Proposed MULTE Revisions

Issue	Current Requirement	Considerations	Staff Recommendation
Foregone Revenue Cap	$1 Million annually, calculated on estimated first year property tax owed by the property for awarded projects whose applications were received during the calendar year.	Current cap does not sufficiently support the MULTE in being a tool that is able to meaningfully impact the lack of affordable housing in opportunity areas.	$3 million annually (200 unit goal). Cap would be calculated using revenue that was actually going to be foregone by taxing jurisdictions and not simply the taxes the project would have paid. This is of particular consideration for projects in URAs.
Non-compliance Penalties	Program is silent on the ability of projects to opt out of affordability requirements. Project not in compliance with affordability requirements are subject to back taxes that would be paid to Multnomah County.	Clarity on program requirements would better inform project investor and lender buy-in and decision making about using the program.	Penalties, in addition to re-instated taxes, for non-compliance will be calculated on remaining period of affordability and will be dedicated to affordable housing.
Rate of Return Requirements	Projects are limited to an annual 10% rate of return in order to meet historic and outdated interpretations of the statutory "but for" test.	Limitations on project rate of return is a disincentive to greater utilization of the program.	Align rate of return limitations with current statute interpretations of the "but for" test. Conduct initial rate of return analysis to demonstrate that affordability and other public benefits would not occur without the incentive of the exemption.
Public Benefit Requirements	20% of units in project must be affordable at 60% MFI	Affordability is the primary desired outcome of the MULTE as an affordable housing tool. This should be adequately reflected in the affordability requirements, particularly as some programmatic requirements are relaxed in order to make the program more appealing to developers.	Increase affordability requirements from 20% of units to 25% of units affordable at 60% MFI. Continue to allow affordability at 80% MFI for projects where market is above 120% MFI.
	Minority Contracting Process	Applicants must describe activities and strategies for achieving minority contracting outcomes and report outcomes through City Procurement office.	Utilize a mandatory PHB prescribed minority contracting strategy (including the utilization of a 3rd party technical assistance provider) to demonstrate commitment to minority contracting. Developers will be held to utilizing the prescribed MWESB strategy and will be required to self-identify a minority contracting goal for the project.
	Lease-up Process	Applicants must describe activities and strategies for connecting with occupants of the immediate neighborhood as well as low-income households.	Utilize a mandatory PHB prescribed lease-up strategy to demonstrate commitment to neighborhood leasing practices.
	Accessibility	Accessibility, along with green building and public gathering spaces has been a public benefit that allowed for additional points in the scoring process.	Simplify the public benefits requirements by prioritizing accessibility requirements. Require developers to provide 5% of total units as ADA accessible units to satisfy the statute requirement of a public benefit that extends beyond the period of the exemption.
Application Process	1 to 2 competitive rounds annually	The limited open window for applications as well as the current 4 month approval process is not conducive to incorporating affordability in private market developments.	Approve applications on a rolling basis annually (approval within 2 months).
Geographic Limitations	Map of Eligibility Areas	N/A	Maintain existing focus on Downtown/Central City/Opportunity area, defer to Comp Plan zoning changes. Consider limiting availability in E. Portland.