e. The rights and obligations of the current lessee of the property, Sand Point Community Connections LLC, under that certain Memorandum of Agreement between Seattle Public Utilities and Sand Point Community Connections LLC Concerning the Windermere CSO Storage Facility Siting and Magnuson Park Parcel 9 dated October 19, 2010 and recorded in the records of King County under recording number 20110110001096, shall be assigned to and assumed by Lessee.
- f. Lessee shall obtain approval from the State of the final plan set and development budget including projected rental and operating costs.
- g. Lessee shall obtain permits for the development of the Property consistent with the designs approved by the State.