

9. SHORT-TERM RENTAL TAX

A. ~~Allocation.~~—The City agrees to allocate 75% of the Short-Term Rental Tax funds ~~up to \$10,500,000 per year to YVHA for the development of affordable and attainable housing, including infrastructure other than water and wastewater, at Brown Ranch. YVHA's share of the costs of Brown Ranch infrastructure other than water and wastewater infrastructure.~~ The allocation shall be based on actual ~~collections.~~collections.

The Parties hereby agree and acknowledge that all costs and expenses of the development of Brown Ranch shown in the attached Exhibit “E” are eligible for use of the Short-Term Rental Tax funds.

B. The City shall ~~seek to~~ satisfy the City’s commitment to contribute Short-Term Rental tax revenues to YVHA’s ~~share of the costs of the Offsite Improvements~~ as follows:

- 1) Fiscal Year 2023 supplemental appropriation in the estimated amount of \$_____ (i.e. 75% of Fiscal Year 2023 STR tax revenues);
- 2) Fiscal Year 2024 appropriation in the estimated amount of \$_____ (i.e. 75% of Fiscal Year 2024 STR tax revenues and any Fiscal Year 2023 STR Tax revenues not appropriated in 2023 per Paragraph 1);
- 3) Submission of a multiple-fiscal year financial obligation for voter approval of the allocation of 75% of STR tax revenues for Fiscal Years 2025-2042, inclusive.
- ~~4) The commitment of revenues from Fiscal Years 2023-2032, inclusive, is conditioned on YVHA completing construction and obtaining certificates of occupancy for four hundred fifty (450) affordable and attainable housing units within six (6) years of the effective date of the Annexation Ordinance. If YVHA fails to satisfy this condition then the City’s total obligation for Fiscal Years 2023-2032, inclusive, shall be reduced in proportion to the number of units that are completed. For example, if YVHA completes three hundred (300) units, then the City’s total obligation for Fiscal Years 2023-2032 shall be reduced to two thirds (2/3) of the original commitment.~~
- ~~5) The commitment of revenues from Fiscal Years 2033-2043, inclusive, is conditioned upon YVHA completing construction of Phase 1, with completion of construction of Phase 1 having the meaning set forth in Subsection 13.B, and YVHA securing funding for the balance of YVHA’s share of on- and off-site improvements. If YVHA does not complete Phase 1 or provide evidence to the City that YVHA has secured the required funding within ten (10) years of the effective date of the Annexation Ordinance, the City shall be relieved of any obligation to provide STR tax revenues from Fiscal Years 2033-43 and the use of those funds shall be subject to appropriation by the City Council.~~

DC. Use of STR Tax Funds for Phase 1 City Projects.

1) As provide for in Schedule 1 of Exhibit E, YVHA's proportionate share of Phase 1 off-site improvement in which the City has an associated cost (excluding the Combined Public Safety Facility, the funding of which is provided elsewhere in this Agreement) is \$20,752,610. YVHA shall pay to the City the first \$20,752,610 of STR Tax funds allocated to it from the City, The City shall restrict STR Tax funds for the purpose of design and construction of Phase 1 Improvements that are to be constructed by the City at final plat or other development approval. Funds restricted for this purpose shall be held with other City funds but shall be accounted for as restricted funds and shall be used for no purpose other than the construction of Phase 1 Improvements. The City may consolidate these funds to prioritize the construction of Phase 1 Improvements.

2) YVHA shall be responsible for payment of the difference, if any, between YVHA's share of Offsite Improvements and the City's STR Tax contribution. YVHA payments shall be paid at the time of final plat or other development approval. The City shall restrict these funds for design and construction of the Offsite Improvements. The City may consolidate these funds to prioritize the construction of Offsite Improvements. have no other obligation for the payment of its proportionate share of Phase 1 off-site improvement in which the City has an associated cost (excluding the Combined Public Safety Facility, the funding of which is provided elsewhere in this Agreement).

1) The City shall be responsible for identifying funding sources for that portion of the costs of constructing Offsite Improvements not attributable to YVHA from the City's Capital Improvements Fund, other developer contributions, grant funding, and other sources. The City does not guarantee a completion date for Offsite Improvements. Their completion is expressly conditioned on the appropriation of funds by the City to satisfy the City cost share. However, the City shall consult with YVHA as to the timing and prioritization of construction of Offsite Improvements.

2) The City may withhold development or building approvals if the YVHA share of Offsite Improvements is not fully funded. The City may also withhold development or building approvals if the City is unable to fund its share of and proceed with construction of Offsite Improvements if the City Council determines during the development review process that existing infrastructure is inadequate to absorb the impacts of additional Brown Ranch development.

C. Following YVHA's payment to the City provided for in Section C.1) above, YVHA shall use the STR Tax allocation STR tax revenues allocated for use to defray YVHA's share of the costs of Brown Ranch infrastructure may be used for offsite infrastructure projects undertaken by the City, on and off-site infrastructure projects undertaken by third party utility providers, and for onsite infrastructure projects undertaken by YVHA, as further outlined in Exhibit TBD, and The parties do not intend Short-Term Rental tax revenues to be used for vertical construction of housing units. The parties shall allocate STR tax revenues to various Brown Ranch infrastructure projects through a ten-year infrastructure plan ("Infrastructure Plan").

1) The parties shall complete negotiations for the initial Infrastructure Plan by August 1, 2024. The City shall appropriate funds for projects identified for funding in 2025 from STR Tax revenues

for Fiscal Years 2023 and 2024 in the budget for Fiscal Year 2025 and also via supplemental appropriations of Fiscal Year 2025 STR Tax revenues. Scheduling of projects for Fiscal Years 2026 and thereafter shall be provisional only and subject to appropriation in subsequent budget years.

2) ~~The parties shall update the Infrastructure Plan in August 1 of each succeeding year (i.e. August 1, 2025 for the 2026 Infrastructure Plan, etc.) and the City shall appropriate funds in its budget for the then current Infrastructure Plan Year (i.e. Fiscal Year 2026 for the 2026 Infrastructure Plan).~~

3) In determining the sequence and priority of projects for STR Tax funding, ~~the parties~~ YVHA shall consult with the City and take into account the following factors:

- a. Maximizing each party's access to and use of grant funds;
- b. Promoting the timely development of affordable and attainable housing at Brown Ranch;
- c. Promoting the efficient and ~~cost-effective~~ cost-effective development of Brown Ranch;
- d. Minimizing the administrative burdens to the parties by limiting cash transfers;
- e. Applicable regulatory requirements, including CDC requirements.

4) ~~The parties shall negotiate in good faith to reach a mutually agreeable resolution of any disputes. In the event the parties cannot agree, the City Council shall have final approval authority over the Infrastructure Plan.~~

~~D. Use of STR Tax Funds for Phase 1 City Projects:~~

~~1) The City shall restrict STR Tax funds for the purpose of design and construction of Phase 1 Improvements that are to be constructed by the City at final plat or other development approval. Funds restricted for this purpose shall be held with other City funds but shall be accounted for as restricted funds and shall be used for no purpose other than the construction of Phase 1 Improvements. The City may consolidate these funds to prioritize the construction of Phase 1 Improvements.~~

~~2) YVHA shall be responsible for payment of the difference, if any, between YVHA's share of Offsite Improvements and the City's STR Tax contribution. YVHA payments shall be paid at the time of final plat or other development approval. The City shall restrict these funds for design and construction of the Offsite Improvements. The City may consolidate these funds to prioritize the construction of Offsite Improvements.~~

~~3)2) The City shall be responsible for identifying funding sources for that portion of the costs of constructing Offsite Improvements not attributable to YVHA from the City's Capital Improvements Fund, other developer contributions, grant funding, and other sources. The City does not guarantee a completion date for Offsite Improvements. Their completion is expressly conditioned on the appropriation of funds by the City to satisfy the City cost share. However, the City shall consult with YVHA as to the timing and prioritization of construction of Offsite Improvements.~~

~~4)3) The City may withhold development or building approvals if the YVHA share of Offsite Improvements is not fully funded. The City may also withhold development or building approvals if the City is unable to fund its share of and proceed with construction of Offsite Improvements if the City Council determines during the development review~~

~~process that existing infrastructure is inadequate to absorb the impacts of additional Brown Ranch development.~~

~~E. Use of STR Tax Funds for Phase 1 YVHA Onsite Infrastructure or Third Party Offsite Infrastructure~~

~~1) The City shall contribute STR Tax revenues to YVHA or third party infrastructure projects via cash payments to the entity undertaking the project. Timing of payments shall be as determined by the parties in the Infrastructure Plan.~~

2) YVHA acknowledges that the City's use of STR Tax revenues is restricted by the terms of the ballot question approving the STR Tax and that it is necessary for the City account for the proper use of STR Tax funds. YVHA agrees to maintain all books, accounts, records, payment ledgers, invoices, and other documents relating to the use of STR Tax funds for a period of three (3) years from the expenditure of STR Tax funds and to permit the City to inspect these documents upon request of the City's Finance Director. YVHA agrees that if any STR Tax funds are to be paid to YVHA Affiliates or business partners, that the transfer of STR Tax funds shall be conditioned on the YVHA Affiliate or business partner agreeing to these record keeping and inspection requirements.