



HOU-3.04 - Inclusionary Housing Program

Administrative Rules Adopted by Bureaus Pursuant to Rule Making Authority (ARB)

Policy category: [Program-Specific Administrative Rules](#)

Policy number: HOU-3.04

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Policy

Keywords

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 [HOU-3.04 Inclusionary Housing Program \(full text of interim policy\)](#)

500.97 KB

A. Definition of Administrative Rules

Portland City Code (PCC) authorizes these Administrative Rules (these “Rules”) by PCC Section [30.01.120](#) to define the policies, processes, and procedures of implementation of the Inclusionary Housing Program (the “IH Program”).

B. IH Program Goals

The City of Portland (the “City”) identified the need for a minimum of 12,379 additional housing units to serve low-income households earning between 60 and 80 percent of Median Family Income by 2045, according to the City of Portland 2045 Housing Needs Analysis published in 2023. The City implemented the IH Program to help meet this need.

The Portland Housing Bureau (PHB) will review Buildings subject to the IH Program to ensure compliance with the IH Program and these Rules. Based on the IH Program option selected by an Applicant, PHB staff will monitor various phases of the Building’s development process, including permitting, closing, construction, lease-up and operations.

C. Definitions

1. **Applicant.** A Person or entity that applies for a land use review or building permit. An Applicant can be the Owner of the property or someone who is representing the Owner, such as a builder, contractor, developer, optional purchaser, consultant, or architect.
2. **Annual Compliance Test or ACT.** A workbook that contains comments regarding IH Unit compliance requirements, inclusive of a list of action items that must be addressed to resolve any compliance findings.

3. **Basement.** The portion of a Building that is partly or completely below grade. A minimum of 50 percent of the total combined area of the walls must be below-grade to be considered a Basement.
4. **Bedroom.** A Bedroom must be a habitable private room as defined by PCC 29.30.210 and must be enclosed by a door that separates it from the rest of the Dwelling Unit, except for a Lofted Unit Type as defined in these Rules under "Unit Type".
5. **Building.** A structure that has a roof and is enclosed on at least 50 percent of the area of its sides.
6. **Certificate of Occupancy or COO.** As defined in PCC 30.910.
7. **Code Enforcement Hearings Officer.** As defined in PCC 22.02.030.B.
8. **Combined Opportunity Map Score.** Score calculated for individual properties based on its access to schools, transportation and services such as medical facilities. Scores are available online at PortlandMaps.com, in the Zoning and Districts tab within the Permits and Zoning Section.
9. **Compliance Period.**
 - (1) Rental Buildings. The ninety-nine (99) year time period during which the IH Covenant applies to a Building containing Inclusionary Housing Units. The Compliance Period begins at the date of the final COO of that Building from the PP&D.
 - (2) Homeownership Buildings. The ninety-nine (99) year time period during which the IH Covenant applies to each IH Homeownership Unit. The Compliance Period begins upon an initial qualified sale from the Owner to a Homeowner during which the Second Mortgage Documents apply.
10. **Consolidated Building.** A Building on the same site as the Transferring Building(s) that is absorbing the IH requirements of one or more Buildings on the same site through On-Site Consolidation.
11. **Consolidated Building IH Amendment.** A regulatory agreement between the Owner of the Consolidated Building and PHB that sets forth the approval criteria, compliance criteria, and IH Covenant Release Penalty associated with Default of the transferred IH Units and is recorded on the title to the property.
12. **Contact Update Form.** A form provided by PHB which specifies specific required data any time a Building will be changing property management or ownership.

13. **Continuing Care Retirement Community or CCRC.** As defined in ORS 101.020.
14. **Default.** A status in which a Building enters when Owner has not addressed the action items stated in the finalized ACT by the date of expiration in the Notice of Non-Compliance.
15. **Default Daily Penalty.** A penalty of \$50 charged daily beginning the date a Building is issued a Notice of Default and Demand Statement and ending upon the payment of the penalties and fees pursuant to Section H.3. of these Rules and certification by RAC that the Building is in compliance.
16. **Default Notice Fee.** A \$1,000 fee PHB may assess upon a Property after issuing a Notice of Default and Demand Statement.
17. **Dwelling Unit.** As defined by PCC Section 33.910 "Dwelling Unit".
18. **Eligible Neighborhood Analysis Area.** The census tracts within a neighborhood, as identified in [HOU-3.02- Multiple-Unit Limited Tax Exemption \(MULTE\) Program administrative rule](#).
19. **Energy Star Certified.** A product which has been reviewed by the U.S. Department of Environmental Regulations and is determined to be Energy Star Certified or included on the Energy Star "Most Efficient" list. For purposes of determining an equal rating a product which is determined to be on the Energy Star "Most Efficient" list is determined to have a higher rating than that of a product which is only Energy Star Certified.
20. **Existing Receiving Building.** An Existing Receiving Building is a Building for which the PP&D issued a building permit or is a Building that completed construction at the time a proposed Sending Building submits a completed "IH Receiving Building Identification Form" designating the Existing Receiving Building, located on PHB's website.
21. **Fee-in-Lieu Factor.** The factor used to calculate the fee-in-lieu for Option 5 of these Rules. PHB will intermittently recalibrate the factor during regular reviews of the IH Program.
22. **Floating.** Floating is the conversion of a Market Rate Unit to a new IH Rental Unit in a Building. Buildings maintain their legally required number of IH Rental Units while giving flexibility to Owner to fill vacancies. Floating IH Rental Units may be located anywhere in a Building and are not fixed by unit number. Floating Units must meet Reasonable Equivalency standards established by Section E.1. of these Rules.

23. **Gross Square Feet/Footage/Foot.** As defined through OSSC, Chapter 2, Section 202, Definitions, an “AREA, BUILDING” means “the area included within surrounding exterior walls (or exterior walls and fire walls) exclusive of vent shafts and courts. Areas of the building not provided with surrounding walls shall be included in the building area if such areas are included within the horizontal projection of the roof or floor above.”
24. **Homeowner.** The individual(s) holding title to a specific IH Homeownership Unit as shown on the latest assessment records in the Office of the County Assessor.
25. **Housing Portland Policy Documents or HOU.** The housing policy documents for the City of Portland, administered by the Portland Housing Bureau.
26. **IH Covenant.** A regulatory agreement between the Owner and PHB that sets forth the approval and compliance criteria of the IH Program and is recorded on the title to the property. The IH Covenant will be prepared by PHB staff and must be signed by the Owner of the property on which the Building is located prior to permit issuance. PHB will not subordinate the IH Covenant to project financing commitments.
27. **IH Covenant Release Penalty.** The financial penalty for a Building which has failed to meet the requirements set forth in these Rules and IH Covenant. The IH Covenant Release Penalty is calculated in accordance with Section H.3 of these Rules. The IH Covenant Release Penalty shall be no greater than the amount specified in the Building’s IH Covenant plus all accrued interest. PHB may assess the IH Covenant Release Penalty in addition to other penalties and fees authorized by these Rules and the IH Covenant.
28. **IH Homeownership Unit.** A Dwelling Unit, to be sold individually within a Building, which is documented in the IH Covenant as required in order to comply with the IH Program requirements in place at the time of execution of the IH Covenant.
29. **IH Rental Unit.** A Dwelling Unit, to be rented within a Building, that is documented in the IH Covenant as required in order to comply with the IH Program requirements in place at the time of execution of the IH Covenant.
30. **IH Unit.** A Dwelling Unit documented in a Building’s IH Covenant as required in order to comply with the IH Program requirements.
31. **Market Rate Unit.** A Dwelling Unit in a Building with an IH Covenant that is not required to comply with the IH Program requirements.

32. **Median Family Income or MFI.** The area median family income for the Portland-Vancouver-Hillsboro area as determined annually by HUD.
33. **Minimum IH Units.** Buildings must provide the minimum number of IH Units based on the IH Program option selected. Buildings that select IH Option 1 are limited to providing 20 percent of their units as IH Units. IH Units must be provided at the same ratio within the Building as Market Rate Units specific to each Unit Type. When calculating the required percentage of total IH Units in a Building any fractional result will be rounded up to the next whole number in accordance with PCC 33.930.020. Examples of calculating the Minimum IH Units are located in Appendix D.
34. **Multiple-Unit Limited Tax Exemption Program or MULTE Program.** One of the property tax exemption programs that provides a property tax exemption for buildings with IH Units in accordance with these Rules, PCC 3.103 and [HOU-3.02](#).
35. **New Construction Receiving Building.** A Building for which PP&D has not issued a permit at the time a proposed Sending Building submits to PHB a completed "IH Receiving Building Identification Form" designating the New Construction Receiving Building, located on PHB's website.
36. **Non-Compliance or Non-Compliant.** A status in which PHB has found that a Building and Owner have failed to comply with the terms of these Rules or the terms of the IH Covenant.
37. **Notice of Default and Demand Statement.** A notice sent to the Owner of a Building that has not timely cured the violations identified in the Notice of Non-Compliance. The Notice of Default and Demand Statement will include the actions required to cure the default, including the payment of any penalties and fees owed. Owner will have 30 days from the date of issuance of the Notice of Default and Demand Statement to cure the Non-Compliance before PHB may institute an action before the Code Hearings Officer.
38. **Notice of Failure to Transfer.** A notice sent to a Building, that executes an IH Covenant utilizing On-Site Consolidation, Option 3 or Option 4 with the intention to transfer its IH Unit obligation to a Consolidated or Receiving Building, for which the requirements of said IH Covenant have not been met by the selected Consolidated or Receiving Building.
39. **Notice of Non-Compliance.** A notice sent to the property management and Owner of a Building that has violated the terms of these Rules or the terms of the IH Covenant. The Notice of Non-Compliance include a description of the violations, the actions

required to cure the violations, and the deadline for curing the violations.

40. **Off-Site.** Buildings not considered to be on the same “site” as defined in PCC 33.910.
41. **On-Site.** Buildings considered to be on the same “site”, as defined in PCC 33.910.
42. **On-Site Consolidation.** For developments with Buildings considered to be on the same “site,” Applicant may consolidate the IH Program obligations, as long as all Reasonable Equivalency requirements are met, pursuant to Section E.1. of these Rules.
43. **ODHS Certificate of Registration.** A registration confirmation that the Building is a CCRC with Oregon Department of Human Services, Seniors and People with Disabilities Division in accordance with OSS Chapter 411, Division 67.
44. **Oregon Revised Statute or ORS.** The codified laws of the state of Oregon.
45. **Oregon Structural Specialty Code or OSSC.** The Oregon state code which establishes the minimum requirements for the construction, reconstruction, alteration and repair of buildings and other structures, as well as the installation of mechanical devices and equipment.
46. **Owner.** The Owner of the title to real property or the contract purchaser of real property of record, as shown on the latest assessment records in the Office of the County Assessor. Owner also includes a deed holder or contract purchaser whose name does not appear in the latest assessment records, but who presents to the City a copy of a deed or contract of sale showing date, book, and page of recording.
47. **PCC.** Means Portland City Code.
48. **Person.** Any Person, partnership, association or corporation.
49. **Portland Planning and Development Bureau or PP&D.** The bureau which manages building permits, land use, inspections, code enforcement, and public works permits for the City of Portland (formerly known as Bureau of Development Services or BDS).
50. **Reasonable Equivalency or Reasonably Equivalent.** The relative equivalency of unit mix, unit size, location and amenities between IH Units to Market Rate Units in accordance with PCC 30.01.120.D. PHB assesses Reasonable Equivalency in accordance with Section E.1. of

these Rules.

51. **Receiving Building IH Amendment.** A Regulatory Agreement between the Owner of the New Construction or Existing Receiving Building and PHB that is recorded on the title to the property and sets forth the approval criteria, compliance criteria, and IH Covenant Release Penalty associated with the release of the transferred IH Units.
52. **Receiving Building IH Covenant.** A Regulatory Agreement between the Owner of the Receiving Building, that is not subject to Inclusionary Housing, and PHB that is recorded on the title to the property and sets forth the approval criteria, compliance criteria, and IH Covenant Release Penalty associated with the release of the transferred IH Units.
53. **Reconfiguration.** Applicant combines IH Units to create fewer total IH Units with a greater number of Bedrooms. Reconfiguration is available when selecting an On-Site IH Program option and is based on the total number of Bedrooms required in the Minimum IH Unit calculation.
54. **Rent and Utility Allowance Schedule.** The workbook provided by PHB to be completed by the Building to report rent and proposed Utility Allowance for each IH Unit, as shown in Appendix B of these Rules.
55. **Residential and Residential Related.** The Gross Square Footage of all Dwelling Units, all space that is used to directly access the Dwelling Units, and all spaces renters or homeowners have access to, including but not limited to: hallways, laundry facilities, trash and recycling areas, fitness facilities, and other community and amenity spaces. For space that is the exclusive use of the occupants of the Dwelling Units, the total square footage of the space is included. For space that is shared by the occupants of the Dwelling Units and occupants of other uses in the Building, a percentage of the square footage of the space based on the percentage of the residential use portion of the Building is included in the Gross Square Footage. Square footage for vehicle and bicycle parking is excluded from the Gross Square Footage.
56. **Restriction Period.** The time period between the effective date of the Covenant and either the issuance of COO for a Rental Building or the initial qualified sale of an IH Homeownership Unit. At the time of initial qualified sale or issuance of COO, the Restriction Period ends, and the Compliance Period begins. for a Rental Building or the initial qualified sale of an IH Homeownership Unit. At the time of initial qualified sale or issuance of COO, the Restriction Period ends, and the Compliance Period begins.

57. **Risk Analysis and Compliance or RAC.** The team at PHB that conducts compliance for Buildings with IH Rental Units post building permit issuance from PP&D.
58. **Second Mortgage Documents.** Documents signed by PHB and the homebuyer including a Promissory Note, Deed of Trust, Resale Restriction Agreement, or any other document PHB requires to ensure compliance with the IH Program or remedy any Default thereof. To effectuate this purpose, the Second Mortgage Documents intend to encumber the amount that is the difference between the appraised value and the restricted purchase price under the IH Program at the time of purchase.
59. **Sending Building.** A Building which utilizes one of the Off-Site options to send its own IH Unit obligations to another Building on a different site, known as either the New Construction Receiving Building or Existing Receiving Building.
60. **Tenant Income Certification or TIC Form.** A form provided by PHB on which Owners can collect and verify tenant income. See an example in Appendix C of these Rules.
61. **Transferring Building.** A Building which utilizes On-Site Consolidation to transfer its own IH obligation to another Building on the same site, known as the Consolidated Building.
62. **Unit Type.** Unit Types are categorized by the number of Bedrooms and the following characteristics within each Dwelling Unit:
- (1) **Windowless.** Dwelling Units with one or more Bedrooms that do not have a window or door on an exterior wall of the Building that provides natural light to the room when closed. Units with multiple Bedrooms will be defined as a Windowless Unit Type if any Bedroom in the Dwelling Unit is Windowless.
 - (2) **Windowed.** Dwelling Units where all Bedrooms have a window or door on an exterior wall of the Building that provides natural light to the room when closed.
 - (3) **Lofted.** Dwelling Units where the Bedroom is located on a separate level or floor such that the entire room cannot be viewed directly into from another level in the Dwelling Unit. Units with multiple Bedrooms will be defined as a Lofted Unit Type if any Bedroom in the Dwelling Unit is Lofted.
 - (4) **Windowless + Lofted.** Multiple Bedroom Dwelling Unit that has both a Windowless Bedroom and a separate Lofted Bedroom.
 - (5) **Live/Work.** A Dwelling Unit designated by a PP&D Life Safety Plans Examiner to meet residential occupancy requirements as a Live/Work unit, as defined in Section 419 of the current OSSC.

63. **United States Department of Housing and Urban Development or HUD.** The federal agency responsible for national policy and programs that address America's housing needs and administers federal housing and urban development laws.
64. **Utility Allowance or UA.** A reduction of the maximum allowed rent to offset utilities paid for by the renter, paid either directly from the renter to the utility provider or indirectly to the Owner.
65. **Utility Allowance Schedule.** PHB uses the local public housing authority's schedule of utility allowances published annually by Home Forward. The chart contains averages of utility costs based on type and age of building, location and type of utility obtained from local utility providers. The results are used to determine the Utility Allowance of the different Unit Types within each Building.
66. **Web Compliance Management System or WCMS.** An online platform through which Owner shares information about IH Units to RAC for annual reporting.

D. Permit Application and IH Program options

Applicants that submit a permit application to construct 20 or more new Dwelling Units or alter existing Buildings that add 20 or more new Dwelling Units in a single Building must include an IH Program option selection. PHB staff can assist Applicants throughout the permitting, intake, and application process to explain and clarify IH Program requirements.

1. **IH Program options.** IH Program requirements depend on the Applicant's selected IH Program option. Once PP&D issues a building permit for the Building, the Applicant may not change the IH Program option.

(1) Option 1: Build On-Site: Provide 20 percent of the Dwelling Units at 80 percent MFI.

(a) PHB staff will determine the IH Unit Types and calculate the Minimum IH Units required.

(i) Applicant may elect to provide an alternative mix of IH Units through Reconfiguration.

(b) PHB staff will identify the applicable incentives for the Building. Incentives may be awarded up to but not after issuance of the building permit for the Building where the IH Units are located and include:

(i) A 10-year property tax exemption on the Residential and Residential Related portions of the Building in accordance with PCC 3.103.030.

I. For Buildings with IH Rental Units located outside the [Central City Plan District](#) the tax exemption applies only to the IH Rental Units located within the Building and the applicable percentage of Residential and Residential Related portions of the Building.

II. For Buildings with IH Rental Units located in the Central City Plan District, the tax exemption applies to all IH Rental Units and all Residential and Residential Related portions of the Building if the IH Rental Units are located within the Building.

III. For Buildings with IH Homeownership Units, the tax exemption applies only to the IH Homeownership Units within the Building.

(ii) A Construction Excise Tax exemption on the IH Units within the Building in accordance with PCC 6.08.060(A)(2).

(iii) SDC exemptions for the IH Homeownership Units within the Building in accordance with PCC 30.01.095.

(iv) PP&D will determine any land use incentives provided in PCC 33, including floor area ratio bonuses.

(c) Applicant may choose On-Site Consolidation prior to PP&D issuing a building permit. When Applicant elects to build IH Units On-Site in a Consolidated Building based on the IH Program requirements of the Transferring Building, the following additional criteria apply:

(i) The Consolidated Building remains subject to all additional IH Program requirements and must first show how it will meet its own IH Program requirements before PHB Staff will review the Building as a proposed Consolidated Building.

(ii) The Owner of the Transferring Building must execute and record an IH Covenant on the Transferring Building, subject to release in accordance with the terms of these Rules and the recorded covenant. The Consolidated Building must execute and record a Consolidated Building IH Amendment on the Consolidated Building no later than five years after the first Transferring Building receives its COO from PP&D.

(iii) The IH Units in the Consolidated Building must be Reasonably Equivalent, pursuant to Section E.1. of these Rules, to the Dwelling Units in the Transferring Building.

(iv) The Consolidated Building cannot be supported by any additional subsidy from PHB in which the subsidy would directly fund the production of the IH Units.

(v) The Consolidated Building must receive a COO from PP&D no later than five years from the first Transferring Building receiving its COO from PP&D.

(vi) Prior to receiving COO for each Transferring Building on a site, PHB will recalculate the Minimum IH Units and Reasonable Equivalency requirements for the Transferring Building. If PHB determines that Consolidated Building is unable to meet these requirements PHB will issue the Transferring Building a Notice of Failure to Transfer. The Transferring Building has an option to either:

I. Revise the floor plans of its Building to meet the Reasonable Equivalency standards of the available IH Units in the Consolidated Building;

II. Provide the Transferring Building's entire IH obligation within its own Building;

a. **a.** If the Transferring Building was issued COO before PHB issued the Notice of Failure to Transfer, the Compliance Period will begin two years from the Notice of Failure to Transfer issuance date.

b. If these changes occur after the issuance of the Transferring Building's building permit by the PP&D, the Transferring Building will not be eligible to receive incentives otherwise available for the IH Units; or

III. Pay the penalties as outlined in Section H.3. of these Rules.

(vii) The Transferring Building and Consolidated Building must meet the following conditions before PHB will authorize the release of the Transferring Building IH Covenant from a Transferring Building:

I. PP&D must have issued the COO to both the Transferring Building and the Consolidated Building within the timelines stated in these Rules.

II. The Owner of the Consolidated Building must have executed and recorded a Consolidated Building IH Amendment on title of the Consolidated Building within the timelines stated in these Rules.

III. PHB has confirmed that the Transferring Building has met all IH Requirements.

IV. A Transferring Building may receive credit for years of Compliance for IH Units made available in a Consolidated Building that is built prior to the issuance of its own COO, if the

IH Units held for the Transferring Building's IH obligations have remained in Compliance under another PHB compliance restriction until such time as the Transferring Building is issued its COO, and the Buildings have met all conditions pursuant to Section D.1.(1)(c)(vii).

(viii) A Consolidated Building may also be a Receiving Building, as long as the IH Units are clearly identified in the respective Consolidated Building IH Amendment and Receiving Building IH Amendment.

(2) Option 2: Build On-Site: Provide 10 percent of the Dwelling Units at 60 percent MFI.

(a) PHB staff will determine the IH Unit Types and calculate the Minimum IH Units required. Applicant may elect to provide an alternative mix of IH Units through Reconfiguration.

(b) PHB staff will identify the applicable incentives for the Building. Incentives may be awarded up to but not after issuance of the building permit for the Building where the IH Units are located and include:

(i) A 10-year property tax exemption on the Residential and Residential Related portions of the Building according to PCC 3.103.030.

I. For Buildings with IH Rental Units located outside the [Central City Plan District](#) and outside of the boundaries of an Eligible Neighborhood Analysis Area, the tax exemption applies only to the IH Rental Units located within the Building and the applicable percentage of Residential and Residential Related portions of the Building.

II. For Buildings with IH Rental Units located in the Central City Plan District or within the boundaries of an Eligible Neighborhood Analysis Area, the tax exemption applies to all IH Rental Units and all Residential and Residential Related portions of the Building if the IH Rental Units are located within the Building.

III. For Buildings with IH Homeownership Units, the tax exemption applies only to the IH Homeownership Units within the Building.

(ii) Construction Excise Tax exemption on the IH Units within the Building in accordance with PCC 6.08.060(A)(2); and

(iii) SDC exemptions for the IH Units within the Building in accordance with PCC 30.01.095.

(iv) PP&D will determine any land use incentives provided in PCC 33, including floor area ratio bonuses.

(c) Applicant may choose On-Site Consolidation prior to PP&D issuing a building permit. When Applicant elects to build IH Units On-Site in a Consolidated Building based on the IH Program requirements of the Transferring Building, the following additional criteria apply:

(i) The Consolidated Building remains subject to all additional IH Program requirements and must first show how it will meet its own IH Program requirements before PHB Staff will review the Building as a proposed Consolidated Building.

(ii) The Owner of the Transferring Building must execute and record an IH Covenant on the Transferring Building, subject to release in accordance with the terms of these Rules and the recorded covenant. The Consolidated Building must execute and record a Consolidated Building IH Amendment on the Consolidated Building no later than five years after the first Transferring Building receives its COO from PP&D.

(iii) The IH Units in the Consolidated Building must be Reasonably Equivalent, pursuant to Section E.1. of these Rules, to the Dwelling Units in the Transferring Building. PHB staff determines whether the proposed Consolidated Building is compatible with IH Program requirements. If the proposed Consolidated Building is determined to be incompatible, the Applicant must choose one of the remaining IH Program options.

(iv) The Consolidated Building cannot be supported by any additional subsidy from PHB in which the subsidy would directly fund the production of the IH Units.

(v) The Consolidated Building must receive a COO from the PP&D no later than five years from the first Transferring Building receiving its COO from PP&D.

(vi) Prior to receiving COO for each Transferring Building on a site, PHB will recalculate the Minimum IH Units and Reasonable Equivalency requirements for the Transferring Building. If PHB determines that Consolidated Building is unable to meet these requirements PHB will issue the Transferring Building a Notice of Failure to Transfer. The Transferring Building has an option to either:

I. Revise the floor plans of its Building to meet the Reasonable Equivalency standards of the available IH Units in the Consolidated Building;

II. Provide the Transferring Building's entire IH obligation within its own Building.

- a.
 - a. If the Transferring Building was issued COO before PHB issued the Notice of Failure to Transfer, the Compliance Period will begin two years from the Notice of Failure to Transfer issuance date.
 - b. If these changes occur after the issuance of the Transferring Building's building permit by the PP&D, the Transferring Building will not be eligible to receive incentives otherwise available for the IH Units.; or

III. Pay the IH Covenant Release Penalty.

(vii) The Transferring Building and Consolidated Building must meet the following conditions before PHB will authorize the release of the Transferring Building IH Covenant from a Transferring Building:

- I. PP&D must have issued the COO to both the Transferring Building and the Consolidated Building within the timelines stated in these Rules.
- II. The Owner of the Consolidated Building must have executed and recorded a Consolidated Building IH Amendment on title of the Consolidated Building within the timelines stated in these Rules.
- III. PHB has confirmed that the Transferring Building has met all IH Requirements.
- IV. A Transferring Building may receive credit for years of Compliance for IH Units made available in a Consolidated Building that is built prior to the issuance of its own COO, if the IH Units held for the Transferring Building's IH obligations have remained in Compliance under another PHB compliance restriction until such time as the Transferring Building receives its final COO, and the Buildings have met all conditions pursuant to Sections D.1.(2)(c)(vii).

(viii) A Consolidated Building may also be a Receiving Building, as long as the IH Units are clearly identified in the respective Consolidated Building IH Covenant Amendment and New Construction Receiving Building IH Covenant.

(3) Option 3: Build Off-Site: New Construction. Providing at least 20 percent of the total number of Dwelling Units in the Sending Building at 60 percent MFI in a New Construction Receiving Building. When Applicant elects to build IH Units Off-Site in a New Construction Receiving Building based on the IH Program requirements of the Sending Building, the following criteria apply:

- (a)** PHB staff determine the IH Unit Types and calculate the Minimum IH Units required.

(b) The Sending Building will retain any floor area ratio bonus approved by PP&D.

(c) The New Construction Receiving Building remains subject to all additional IH Program requirements and must first show how it will meet its own IH Program requirements before PHB Staff will review the Building as a proposed New Construction Receiving Building.

(d) The Owner of the Sending Building must execute and record an IH Covenant on the Sending Building, subject to release in accordance with the terms of these Rules and the recorded covenant.

(e) The New Construction Receiving Building must execute and record a Receiving Building IH Amendment on the New Construction Receiving Building no later than five years after the first Transferring Building receives its COO from PP&D.

(f) The IH Units built in the New Construction Receiving Building must be Reasonably Equivalent, pursuant to Section E.1. of these Rules, to the Dwelling Units in the Sending Building. PHB staff determines whether the proposed New Construction Receiving Building is compatible with IH Program requirements. If the proposed New Construction Receiving Building is determined to be incompatible, the Applicant must choose one of the remaining IH Program options.

(g) The New Construction Receiving Building cannot be supported by any additional subsidy from PHB in which the subsidy would directly fund the production of the IH Units.

(h) The New Construction Receiving Building must receive a COO from PP&D no later than five years from the Sending Building receiving its COO from PP&D or the Sending Building may be subject to financial penalties pursuant to H.3. of these Rules.

(i) Prior to receiving COO for a Sending Building, PHB will recalculate the Minimum IH Units and Reasonable Equivalency requirements for the Sending Building. If PHB determines that New Construction Receiving Building is unable to meet these requirements PHB will issue the Sending Building a Notice of Failure to Transfer. The Sending Building has an option to either:

(i) Revise the floor plans of its Building to meet the Reasonable Equivalency standards of the available IH Units in the New Construction Receiving Building;

(ii) Provide the Sending Building's entire IH obligation within its own Building.

(I) If the Sending Building was issued COO before PHB issued the Notice of Failure to Transfer, the Compliance Period will begin two years from the Notice of Failure to Transfer issuance date.

(II) If these changes occur after the issuance of the Sending Building's building permit by the PP&D, the Sending Building will not be eligible to receive incentives otherwise available for the IH Units.; or

(iii) Pay the IH Covenant Release Penalty.

(j) The Sending Building and New Construction Receiving Building must meet the following conditions before PHB will authorize the release of the Sending Building IH Covenant from a Sending Building:

(i) PP&D must have issued the COO to both the Sending Building and the New Construction Receiving Building within the timelines stated in these Rules.

(ii) The Owner of the New Construction Receiving Building must have executed and recorded a Receiving Building IH Amendment on title of the New Construction Receiving Building within the timelines stated in these Rules.

(iii) PHB has confirmed that the Sending Building has met all IH Requirements.

(iv) A Sending Building may receive credit for years of Compliance for IH Units made available in a New Construction Receiving Building that is built prior to the issuance of its own COO, if the IH Units held for the Sending Building's IH obligations have remained in Compliance under another PHB compliance restriction until such time as the Sending Building receives its final COO, and the Buildings have met all conditions pursuant to Section D.1.(3)(j).

(k) The New Construction Receiving Building IH Units may benefit from the Construction Excise Tax exemption in accordance with PCC 6.08.060(A)(2), the SDC exemption in accordance with PCC 30.01.095, and a property tax exemption in accordance with PCC 3.103, 3.102, or 3.101. Applications for tax exemptions must meet the requirements in Section D.3., Tax Exemption, of these Rules.

(l) The IH Units in the Receiving Building do not need to be the same tenure as the units in the Sending Building. A Building that will have rental units may send to a Building that will have homeownership units and vice versa.

(m) The New Construction Receiving Building must be within a two-mile radius of the Sending Building, measured from the closest edges of the property lines of the Sending Building and the New Construction Receiving Building or in an area with an equal or higher Combined Opportunity Map Score. A Sending Building located in an area with a Combined Opportunity Map Score of 5 may select a New Construction Receiving Building located in an area with a Combined Opportunity Map Score of a 4.

(4) Option 4: Provide Off-Site: Designate Dwelling Units in an Existing Receiving Building. Providing at least 20 percent of the total number of Dwelling Units in the Sending Building at 60 percent MFI in an Existing Receiving Building. When Applicant elects to designate IH Units Off-Site in an Existing Receiving Building based on the IH Program requirements of the Sending Building the following criteria apply:

- (a)** PHB staff determine the IH Unit Types and calculate the Minimum IH Units.
- (b)** PHB staff determines whether the proposed Existing Receiving Building is compatible with IH Program requirements. If the proposed Existing Receiving Building is determined to be incompatible, the Applicant must choose one of the remaining IH Program options.
- (c)** The Sending Building will retain any floor area ratio bonus approved by PP&D.
- (d)** Should the Existing Receiving Building be subject to IH Program it remains subject to all additional IH Program requirements and must first show how it will meet its own IH Program requirements before PHB Staff will review the Building as a proposed Existing Receiving Building.
- (e)** PHB must approve the Existing Receiving Building prior to building permit issuance for the Sending Building. Applicant shall submit to PHB the following information prior to PHB's review and approval:
 - (i)** Location of Existing Receiving Building;
 - (ii)** Complete floor plans (all individual units, common spaces, walls, doors, and windows shown) including all square footages of the Existing Receiving Building; and
 - (iii)** Leasing schedule.
- (f)** The IH Units in the Existing Receiving Building must be Reasonably Equivalent pursuant to Section E.1. of these Rules, to the Dwelling Units in the Sending Building.

(g) The Existing Receiving Building must be no more than two miles from the Sending Building, measured from the closest edges of the property lines of the Sending Building and the Existing Receiving Building, or is in an area with an equal or higher Combined Opportunity Map Score. A Sending Building located in an area with a Combined Opportunity Map Score of 5 may select an Existing Receiving Building located in an area with a Combined Opportunity Map Score of a 4.

(h) The Existing Receiving Building cannot be supported by any additional subsidy from PHB in which the subsidy directly funds the IH Units.

(i) The IH Units in the Existing Receiving Building must either be occupied by an income qualified renter or homebuyer or be actively marketed for lease or sale by the time the Sending Building is issued COO or the Sending Building may be subject to financial penalties pursuant to section H.3. of these Rules.

(j) The IH Units in the Receiving Building do not need to be the same tenure as the units in the Sending Building. A Sending Building that will have rental units may send to a Receiving Building that will have homeownership units and vice versa.

(k) The Owner of the Sending Building must execute and record an IH Covenant on the Sending Building, subject to release in accordance with the terms of these Rules and the recorded covenant.

(l) Prior to receiving COO for a Sending Building, PHB will recalculate the Minimum IH Units and Reasonable Equivalency requirements for the Sending Building. If PHB determines that Existing Receiving Building is unable to meet these requirements PHB will issue the Sending Building a Notice of Failure to Transfer. The Sending Building has an option to either:

(i) Revise the floor plans of its Building to meet the Reasonable Equivalency standards of the available IH Units in the Existing Receiving Building;

(ii) Provide the Sending Building's entire IH obligation within its own Building.

(I) If the Sending Building was issued COO before PHB issued the Notice of Failure to Transfer, the Compliance Period will begin two years from the Notice of Failure to Transfer issuance date.

(II) If these changes occur after the issuance of the Sending Building's building permit by the PP&D, the Sending Building will not be eligible to receive incentives otherwise available for the IH Units.; or

(iii) Pay the IH Covenant Release Penalty.

(m) The Sending Building and Receiving Building must meet the following conditions before PHB will authorize the release of the Sending Building IH Covenant from a Sending Building:

(i) PP&D must have issued the COO to the Sending Building.

(ii) The Owner of the Receiving Building must execute and record a Receiving Building IH Covenant or a Receiving Building IH Amendment on the Receiving Building within the timelines stated within these Rules

(iii) PHB has confirmed that the Sending Building has met all IH Requirements.

(n) A Sending Building may receive credit for years of Compliance for IH Units made available in an Existing Receiving Building that is built prior to the issuance of its own COO, if the IH Units held for the Sending Building's IH obligations have remained in Compliance under another PHB compliance restriction until such time as the Sending Building is issued its COO, and the Buildings have met all conditions pursuant to Section D.1.(4)(m).

(5) Option 5: Fee-in-Lieu. Applicants may pay a fee rather than providing IH Units. PHB staff calculate the fee-in-lieu amount due by multiplying the Gross Square Feet of the Residential and Residential Related portions of the Building by the current Fee-in-Lieu Factor schedule as referenced in Appendix A of these Rules. The fee-in-lieu must be paid prior to or at issuance of the building permit. Upon payment of the fee-in-lieu, the Building has satisfied its obligations under the IH Program.

(6) Voluntary Opt-In. Developments exempt from IH Program requirements may voluntarily elect to participate in the IH Program and are limited to the following IH Program Options: Option 1, Option 2, and Option 5. Developments that are not subject to IH can pay a fee, as referenced in Appendix A.3 of these Rules, for bonus square footage. PP&D will determine the total bonus square footage for which a development will be charged.

2. Application Requirements. During building permit review, PHB staff will process the necessary documentation based on the IH Program Option Applicant selects. PHB staff will provide estimates only of the various IH Program requirements and incentives. PP&D will condition issuance of building permits on PHB making final determination of IH Program requirements and incentives, pursuant to PCC 33.245.050. Applying clear and objective criteria, PHB will evaluate whether a proposed development meets the numerical requirements set forth in PCC 33.245.240.

3. Property tax exemption.

(1) Multiple-Unit Limited Tax Exemption (MULTE) Program. If the IH Program option selected includes a tax exemption, Applicant must complete a MULTE Program Application in accordance with PCC 3.103. PHB will complete the required MULTE approval process including tracking the available foregone revenue and delivering a listing of approved applications to Multnomah County within the timeframe set forth in ORS 307.621.

(2) Non-Profit Limited Tax Exemption (NPLTE) Program. A development may also qualify for the NPLTE Program authorized under PCC 3.101, in which case the NPLTE Program will be used in lieu of or in addition to the MULTE Program to provide an incentive to a development. The qualifying non-profit sponsor must apply annually to PHB who in turn will deliver a list of approved applications to Multnomah County within the timeframe set forth in ORS 307.547.

(3) Homebuyer Opportunity Limited Tax Exemption (HOLTE) Program. A Building that has IH Homeownership Units may qualify for the 10-year property tax exemption under the HOLTE Program for individual IH Units within the Building which meet the HOLTE Program requirements under PCC 3.102.

4. Articles of Incorporation. Applicants must provide legal articles of the entity with site control identifying signature authority (Articles of Incorporation, Corporate Resolutions, etc.) in order to enter into the IH Covenant.

E. Development Requirements

1. **Reasonable Equivalency.** Applicants must make IH Units “reasonably equivalent” to Market Rate Units in accordance with PCC 30.01.120.D. PHB will assess Reasonable Equivalency using the following criteria:

(1) Rental Buildings.

(a) Bedroom Distribution and Unit Count.

(i) IH Rental Units must be provided at the same ratio within the Building as Market Rate Units. See Appendix C for examples.

(ii) Floating is not allowed in Receiving or Consolidated Buildings.

(iii) When using Reconfiguration:

I. The Minimum IH Units will be calculated.

II. The total bedrooms within the Minimum IH Units will be added up and the final count of bedrooms after Reconfiguration must be equal.

III. Units that are reconfigured must be reconfigured into Dwelling Units of two or more Bedrooms;

IV. The required family size units calculated in the Minimum IH Unit calculation must be included unless they are also reconfigured into larger type units;

V. Applicant may reconfigure all or some of the Minimum IH Units; and

VI. After Reconfiguration is applied there must be at least one Market Rate Unit that has two or more Bedrooms per reconfigured Dwelling Unit.

(b) Unit Sizes.

(i) IH Rental Units must be at least 85 percent the size of the average of the total Dwelling Units with the same Unit Type, as measured in square feet.

(ii) When using Reconfiguration, the reconfigured Dwelling Units must be larger than the size of the average square footage of each of the smaller Dwelling Units by Bedroom count.

(c) Unit Distribution. Where Market Rate Units and IH Rental Units are provided in a single On-Site Building, no more than 35 percent of the total units on any floor shall be designated as IH Rental Units, excluding the top floor. Receiving Buildings of Off-Site options and Consolidated Buildings of On-Site Consolidation options have no IH Rental Unit distribution requirements, however, IH Rental Units received from a Sending or Transferring Building may not be located in the Basement.

(d) Unit Amenities. IH Rental Units must have finishes with equal lifetime expectancies and appliances with the same or greater Energy Star Certification as the Market Rate Units, which must be certified by a Building's architect prior to PP&D issuing the Building's COO.

(2) Homeownership Buildings.

(a) Bedroom Distribution and Unit

Count. IH Homeownership Units must be provided at the same ratio within the Building as Market Rate Units. See Appendix C for examples.

(b) Unit Sizes. IH Homeownership Units must be at least 85 percent the size of the average of the total units with the same Unit Type, as measured in square feet.

(c) Unit Distribution. Where Market Rate Units and IH Homeownership Units are provided in a single On-Site Building, no more than 50 percent of the total units on any floor shall be

designated as IH Homeownership Units, excluding the top floor. Receiving Buildings of Off-Site options and Consolidated Buildings utilizing On-Site Consolidation options have no IH Homeownership Unit distribution requirements, however, IH Homeownership Units received from a Sending or Transferring Building may not be located in the Basement.

(d) Unit Amenities. IH Homeownership Units must have appliances with the same or better Energy Star Certification as the Market Rate Units, which will be certified by a Building's architect prior to PP&D issuing the Building's COO.

2. Inapplicable Policies. PHB does not require IH Program Buildings to follow the policies listed below:

- (1)** Disadvantaged, Minority, Women, Emerging Small Businesses or Service Disabled Veteran-Owned Business Enterprises (DMWESB-SDVBE) contracting procedures and goals;
- (2)** Workforce training and hiring procedures and goals;
- (3)** Prevailing wage;
- (4)** Green Building (as exempted in HOU-1.07.D.2, Affordable Housing Green Building Policy); and
- (5)** Accessibility, except as required by the MULTE Program.

However, PHB encourages all Building teams to voluntarily comply with the above policies and procedures. PHB staff can provide assistance where teams choose to comply.

3. Excluded Developments. The IH Program does not apply to:

- (1)** Buildings with fewer than 20 new Dwelling Units.
- (2)** Applicants that submit a permit to construct a Building operating as a CCRC on or after January 1, 2020 that:
 - (a)** Submit a copy of the Building's ODHS Certificate of Registration with their IH Intake Form to PHB as part of their permit application; and
 - (b)** Execute and record a covenant with PHB in which the CCRC agrees to operate all units within the Building or Buildings as a CCRC indefinitely; and
 - (c)** Must submit annually to PHB their receipt of ODHS Certification of Registration; and
 - (d)** A CCRC that offers units for sale or rent will be subject to the penalties listed in subsection H.3. of these Rules.

F. Final Permit Approval

1. Prior to the start of lease-up and at least 90 days prior to the issuance of COO, Owner or property management must submit and receive approval of the Rent and Utility Allowance Schedule by RAC. The rent roll must be approved prior to the start of leasing for the IH Units.
2. After a Building is issued COO, RAC will send Owner a welcome letter detailing the Building's annual compliance and reporting requirements.
3. The architect of the project must sign and submit a self-certification of Reasonable Equivalency following COO issuance.

G. Compliance and Reporting Requirements

1. **Rental Units.** Reporting and compliance requirements are contained in these Rules, the IH Covenant, and HOU-1.10- Risk Analysis & Compliance Policies & Guidelines, available on PHB's website. For purposes of interpretation, if and to the extent there is a conflict among the terms of the IH Covenant, these Rules, and the Risk Analysis & Compliance Policies & Guidelines, the priority of the terms should be read as follows: 1) the IH Covenant, 2) these Rules or the Rules in place at the time the building permit is considered vested by PP&D, Planning and Zoning, 3) HOU-1.10- Risk Analysis & Compliance Policies & Guidelines. The following requirements apply to the leasing of IH Rental Units:

(1) Marketing. Owner is required to abide by the Fair Housing Act, Title VIII of the Civil Rights Act of 1968 and all applicable landlord tenant laws, including but not limited to ORS 90 and PCC 30.01.085, PCC 30.01.086, and PCC 30.01.087.

(2) Rent determination.

(a) Maximum rent. The maximum rent for IH Rental Units is determined by HUD's MFI estimates and Fair Market Rent area definitions for the Portland-Vancouver-Hillsboro area. PHB publishes the [Median Family Income and Rent Chart annually](#). Maximum rent is based on the number of Bedrooms and the restricted MFI level. Details and instructions on how to apply the MFI and Rent Chart can be found in the instructions on the Rent & Utility Allowance Schedule.

(b) Rent & Utility Allowance Schedule. Prior to lease-up, RAC must approve Owner's Rent & Utility Allowance Schedule, which must include the following information: Unit Type, unit size, unit location within the Building, and square footage. RAC may require additional information or an updated Rent and Utility Allowance Schedule as part of its review and approval.

(c) Utility Allowance. Maximum rents for IH Rental Units are subject to a UA, the total of which must be subtracted from the maximum rent charged to the tenant.

(i) Owner may choose from two methods of calculating the UA for the IH Units:

(I) Utility Allowance Schedule. If using this method, the UA must be calculated using the Utility Allowance Schedule each year to determine maximum rent.

(II) Energy Consumption Model Analysis. Applicant may commission an Energy Consumption Model Analysis through an Oregon Housing and Community Service (OHCS) approved Energy Consumption Model Analyst to determine the Utility Allowance based on the specifics of the Building

(ii) To the extent IH Rental Unit renters pay their own utilities directly or are billed back for reimbursement of utilities by the Owner, the Owner must deduct that amount from the maximum allowable rent charged to the renter.

(iii) No UA is required for utilities that are paid by the Owner and not reimbursed by the renter.

(d) Non-optional fees. Any non-optional fees required by the Owner to live in an IH Rental Unit (i.e. parking, meal plans, and amenities) must be deducted from the maximum rent found in the MFI and Rent Chart in order to determine the rent of an IH Unit.

Example: a one-Person household earning 80 percent MFI occupies a studio IH Rental Unit. The maximum monthly rent for that unit, based on the 2024 MFI and Rent Chart, is \$1,652 and the UA is \$138. The maximum an Owner could collect from this household is \$1,514 = (\$1,652 - \$138).

(e) Rent increases. Owner may raise the rent up to the maximum allowed for the Unit Type in accordance with Section G.1.(2) of these Rules.

(3) Income eligibility. Income eligibility is based on IH Program option selected and the MFI and Rent Chart posted on the PHB website annually.

(a) Initial income certification. Owner must verify renter income prior to move-in by completing and verifying Tenant Income Certification (TIC) form (Appendix C) for each IH Unit. Refer to HOU-1.10- [Risk](#) Analysis & Compliance Policies & Guidelines for guidance on how to complete the TIC form.

(b) Income sources & documentation. Before executing a lease agreement, Owner must verify all sources of income for every adult living in an IH Rental Unit to determine the household's gross income, utilizing Sections 1 and 2 of Chapter 5 of the HUD Guidance on Determining Income and Calculating Rent. Use of HUD's Enterprise Income Verification (EIV) system is not required.

(c) Annual income recertification. Owner must require that renters complete a TIC form annually. Recertifications may be completed and signed up to 120 days before the recertification date in accordance with the date set in the welcome letter sent out by RAC as described in Section F.2. of these Rules. Third-party verification and review of source documentation is not required at annual recertification.

(d) Incomes rising in place. Households that initially qualified for an IH Rental Unit must be able to remain in that unit and not be subject to market rate rents unless their incomes reach or exceed the income limits contained in this policy. A renter's income may increase above the income limit and still have the unit fulfill the Building's IH Program requirements, based on the following:

(i) Renters in IH Rental Units restricted at 60 percent MFI, may have income increase up to 100 percent MFI; or

(ii) Renters in IH Rental Units restricted at 80 percent MFI, may have income increase up to 120 percent MFI.

(e) Over-income renter. If a renter's income is above the allowable rising in place income for the IH Rental Unit, where IH Units are intermixed with Market Rate Units, the Owner must Float the requirements of the IH Unit in accordance with Section G.1.(3)(i) of these Rules.

(f) Floating. Must Float the requirement and designate the next available Dwelling Unit that is the same Unit Type and is Reasonably Equivalent, in accordance with Section E.1 of these Rules as an IH Rental Unit. Owner must submit a revised Rent and Utility Allowance Schedule to RAC and receive approval prior to designating the new IH Unit. Floating is not allowed in Receiving or Consolidated Buildings. Owner:

(i) May raise the rent on the existing renter's unit in accordance with federal, state and local laws;

(ii) May revise a lease at the end of its initial term to allow renters to continue living in the unit in accordance with federal, state and local laws; and

(iii) May not require renters to submit additional deposits or fees.

(4) Vacancies. The number and distribution of IH Rental Units must match those specified in the IH Covenant. To ensure predictable leasing of IH Rental Units, Owner must treat IH Rental Units as Floating as defined in Section C, Definitions: Floating. of these Rules.

(5) Annual reporting and review.

(a) Reporting. Buildings with IH Rental Units are subject to PHB's reporting requirements as set forth in the IH Covenant. Owner must annually submit to RAC certain information about IH Units through WCMS on the date specified by RAC.

(b) Compliance findings. RAC may test the information reported in WCMS against the terms of the IH Covenant and issue written compliance scores for each Building.

(i) ACT results. RAC may send to the Owner, or designated contact on file, an ACT if it identifies violations of the IH Covenant or these Rules.

(ii) Response time to ACT. The Owner shall have 30 days to respond to the initial ACT and address any action items. RAC will evaluate responses provided to the ACT findings for accuracy and completion. Should RAC have additional questions or determine that the violations were not addressed, then RAC may send a revised ACT requesting additional follow up prior to providing a finalized compliance score. Should the Owner fail to respond or fail to address the action items notated within the ACT, RAC will finalize the ACT as non-compliant.

(6) Non-Compliance or Non-Compliant.

(a) Notice of Non-Compliance. For any Buildings RAC determines to be Non-Compliant, RAC will send a Notice of Non-Compliance and finalized ACT.

(b) Period to cure Non-Compliance. The Owner shall have 90 days from the date of the Notice of Non-Compliance to cure the violations identified in the Notice of Non-Compliance, unless another date is agreed upon or a longer period is required by the applicable IH Covenant.

(c) Waiver or delay. A waiver or delay by PHB in enforcing a remedy does not constitute a waiver of the applicable reporting requirements or PHB's right to subsequent enforcement of any remedy.

(7) Inspections.

(a) Standard inspections. PHB reserves the right to physically inspect Buildings containing IH Rental Units at any time during regular business hours, with advance notice. Inspections may include an audit of IH Program related files such as TICs and other information submitted through WCMS.

(b) Inspections due to Default, Non-Compliant or IH Units in violation. Any Building that is in Default, is in Non-Compliant status, or has IH Units which are in violation of IH Program requirements, may be inspected more frequently until the Building either cures its non-compliance issues or is released from its IH Program obligations after complete payment of the IH Covenant Release Penalty.

(c) Inspection report. PHB will send an inspection report to the property management contact on file with findings to be resolved.

(d) Resolution of findings from inspection. Findings must be resolved, and evidence of their resolution must be provided to PHB within the 30-day response period. Failure to do so, may prompt additional inspections and or the Building being deemed in Default.

(8) Property management changes. Owner must submit updated property management contact information to RAC 30 days prior to the transition or start date of the new property management by completing and submitting a Contact Update Form.

2. **Homeownership Units.** Reporting and compliance requirements are contained in these Rules, the IH Covenant, and the Second Mortgage documents. For purposes of interpretation, if and to the extent there is a conflict among the terms of the IH Covenant and Second Mortgage documents and these Rules, the priority of the terms should be read as follows: 1) the IH Covenant, 2) the Second Mortgage documents, 3) these Rules or the Rules in place at the time the building permit is considered vested by PP&D, Planning and Zoning. For Buildings that will sell IH Units for homeownership opportunities, the following restrictions apply:

(1) Eligibility. Homebuyers of individual IH Homeownership Units must meet the following requirements to participate:

(a) Income-qualify at or below:

(i) 100 percent MFI for an 80 percent MFI IH Program option;
or

(ii) 80 percent MFI for a 60 percent MFI IH Program option.

(b) Not hold liquid assets after closing that total more than \$20,000

(i) A waiver of the asset limit rule may be submitted to the PHB Director. Approval is granted at the discretion of the PHB Director.

(c) Maintain the IH Homeownership Unit as their primary residence

(i) Hardship exceptions to the primary residence rule may be granted by PHB for, but not limited to, the following situations: active military duty, temporary relocation to care for an ill or dying family member, or temporary relocation caused by an employer. Hardship waivers will be effective in one-year increments and may be applied for up to three times. Approval is granted at the discretion of the PHB Director

(d) All-cash purchases of IH Homeownership Units are not allowed.

(e) Cosigners must sign an affidavit stating that they will not occupy the IH Homeownership Unit.

(2) Income verification. Income eligibility is based on the MFI and Rent Chart, according to the IH Program option selected. The MFI and Rent Chart is posted and updated annually on the PHB website. Documentation to verify income includes but is not limited to: last two years of W-2s; most recent 30 days-worth of paystubs; and any social security, child support, alimony, and unemployment currently being received. Self-employed homebuyers must submit to PHB the last two years of federal tax returns with all schedules and a current year-to-date profit and loss statement in addition to applicable income. Homebuyers must submit to PHB income documentation for all homebuyers who will be on title to the property. PHB may require additional documentation to fully verify current income of the homebuyers including letters of explanation or affidavits.

(a) Document submission. Homebuyers must submit to PHB a verification form and income documentation at least 30 days prior to closing on the home purchase and must not close without PHB's review, response and approval. The verification form must be signed by all homebuyers. PHB will review and respond to complete applications within 14 days.

(b) Verification of closing. The IH Second Mortgage Documents prepared by PHB must be requested at least 14 days prior to closing and must be signed by PHB prior to closing. Homebuyer must coordinate the signing of the IH Second Mortgage Documents with PHB before closing. Homebuyer must send PHB documentation of the final sale price and title holders 30 days after closing by submitting a copy of the Warranty Deed and the Settlement Statement.

(3) Second Mortgage Documents. The Second Mortgage Documents are intended to ensure that the IH Homeownership Unit complies with the IH Program and provides an adequate remedy for PHB in the event of default. The Second Mortgage Documents may include a Promissory Note, Deed of Trust, Resale Restriction Agreement, or any other document necessary to ensure continued compliance with the IH Program and remedy any default thereof. To effectuate this purpose, the Second Mortgage Documents intend to encumber the amount that is the difference between the appraised value and the restricted purchase price under the IH Program at the time of purchase. The Second Mortgage is forgiven upon resale provided that the IH Homeownership Unit is sold in accordance with the IH Program requirements.

(4) Pricing. PHB will publish an annual schedule of sale prices based on the MFI development levels and income levels for IH Homeownership Units by June of each year.

(a) Pricing methodology. The sale pricing calculation includes:

- (i)** Mortgage payments at 40 percent of monthly income in accordance with the income level and Unit Type;
- (ii)** Five percent down payment;
- (iii)** Conventional 60-day pricing on interest rates and mortgage insurance;
- (iv)** Property taxes reflecting the average tax exemption value during the exemption period;
- (v)** Estimated homeowner's insurance; and
- (vi)** Estimated homeowner's association fees.

(b) Sale price determination. During the Restriction Period, the Owner may sell IH Homeownership Units at the sale price calculated according to Section G.4.(2)(a) of these Rules at either the time of execution of the IHH Covenant or at the time the IH Homeownership Unit is listed for sale.

(c) Resale price. During the Compliance Period, PHB will determine the resale price for IH Homeownership Units using the annual pricing calculation in place at the time of sale. PHB approved credits from Special Assessments and Capital Improvements, pursuant to Section G.2.(12) of these Rules, will be added to the resale price to find the maximum resale price for an IH Homeownership Unit.

(5) Appraisal. Prior to the sale of an IH Homeownership Unit, the IH Homeownership Unit must receive an independent appraisal, paid by either the seller or the buyer, that PHB will review and use to

establish the Second Mortgage Documents. The Appraisal must reflect the market value. Appraisers must be certified and licensed in the State of Oregon.

(6) Inspection. Prior to the sale of an IH Homeownership Unit, the seller or buyer must have an inspection performed by a certified home inspector and provide documentation to PHB that the inspection is complete.

(7) Property taxes. It is the intention of PHB that the property taxes for IH Homeownership Units will be assessed at their restricted value for the duration of the 99-year Compliance Period.

(8) Refinance and additional liens against property. PHB must approve additional liens prior to recording. Reverse Mortgages are not allowed.

(9) Intent to sell. Sellers of IH Homeownership Units must notify PHB of their intent to sell in writing at least 30 days prior to placing the IH Homeownership Unit on the market for sale or before entering into a contract with another party. Refer to Section I.2. of these Rules for contact and mailing address. Seller's that do not inform PHB of their intent to sell as described by this rule may be deemed in Default and subject to the penalties listed under Section H.2.(2) of these Rules.

(10) Right of first refusal. The Second Mortgage Documents also provide PHB with a right of first refusal to purchase an IH Homeownership Unit intended for sale, at the initial sale and during the Compliance Period. This includes the right of PHB to assign the right of first refusal to another entity engaged in the preservation of affordable housing. PHB must respond within 15 days from receipt of receiving notice of intent to sell from the Owner or Homeowner to issue a letter of intent to purchase at the listed price. If PHB fails to respond within the 15 days, the IH Homeownership Unit will be released from the right of first refusal. PHB is not obligated to purchase any IH Homeownership Units.

(11) Definition of sale. For the purposes of the IH Program, the following events are considered a sale of the IH Homeownership Unit: selling the IH Homeownership Unit to a buyer as described under Section G.2. of these Rules; transferring the IH Homeownership Unit into a trust, short sale, foreclosure; or adding or removing a name from the title.

(12) Listing and sale timeline. The intent of the listing and sale timeline is to maintain IH Homeownership Units as affordable from the initial sale through the duration of the Compliance Period. The timeline applies during the Restriction Period, for the purpose of the initial sale, and at each subsequent resale during the Compliance Period. Sale of IH Homeownership Units must use the following timeline in order:

(a) List and market the IH Homeownership Unit within the IH For-sale units program guidelines for at least six months.

(b) After the six-month period described in Subsection (11)(a), Owner or Homeowner may submit a request to PHB to list and market the IH Homeownership Unit to buyers that income qualify below 100 percent MFI for a 60 percent MFI IH Homeownership Unit or 120 percent MFI for an 80 percent MFI IH Homeownership Unit. PHB has 14 days from the receipt of the Owner's or Homeowner's request to approve or deny it based on demonstrated attempts to sell. Upon approval or denial of request, Owner or Homeowner must list and market the IH Homeownership Unit, pursuant to Section G.2. of these Rules, for at least six months.

(c) After the six-month period described in Subsection (11)(b), Owner or Homeowner may submit a request to PHB to release the Owner or Homeowner and the IH Homeownership Unit from the Second Mortgage Documents and sell the IH Homeownership Unit on the open market. PHB has 15 days from the receipt of the Owner or Homeowner's request to send a letter of intent to the Homeowner to purchase.

(13) Major improvements. Improvements required by the homeowner's association, "special assessments", and capital improvements are major improvements. Homeowners of IH Homeownership Units may apply to PHB for credit for their major improvement. Credit for major improvements approved by PHB will be added to the sales price at the time of resale.

(a) Special assessments. PHB will credit special assessments at the full dollar amount paid. To receive credit for the special assessment, the homeowner must submit the following documentation to PHB within six months of payment of the special assessment:

- (i)** The invoice for the special assessment; and
- (ii)** Proof of payment, such as a cancelled check, bank account statement, or credit card statement.

(b) Capital improvements. Capital improvements approved by PHB will be credited commensurate with the improvement and at a dollar amount not to exceed fifteen percent of the resale price. To receive credit for capital improvements, the Homeowner must submit to PHB proof of purchase and installation. Eligible capital improvements are:

- (i)** Upgrades to electrical and plumbing systems, outside of the system improvements by the homeowner's association;

- (ii) Installation of Energy Star Certified furnace or cooling system;
- (iii) Updating bathroom and kitchen cabinetry, flooring, counter-tops and fixtures;
- (iv) Room additions;
- (v) Upgrading to double pane windows; and
- (vi) Upgrading to new Energy Star Certified built-in appliances purchased within five years of placing the IH Homeownership Units for sale.

(14) Death of sole Homeowner. In the event of the death of the sole title holder, the IH Homeownership Unit can be transferred. The IH Homeownership Unit and new title holder are bound by the Second Mortgage Documents and the IH Program for the remainder of the Compliance Period, however, the new title holder is exempt from Sections G.2.(1)(a) and G.2.(1)(b) of these Rules.

(15) Foreclosure. If a Homeowner of an IH Homeownership Unit is at risk of a bank foreclosure, the Homeowner must notify PHB within 30 days of the default. PHB has the right, but not the obligation, to cure the loan default.

(16) Exception for Non-Profit Housing Providers. Subject to review and approval by PHB, a certified 501(c)(3) housing provider may use its own homeownership program and covenant to fulfill the IH Program requirements in Sections G.2.(1)-(15) of these Rules, so long as the following conditions are met, according to a recorded IH Covenant:

- (a) The IH Homeownership Units must be sold to households earning 80 percent MFI or less;
- (b) The IH Homeownership Units must have a Compliance Period of at least 99 years; and
- (c) The IH Homeownership Units must be used for homeownership for the duration of the Compliance Period.
- (d) Maintain the IH Homeownership Unit as the Homeowner's primary residence.
- (e) The Non-Profit Housing Provider must execute with each Homeowner of an IH Homeownership Unit, enforce, and record on the fee or leasehold estate, an affordable housing covenant, subject to PHB's review and approval, to ensure the IH Homeownership Units remain affordable during the Compliance Period. PHB must be a third-party beneficiary of to the covenant.

(f) During the Compliance Period, the Non-Profit Housing Provider, or an assignee, will report to PHB annually any transfers of IH Homeownership Units and provide a copy of the newly executed and recorded covenant.

(g) During the Compliance Period, PHB may audit the IH Homeownership Units for compliance and the Non-Profit Housing Provider as applicable, must provide any documents pertaining to the IH Homeownership Units and compliance with these rules, within thirty (30) days of receipt of a request by PHB's request.

(17) Non-compliance.

(a) Any violation of the terms in these Rules or the terms of Second Mortgage Documents constitute an occurrence of non-compliance.

(b) Upon discovery of non-compliance during the Restriction Period, PHB will send the Owner a Notice of Non-Compliance and Demand Statement requiring payment of penalties as described in Section H.3. of these Rules. PHB must receive payment upon the sale of the IH Homeownership Unit, or within 60 days, whichever is sooner.

(c) Upon discovery of non-compliance during the Compliance Period, PHB will send the Homeowner a Notice of Non-Compliance and require payment of the amount listed on the Second Mortgage Documents. Payment must be received by PHB upon the sale of the IH Homeownership Unit, or within 60 days, whichever is sooner.

(d) Homeowners may submit an appeal of the non-compliance to PHB. Approval is at the discretion of the PHB Director.

(e) If non-compliance is unresolved, the penalties are not paid, or the Second Mortgage Documents amount is not paid within the timeframe required in G.2.(17)(b) or (c), then the IH Homeownership Unit will be deemed in default in accordance with Section H.2.(2) of these Rules.

3. Conversions.

(1) Any Building subject to or built under the IH Program and that provides IH Units On-Site or Off-Site where the Building with the IH Units converts from a rental to a homeownership Building or from a homeownership to a rental Building during the Restriction Period or Compliance Period must adhere to the IH Program requirements of the tenure to which the Building is converted.

(2) IH Buildings that convert to fully market rate rentals or homeownership units are subject to repayment of any and all exemptions granted, including, but not limited to, system

development charges, property taxes, and construction excise taxes, in addition to the penalties listed in Section H.3. of these Rules.

(3) A CCRC with a recorded covenant with PHB excluding the CCRC from the IH Program that offers units in the CCRC for sale or rent are subject to the penalties listed in Section H.3. of these Rules.

4. Transfers of Building ownership or property management.

(1) Covenants runs with the land. The IH Covenant runs with the land for the length of the Restriction Period and Compliance Period.

(2) Non-subordinate. PHB will not subordinate its IH Covenant to other financing. In cases of foreclosure, PHB may, but will not be required to, consider modifications to the IH Covenant to facilitate resolution of foreclosure proceedings.

(3) Transference of provisions. Upon sale or other transfer of the Building during the Restriction Period or Compliance Period, the provisions of the IH Program must transfer with the property.

(4) Contact Update Form. Owner must submit updated property management and ownership contact information to RAC 30 days prior to the change of property management company or sale by submitting a complete Contact Update Form.

(5) Assignment and Assumption Agreement. Any transfer of ownership of Buildings during the Restriction Period or of Buildings with IH Rental Units during the Compliance Period requires the Owner to submit to PHB legal documentation about the new entity. An Assignment and Assumption Agreement provided by PHB which must be executed and recorded on title.

H. Enforcement

1. Rental Buildings

(1) Default process. If Owner has not addressed the action items stated in the finalized ACT by the date of expiration in the Notice of Non-Compliance, PHB may issue a Notice of Default and Demand Statement. Owner will have 30 days from the date of the Notice of Default and Demand Statement to cure the non-compliance before PHB pursues legal enforcement, as follows:

(a) Meet the requirements necessary to become compliant, to be confirmed by RAC.

(b) Pay penalties and fees in accordance with Section H.3 of these Rules.

(2) Legal enforcement. To enforce any of the requirements of this Title, the Director may institute an action before the Code Hearings Officer as set out in Title 22 of City Code.

(3) Settlement authority.

(a) At any time between the issuance of a Notice of Default and Demand Statement and the entry of a Final Order by the Code Enforcement Hearings Officer, PHB may negotiate and execute a Settlement Agreement with the Owner.

(b) Upon request from PHB and Owner, the Code Hearings Officer will enter the Settlement Agreement as a Final Order and direct the Revenue Division to enter any associated lien on the City of Portland Docket of City Liens.

2. Homeownership Units

(1) Default during Restriction Period. An Owner of IH Homeownership Units that is in default is subject to penalties listed in Section H.3. of these Rules.

(a) Notice of Default and Demand Statement. PHB will issue a Notice of Default and Demand Statement.

(b) Period to cure Default. Owner will have 30 days from the date of the Notice of Default to pay all fees and penalties due.

(c) Legal enforcement. If the Owner does not cure the Default prior to the expiration of the Notice of Default and Demand Statement, PHB will follow the legal enforcement steps in accordance with Section H.1.(2) of these Rules.

(2) Default during Compliance Period.

(a) Notice of Default and Demand Statement. PHB will issue a Notice of Default and Demand Statement reflecting the amount due from the Second Mortgage Documents and all fees.

(b) Period to cure default. The Homeowner will have 30 days from the date of the Notice of Default and Demand Statement to pay all fees and the amount due from the Second Mortgage Documents.

(c) Legal enforcement. If the Homeowner does not cure the Default prior to the expiration of the Notice of Default and Demand Statement, PHB will use enforcement as described in the Second Mortgage Documents.

(3) Property tax exemption. Any remaining property tax exemption will be terminated according to PCC 3.102 or PCC 3.103, as applicable.

3. Penalties. Upon issuing a Notice of Default and Demand Statement, PHB may assess and require payment of the following fees:

(1) IH Covenant Release Penalty calculation. PHB will calculate the IH Covenant Release Penalty as follows:

(a) Replacement Value. The number of Minimum IH Units (prior to any Reconfiguration) will be multiplied by \$450,000 to determine the replacement value for the IH Units (Replacement Value);

(b) Appreciation. A three percent (3%) simple appreciation per year will be applied to the Replacement Value, rather than a compounded appreciated value, computed from the date of the Notice of Default; and

(c) Years of compliance discount. The appreciated Replacement Value will be divided by the 99-year Compliance Period. The result will be multiplied by the years remaining in the Compliance Period;

(2) Administrative fees. PHB will charge administrative fees for processing the Default, based on the fee schedule in effect upon the date of the Notice of Default and Demand Statement;

(3) Default Notice Fee. PHB may assess a single \$1,000 administrative fee per Building;

(4) Default Daily Penalty. PHB may assess a daily fee of \$50 per Building that shall begin accruing on the day the Notice of Default and Demand Statement is sent and continuing until all Defaults have been cured;

(5) Repayment of financial incentives. The Owner is responsible for the repayment of any financial incentives and exemptions received based on the IH Covenant including, but not limited to, property taxes, system development charges, and construction excise taxes, according to each program's code and administrative rules:

(a) Property Tax Exemption. Pursuant to PCC 3.102 or PCC 3.103, PHB may terminate any property tax exemption at a property that has failed to timely cure a Default under these Rules.

(b) System Development Charges Exemption. Pursuant to PCC 30.01.095.G. and the terms of any applicable Regulatory Agreement, PHB may terminate the exemption and make due and payable all previously exempt portions of system development charges applied to IH Units in a Building that has failed to timely cure a Default under these Rules.

(c) Affordable Housing Construction Excise Tax Exemption. Pursuant to PCC 6.08.090 and the terms of any applicable Regulatory Agreement, PHB may terminate the exemption and make due and payable all previously exempt portions of the construction excise tax applied to IH Units in a Building that has failed to timely cure a Default under these Rules; and

(6) Additional fees. The City may pursue any action available at law, in equity, or otherwise, including but not limited to foreclosure, court injunction, or receivership if the financial penalties are not paid. Failure to pursue penalties by PHB is not a waiver of the IH Program requirements or IH Covenant.

(7) Penalties and fees payment and release. Once all penalties, and any additional fees have been paid in full, the Building will cease to be bound to the restrictions of the IH Covenant.

I. Communication

1. Rental Units

(1) Building permit review process. All notifications, applications, requests and communications prior to and during the building permit application review process should be sent to: Inclusionary-Housing@portlandoregon.gov; or

Portland Housing Bureau c/o Inclusionary Housing Team
1900 SW 4th Ave, Suite 7007
Portland, Oregon 97201

(2) Construction & active leasing. All notifications, applications, requests and communications during the construction of the building and throughout the Compliance Period should be sent to:

assetmanagement@portlandoregon.gov; or

Portland Housing Bureau c/o RAC Team
1900 SW 4th Ave, Suite 7007
Portland, Oregon 97201

2. Homeownership Units

(1) Building permit review process. All notifications, applications, requests and communications prior to the initial sale to a qualified homebuyer should be sent to:

Inclusionary-Housing@portlandoregon.gov; or

Portland Housing Bureau c/o Inclusionary Housing Team
1900 SW 4th Ave, Suite 7007
Portland, Oregon 97201

(2) Initial sale & subsequent sales. All notifications, applications, requests and communications following the sale of the IH Unit to the first homebuyer and throughout the duration of the Compliance Period should be sent to:

indirect@portlandoregon.gov; or

Portland Housing Bureau c/o Development Incentives Team
1900 SW 4th Ave, Suite 7007
Portland, Oregon 97201

Appendix A – Fee-in-Lieu Factor Schedule

Fee-In-Lieu. When the Applicant elects the fee-in-lieu option, the Fee-In-Lieu Factor per Gross Square Foot (GSF) of the Residential and Residential Related portions of the proposed Building is:

1. **Outside Central City Plan District.** For developments in zones outside the Central City Plan
Fee per GSF: \$23
2. **Inside Central City Plan District.** For developments in zones within the Central City Plan District
Fee per GSF: \$27

Fee-In-Lieu Calculation Example:

Occupancy Type	GSF	Percentage of Total GSF
Residential Dwelling Units	25,000	59.52%
Residential Related Space	+ 5,000	11.90%
Combined dedicated Residential & Residential Related	30,000	71.43%
Commercial Space (Does not serve residential units)	10,000	23.81%
Residential and Commercial Shared Spaces	2,000	4.76%
Total	42,000	100.00%

GSF of Residential Dwelling Units	25,000
GSF of Residential Related Space	+ 5,000
GSF of Shared Space	+ 1,429 (71.43% x 2,000 SF)
Total GSF (for FIL calculation)	= 31,429
Central City Plan District Fee-In-Lieu Factor	X \$27/GSF
FIL Payment	= \$848,583 (31,429 X \$27)

3. **Non-IH Program subject.** For Bonus Floor Area in non-residential developments & residential buildings that are not subject to IH Program
Fee for Bonus Floor Area: \$24 per bonus square foot of Floor Area*

Example of Bonus Floor Area fee calculation	
Project's Proposed Floor Area:	11,326 square feet
Allowable Floor Area:	-10,000 square feet
Bonus Floor Area Needed:	=1,326 square feet
Non-IH Program Subject FIL Factor	\$24/GSF
Bonus Floor Area Fee:	\$31,824 (\$24 x 1,326 square feet)
*A project's eligibility for, and the amount of, bonus floor area is determined by PP&D during the building application review process.	

Appendix B – Example: Rent and Utility Allowance Schedule

RENT AND UTILITY ALLOWANCE SCHEDULE – DEVELOPMENT INCENTIVES PROJECTS (SDC/MULTE/IH)	
Project Information	
PROJECT NAME:	
ALTERNATE NAME:	
PROJECT ADDRESS:	
ALTERNATE ADDRESS:	
SUBMITTED BY:	
DATE:	
Unit Information	
	Number of residential units in project
	Number of affordable units per the Regulatory Agreement
	Number of years of affordability per the Regulatory Agreement

Utility Allowance Schedule

Utility Allowance Supporting Documentation

With the submission of this Rent and Utility Allowance Schedule, I will provide documentation to support the utility allowance method that will be used. For the Public Housing Authority (PHA) schedule, I will provide the most current schedule with applicable utilities circled or highlighted. For the Energy Consumption Model (ECM), I will provide the report from the DHCS-approved ECM contractor. For all required non-optional fees, I will provide itemized details and amounts. **Note- if utilities are included in the Tenant's Gross Rent and there are NO Non-Optional Fees then the utility allowance is zero (\$0.00).**

In addition to Tenant Paid Rent, please check all applicable utilities that the tenant is **required** to pay:

Utility Responsibility			Non-Optional Fees		
Type of Utility	Provided in Tenant Paid Rent	Paid by Tenant	Fee Type	Is the Fee Optional or Required?	Amount
Heating					
Utility Expense			Parking		
Cooking			Storage		
Utility Expense			Internet/Fu/FI		
Water/Heating					
Utility Expense			Renter's Insurance		
Lights/Other Electric					
Water(W)			Other(s):		
Sewer(S)			Optional Fees Total		\$0.00
Garbage(G)					
Water/Sewer					
Pass Through*					
W/S/G					
Pass Through*					

**A utility pass through relates to the pass through of expenses associated with a specific utility or group of utilities. A utility pass through or utility bill-back shall be outlined in the rental agreement. The landlord is responsible for ensuring compliance with all applicable municipal and state laws related to charging and/or billing back a tenant for utility related expenses.*

[illegible]

Appendix C – Examples: Minimum IH Unit

TENANT INCOME CERTIFICATION										Move-In Date: _____	
<input type="checkbox"/> Initial Certification <input type="checkbox"/> Recertification <input type="checkbox"/> Other _____										Effective Date: _____	
PART I. DEVELOPMENT DATA											
Property Name: _____				County: _____				BIN: _____			
Address: _____				Unit #: _____				# of Bedrooms: _____			
PART II. HOUSEHOLD COMPOSITION											
III Mbr #	Last Name	First Name	Middle Initial	Relation to Head of Household	Race	Ethnicity	Disabled (Yes/No)	Date of Birth	Full Time Student (Yes/No)	Last 4 Digits of SSN	
1											
2											
3											
4											
5											
6											
7											
PART III. GROSS ANNUAL INCOME											
III Mbr #	(A) Employment or Wages	(B) Social Security / Pensions	(C) Public Assistance	(D) Other Income							
TOTALS											
Add totals from above, (A) - (D), to determine total income.											
TOTAL INCOME (E) =											
PART IV. INCOME FROM ASSETS											
III Mbr #	(F) Type of Asset	(G) C/I	(H) Cash Value of Asset	(I) Annual Income from Asset							
Current Passbook Rate %			TOTALS								
Enter Column (H) Total (if over \$5,000): \$ _____ X .06% = \$ _____ (J)			IMPUTED INCOME (J) =								
Enter the greater of: Total of column (I) or Imputed Income (J).			TOTAL INCOME FROM ASSETS (K) =								
Add (E) + (K)			TOTAL ANNUAL HOUSEHOLD INCOME FROM ALL SOURCES (L) =								
HOUSEHOLD CERTIFICATION & SIGNATURES											
I/we have provided for each person(s) set forth in Part II acceptable verification of current anticipated annual income and assets. I/we agree to notify the landlord immediately if there are changes to the household composition or if any member becomes a full time student during the course of this tenancy. I/we will report any changes in income or household composition that occurs between the time this form is signed and the date it takes effect.											
Under penalties of perjury, I/we certify that the information presented above is true and correct to the best of my/our knowledge and belief. I/we further understand that providing false representations (its include misreading or incomplete information) herein constitutes an act of fraud and may result in the termination of my/our lease.											
_____ Resident Signature		_____ Signature Date		_____ Resident Signature							
_____ Resident Signature		_____ Signature Date		_____ Resident Signature							
_____ Resident Signature		_____ Signature Date		_____ Resident Signature							

Effective Date of Income Certification: _____	Household Size at Certification: _____
---	--

PART V. DETERMINATION OF INCOME ELIGIBILITY

<p>TOTAL ANNUAL HOUSEHOLD INCOME FROM ALL SOURCES: From item (L) on page 1</p> <p style="font-size: 1.2em;">\$ </p> <p>Current Income Limit Per Family Size: \$ _____</p> <p>Household Meets Income Restriction at:</p> <p><input type="checkbox"/> 60% <input type="checkbox"/> 50% <input type="checkbox"/> 40% <input type="checkbox"/> 30% <input type="checkbox"/> _____%</p>	<p>RECERTIFICATION ONLY:</p> <p>Household Income at Move-in: \$ _____</p> <p>Household Size at Move-in: _____</p> <p>Incomes Rising in Place Limit: \$ _____</p> <p>Household Income Exceeds Rising in Place Limit at Recertification: <input type="checkbox"/> Yes <input type="checkbox"/> No</p>
--	--

PART VI. RENT

<p>Tenant Paid Rent (TP) \$ _____</p> <p>Utility Allowance (UA) \$ _____</p> <p>GROSS RENT FOR UNIT: (TP + UA + Other non-optional charges)</p> <p style="font-size: 1.2em;">\$ </p> <p>Maximum Rent Limit for this unit: \$ _____</p>	<p>Other non-optional charges \$ _____</p> <p>Rent Assistance*: \$ _____</p> <p>(*For LIHTC/HOME units only, include as GROSS RENT)</p> <p>Unit Meets Rent Restriction at:</p> <p><input type="checkbox"/> 60% <input type="checkbox"/> 50% <input type="checkbox"/> 40% <input type="checkbox"/> 30% <input type="checkbox"/> _____%</p>
---	---

PART VII. STUDENT STATUS

ARE ALL OCCUPANTS FULL TIME STUDENTS?

☐ Yes* ☐ No

If yes, enter student exemption*

Enter Exemption: _____

*Student Exemptions:
 1. TANF assistance
 2. Job Training Program
 3. Single parent/dependent child
 4. Married/joint return
 5. Previous Foster Care Assistance
 6. **HUMLT/SDC**: All students meet eligibility criteria outlined in section 3-11.B.3 of HUD Handbook 4350.3

PART VIII. PROGRAM TYPE

Mark the program(s) listed below (a. through e.) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification.

<p><input type="checkbox"/> a. Tax Credit</p> <p>Income Status</p> <p><input type="checkbox"/> 50% MFI</p> <p><input type="checkbox"/> 60% MFI</p> <p><input type="checkbox"/> 80% MFI</p> <p><input type="checkbox"/> OI**</p>	<p><input type="checkbox"/> b. HOME</p> <p>Income Status</p> <p><input type="checkbox"/> 50% MFI</p> <p><input type="checkbox"/> 60% MFI</p> <p><input type="checkbox"/> 80% MFI</p> <p><input type="checkbox"/> OI**</p>	<p><input type="checkbox"/> c. Risk Rating <small>Tenants/Head of Household</small></p> <p>Income Status</p> <p><input type="checkbox"/> 50% MFI</p> <p><input type="checkbox"/> 60% MFI</p> <p><input type="checkbox"/> 80% MFI</p> <p><input type="checkbox"/> OI**</p>	<p><input type="checkbox"/> d. HOCH/First-Paid <small>GRANT/FFEL</small></p> <p>Income Status</p> <p><input type="checkbox"/> 50% MFI</p> <p><input type="checkbox"/> 60% MFI</p> <p><input type="checkbox"/> 80% MFI</p> <p><input type="checkbox"/> OI**</p>	<p><input type="checkbox"/> e. _____ <small>(Name of Program)</small></p> <p>Income Status</p> <p><input type="checkbox"/> _____</p> <p><input type="checkbox"/> _____</p> <p><input type="checkbox"/> _____</p> <p><input type="checkbox"/> OI**</p>
---	---	---	--	---

**Upon recertification, household was determined over-income (OI) according to eligibility requirements of the program(s) marked above.

SIGNATURE OF OWNER/REPRESENTATIVE

Based on the representations herein and upon the proof and documentation required to be submitted, the individual(s) named in Part II of this Tenant Income Certification is/are eligible to live in an income/rent-restricted unit in this Project.

Printed Name of Owner/Representative	Signature of Owner/Representative	Signature Date

Appendix D – Examples: Minimum IH Unit calculations

Example 1. Total Minimum IH Unit calculation.

When calculating the required percentage of IH Units in a Building any fractional result will be rounded up to the next whole number. When calculating the 20 percent requirement for Option 1, any partial unit requirement will be rounded down to not exceed 20 percent.

10 percent of Units example: Minimum IH Units to be provided = 1.37; is rounded up to 2 IH Units.

20 percent of Units example: Minimum IH Units to be provided = 4.67; is rounded down to 4 IH Units

Example 2. Minimum IH Units by Unit Type calculation.

IH Unit Types must be provided at the same ratio within the Building as Market Rate Units specific to each Unit Type. When calculating the required percentage of IH Units by Unit Type in a Building any fractional result between .1 and .4 will be rounded down to the next whole number and any fractional result between .5 and .9 will be rounded up to the next whole number.

A 20 percent IH Unit requirement in a 100-unit Building

Market Rate Units = 80	IH Units = 20
Bedroom distribution:	Bedroom distribution:
20 studios (25%)	5 IH studios (25%)
40 one-Bedrooms (50%)	10 IH one-Bedrooms (50%)
20 two-Bedrooms (25%)	5 IH two-Bedrooms (25%)

Example 3. Unit Types rounding to less than total Minimum IH Units.

When the total number of Minimum IH Units from each Unit Type is less than the total number of required IH Units, then the Unit Type with the fraction closest to the nearest whole number above it will be rounded up.

Option 2 Selected: Total Minimum IH Units to be provided = 4.8, round up to 5.

IH Units to be provided based on Unit Type:

IH studios = 2.4, rounded to **2**

IH Lofted one-Bedrooms = 1.3, rounded to **1**

IH Windowed one-Bedrooms = 1.2, rounded to **1**

IH Unit total = 4 (1 less than required for the total Minimum IH Units)

The IH Studio Unit Type is nearest to the next whole number above it, making the final IH Unit mix comprised of:

IH Studios = **3**

IH Lofted one-Bedroom = **1**

IH Windowed one-Bedroom = **1**

IH Unit total = 5

Example 4. Unit Types rounding to less than total Minimum IH Units.

When the total number of Minimum IH Units from each Unit Type is more than the total number of required IH Units, then the Unit Type with the fraction closest to the nearest whole number below it will be rounded down. When all of the Unit Types round out to the same ending decimal, then the Unit Type with the least number of Bedrooms will be rounded up

and the Unit Type with the greatest number of Bedrooms will be rounded down.

Option 2 Selected: Total Minimum IH Units to be provided = 4.8, round up to 5.

IH Units to be provided based on Unit Type:

IH Studios = 2.7, rounded to **3**

IH Lofted one-Bedrooms = 1.5, rounded to **2**

IH Windowed one-Bedrooms = 0.6, rounded to **1**

IH Unit total = 6 (1 more than required for the total Minimum IH Units)

The Lofted one-Bedroom IH Unit Type is nearest to the next whole number below it, making the final IH Unit mix comprised of:

IH Studios = **3**

IH Lofted One-Bedroom = **1**

IH Windowed One-Bedroom = **1**

IH Unit total = 5

History

Amended by Director of Portland Housing Bureau July 3, 2019.

Amended by Interim Director of Portland Housing Bureau October 8, 2018.

Amended by Interim Director of Portland Housing Bureau August 23, 2018.

Ordinance No. 188163, passed by City Council December 21, 2016 and effective February 1, 2017.

Amended by Director of Portland Housing Bureau October 28, 2020 and filed for inclusion on November 2, 2020.

Amended by Director of Portland Housing Bureau April 23, 2021.

Amended by Director of Portland Housing Bureau August 16, 2022.

Amended by Interim Director of Portland Housing Bureau February 13, 2024 and effective March 1, 2024 as an interim rule for a period of no greater than 180 days.

Amended by Director of Portland Housing Bureau October 1, 2024 as an interim rule for a period no greater than 180 days.

HOU-3.04 - Inclusionary Housing Program

Interim Administrative Rules

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I. Communication

- 1. Rental Buildings
 - (1) Building permit review process
 - (2) Construction and active leasing
- 2. Homeownership Units
 - (1) Building permit review process
 - (2) Initial sale & subsequent sales

Appendices

Appendix A – Fee-in-Lieu Factor Schedule

Appendix B – Rent & Utility Allowance Schedule example

Appendix C-- Tenant Income Certification (TIC) Form example

Appendix D – Minimum IH Unit calculation examples

A. Definition of Administrative Rules

Portland City Code (PCC) authorizes these Administrative Rules (these “Rules”) by PCC Section 30.01.120 to define the policies, processes, and procedures of implementation of the Inclusionary Housing Program (the “IH Program”).

B. IH Program goals

The City of Portland (the “City”) identified the need for a minimum of 12,379 additional housing units to serve low-income households earning between 60 and 80 percent of Median Family Income by 2045, according to the City of Portland 2045 Housing Needs Analysis published in 2023. The City implemented the IH Program to help meet this need.

The Portland Housing Bureau (PHB) will review Buildings subject to the IH Program to ensure compliance with the IH Program and these Rules. Based on the IH Program option selected by an Applicant, PHB staff will monitor various phases of the Building’s development process, including permitting, closing, construction, lease-up and operations.

C. Definitions

1. **Applicant.** A Person or entity that applies for a land use review or building permit. An Applicant can be the Owner of the property or someone who is representing the Owner, such as a builder, contractor, developer, optional purchaser, consultant, or architect.
2. **Annual Compliance Test or ACT.** A workbook that contains comments regarding IH Unit compliance requirements, inclusive of a list of action items that must be addressed to resolve any compliance findings.
3. **Basement.** The portion of a Building that is partly or completely below grade. A minimum of 50 percent of the total combined area of the walls must be below-grade to be considered a Basement.
4. **Bedroom.** A Bedroom must be a habitable private room as defined by PCC 29.30.210 and must be enclosed by a door that separates it from the rest of the Dwelling Unit, except for a Lofted Unit Type as defined in these Rules under “Unit Type”.
5. **Building.** A structure that has a roof and is enclosed on at least 50 percent of the area of its sides.
6. **Certificate of Occupancy or COO.** As defined in PCC 30.910.
7. **Code Enforcement Hearings Officer.** As defined in PCC 22.02.030.B.
8. **Combined Opportunity Map Score.** Score calculated for individual properties based on its access to schools, transportation and services such as medical facilities. Scores are available online at [PortlandMaps.com](https://portlandmaps.com), in the Zoning and Districts tab within the Permits and Zoning Section.
9. **Compliance Period.**

- (1) **Rental Buildings.** The ninety-nine (99) year time period during which the IH Covenant applies to a Building containing Inclusionary Housing Units. The Compliance Period begins at the date of the final COO of that Building from the PP&D.
 - (2) **Homeownership Buildings.** The ninety-nine (99) year time period during which the IH Covenant applies to each IH Homeownership Unit. The Compliance Period begins upon an initial qualified sale from the Owner to a Homeowner during which the Second Mortgage Documents apply.
10. **Consolidated Building.** A Building on the same site as the Transferring Building(s) that is absorbing the IH requirements of one or more Buildings on the same site through On-Site Consolidation.
11. **Consolidated Building IH Amendment.** A regulatory agreement between the Owner of the Consolidated Building and PHB that sets forth the approval criteria, compliance criteria, and IH Covenant Release Penalty associated with Default of the transferred IH Units and is recorded on the title to the property.
12. **Contact Update Form.** A form provided by PHB which specifies specific required data any time a Building will be changing property management or ownership.
13. **Continuing Care Retirement Community or CCRC.** As defined in ORS 101.020.
14. **Default.** A status in which a Building enters when Owner has not addressed the action items stated in the finalized ACT by the date of expiration in the Notice of Non-Compliance.
15. **Default Daily Penalty.** A penalty of \$50 charged daily beginning the date a Building is issued a Notice of Default and Demand Statement and ending upon the payment of the penalties and fees pursuant to Section H.3. of these Rules and certification by RAC that the Building is in compliance.
16. **Default Notice Fee.** A \$1,000 fee PHB may assess upon a Property after issuing a Notice of Default and Demand Statement.
17. **Dwelling Unit.** As defined by PCC Section 33.910 “Dwelling Unit”.
18. **Eligible Neighborhood Analysis Area.** The census tracts within a neighborhood, as identified in HOU-3.02- Multiple-Unit Limited Tax Exemption (MULTE) Program administrative rule.
19. **Energy Star Certified.** A product which has been reviewed by the U.S. Department of Environmental Regulations and is determined to be Energy Star Certified or included on the Energy Star “Most Efficient” list. For purposes of determining an equal rating a product which is determined to be on the Energy Star “Most Efficient” list is determined to have a higher rating than that of a product which is only Energy Star Certified.
20. **Existing Receiving Building.** An Existing Receiving Building is a Building for which the PP&D issued a building permit or is a Building that completed

construction at the time a proposed Sending Building submits a completed “IH Receiving Building Identification Form” designating the Existing Receiving Building, located on PHB’s website.

21. **Fee-in-Lieu Factor.** The factor used to calculate the fee-in-lieu for Option 5 of these Rules. PHB will intermittently recalibrate the factor during regular reviews of the IH Program. [OBJ]
22. **Floating.** Floating is the conversion of a Market Rate Unit to a new IH Rental Unit in a Building. Buildings maintain their legally required number of IH Rental Units while giving flexibility to Owner to fill vacancies. Floating IH Rental Units may be located anywhere in a Building and are not fixed by unit number. Floating Units must meet Reasonable Equivalency standards established by Section E.1. of these Rules.
23. **Gross Square Feet/Footage/Foot.** As defined through OSSC, Chapter 2, Section 202, Definitions, an “AREA, BUILDING” means “the area included within surrounding exterior walls (or exterior walls and fire walls) exclusive of vent shafts and courts. Areas of the building not provided with surrounding walls shall be included in the building area if such areas are included within the horizontal projection of the roof or floor above.”
24. **Homeowner.** The individual(s) holding title to a specific IH Homeownership Unit as shown on the latest assessment records in the Office of the County Assessor.
25. **Housing Portland Policy Documents or HOU.** The housing policy documents for the City of Portland, administered by the Portland Housing Bureau.
26. **IH Covenant.** A regulatory agreement between the Owner and PHB that sets forth the approval and compliance criteria of the IH Program and is recorded on the title to the property. The IH Covenant will be prepared by PHB staff and must be signed by the Owner of the property on which the Building is located prior to permit issuance. PHB will not subordinate the IH Covenant to project financing commitments.
27. **IH Covenant Release Penalty.** The financial penalty for a Building which has failed to meet the requirements set forth in these Rules and IH Covenant. The IH Covenant Release Penalty is calculated in accordance with Section H.3 of these Rules. The IH Covenant Release Penalty shall be no greater than the amount specified in the Building’s IH Covenant plus all accrued interest. PHB may assess the IH Covenant Release Penalty in addition to other penalties and fees authorized by these Rules and the IH Covenant.
28. **IH Homeownership Unit.** A Dwelling Unit, to be sold individually within a Building, which is documented in the IH Covenant as required in order to comply with the IH Program requirements in place at the time of execution of the IH Covenant.
29. **IH Rental Unit.** A Dwelling Unit, to be rented within a Building, that is documented in the IH Covenant as required in order to comply with the IH Program requirements in place at the time of execution of the IH Covenant.

30. **IH Unit.** A Dwelling Unit documented in a Building's IH Covenant as required in order to comply with the IH Program requirements.
31. **Market Rate Unit.** A Dwelling Unit in a Building with an IH Covenant that is not required to comply with the IH Program requirements.
32. **Median Family Income or MFI.** The area median family income for the Portland-Vancouver-Hillsboro area as determined annually by HUD.
33. **Minimum IH Units.** Buildings must provide the minimum number of IH Units based on the IH Program option selected. Buildings that select IH Option 1 are limited to providing 20 percent of their units as IH Units. IH Units must be provided at the same ratio within the Building as Market Rate Units specific to each Unit Type. When calculating the required percentage of total IH Units in a Building any fractional result will be rounded up to the next whole number in accordance with PCC 33.930.020. Examples of calculating the Minimum IH Units are located in Appendix D.
34. **Multiple-Unit Limited Tax Exemption Program or MULTE Program.** One of the property tax exemption programs that provides a property tax exemption for buildings with IH Units in accordance with these Rules, PCC 3.103 and HOU-3.02.
35. **New Construction Receiving Building.** A Building for which PP&D has not issued a permit at the time a proposed Sending Building submits to PHB a completed "IH Receiving Building Identification Form" designating the New Construction Receiving Building, located on PHB's website.
36. **Non-Compliance or Non-Compliant.** A status in which PHB has found that a Building and Owner have failed to comply with the terms of these Rules or the terms of the IH Covenant.
37. **Notice of Default and Demand Statement.** A notice sent to the Owner of a Building that has not timely cured the violations identified in the Notice of Non-Compliance. The Notice of Default and Demand Statement will include the actions required to cure the default, including the payment of any penalties and fees owed. Owner will have 30 days from the date of issuance of the Notice of Default and Demand Statement to cure the Non-Compliance before PHB may institute an action before the Code Hearings Officer.
38. **Notice of Failure to Transfer.** A notice sent to a Building, that executes an IH Covenant utilizing On-Site Consolidation, Option 3 or Option 4 with the intention to transfer its IH Unit obligation to a Consolidated or Receiving Building, for which the requirements of said IH Covenant have not been met by the selected Consolidated or Receiving Building.
39. **Notice of Non-Compliance.** A notice sent to the property management and Owner of a Building that has violated the terms of these Rules or the terms of the IH Covenant. The Notice of Non-Compliance include a description of the violations, the actions required to cure the violations, and the deadline for curing the violations.

40. **Off-Site.** Buildings not considered to be on the same “site” as defined in PCC 33.910.
41. **On-Site.** Buildings considered to be on the same “site”, as defined in PCC 33.910.
42. **On-Site Consolidation.** For developments with Buildings considered to be on the same “site,” Applicant may consolidate the IH Program obligations, as long as all Reasonable Equivalency requirements are met, pursuant to Section E.1. of these Rules.
43. **ODHS Certificate of Registration.** A registration confirmation that the Building is a CCRC with Oregon Department of Human Services, Seniors and People with Disabilities Division in accordance with OSS Chapter 411, Division 67.
44. **Oregon Revised Statute or ORS.** The codified laws of the state of Oregon.
45. **Oregon Structural Specialty Code or OSSC.** The Oregon state code which establishes the minimum requirements for the construction, reconstruction, alteration and repair of buildings and other structures, as well as the installation of mechanical devices and equipment.
46. **Owner.** The Owner of the title to real property or the contract purchaser of real property of record, as shown on the latest assessment records in the Office of the County Assessor. Owner also includes a deed holder or contract purchaser whose name does not appear in the latest assessment records, but who presents to the City a copy of a deed or contract of sale showing date, book, and page of recording.
47. **PCC.** Means Portland City Code.
48. **Person.** Any Person, partnership, association or corporation.
49. **Portland Planning and Development Bureau or PP&D.** The bureau which manages building permits, land use, inspections, code enforcement, and public works permits for the City of Portland (formerly known as Bureau of Development Services or BDS).
50. **Reasonable Equivalency or Reasonably Equivalent.** The relative equivalency of unit mix, unit size, location and amenities between IH Units to Market Rate Units in accordance with PCC 30.01.120.D. PHB assesses Reasonable Equivalency in accordance with Section E.1. of these Rules.
51. **Receiving Building IH Amendment.** A Regulatory Agreement between the Owner of the New Construction or Existing Receiving Building and PHB that is recorded on the title to the property and sets forth the approval criteria, compliance criteria, and IH Covenant Release Penalty associated with the release of the transferred IH Units.
52. **Receiving Building IH Covenant.** A Regulatory Agreement between the Owner of the Receiving Building, that is not subject to Inclusionary Housing, and PHB that is recorded on the title to the property and sets forth the approval criteria, compliance criteria, and IH

Covenant Release Penalty associated with the release of the transferred IH Units.

53. **Reconfiguration.** Applicant combines IH Units to create fewer total IH Units with a greater number of Bedrooms. Reconfiguration is available when selecting an On-Site IH Program option and is based on the total number of Bedrooms required in the Minimum IH Unit calculation.
54. **Rent and Utility Allowance Schedule.** The workbook provided by PHB to be completed by the Building to report rent and proposed Utility Allowance for each IH Unit, as shown in Appendix B of these Rules.
55. **Residential and Residential Related.** The Gross Square Footage of all Dwelling Units, all space that is used to directly access the Dwelling Units, and all spaces renters or homeowners have access to, including but not limited to: hallways, laundry facilities, trash and recycling areas, fitness facilities, and other community and amenity spaces. For space that is the exclusive use of the occupants of the Dwelling Units, the total square footage of the space is included. For space that is shared by the occupants of the Dwelling Units and occupants of other uses in the Building, a percentage of the square footage of the space based on the percentage of the residential use portion of the Building is included in the Gross Square Footage. Square footage for vehicle and bicycle parking is excluded from the Gross Square Footage.
56. **Restriction Period.** The time period between the effective date of the Covenant and either the issuance of COO for a Rental Building or the initial qualified sale of an IH Homeownership Unit. At the time of initial qualified sale or issuance of COO, the Restriction Period ends, and the Compliance Period begins. for a Rental Building or the initial qualified sale of an IH Homeownership Unit. At the time of initial qualified sale or issuance of COO, the Restriction Period ends, and the Compliance Period begins.
57. **Risk Analysis and Compliance or RAC.** The team at PHB that conducts compliance for Buildings with IH Rental Units post building permit issuance from PP&D.
58. **Second Mortgage Documents.** Documents signed by PHB and the homebuyer including a Promissory Note, Deed of Trust, Resale Restriction Agreement, or any other document PHB requires to ensure compliance with the IH Program or remedy any Default thereof. To effectuate this purpose, the Second Mortgage Documents intend to encumber the amount that is the difference between the appraised value and the restricted purchase price under the IH Program at the time of purchase.
59. **Sending Building.** A Building which utilizes one of the Off-Site options to send its own IH Unit obligations to another Building on a different site, known as either the New Construction Receiving Building or Existing Receiving Building.
60. **Tenant Income Certification or TIC Form.** A form provided by PHB on which Owners can collect and verify tenant income. See an example in Appendix C of these Rules.

- 61. Transferring Building.** A Building which utilizes On-Site Consolidation to transfer its own IH obligation to another Building on the same site, known as the Consolidated Building.
- 62. Unit Type.** Unit Types are categorized by the number of Bedrooms and the following characteristics within each Dwelling Unit:
- (1) Windowless.** Dwelling Units with one or more Bedrooms that do not have a window or door on an exterior wall of the Building that provides natural light to the room when closed. Units with multiple Bedrooms will be defined as a Windowless Unit Type if any Bedroom in the Dwelling Unit is Windowless.
 - (2) Windowed.** Dwelling Units where all Bedrooms have a window or door on an exterior wall of the Building that provides natural light to the room when closed.
 - (3) Lofted.** Dwelling Units where the Bedroom is located on a separate level or floor such that the entire room cannot be viewed directly into from another level in the Dwelling Unit. Units with multiple Bedrooms will be defined as a Lofted Unit Type if any Bedroom in the Dwelling Unit is Lofted.
 - (4) Windowless + Lofted.** Multiple Bedroom Dwelling Unit that has both a Windowless Bedroom and a separate Lofted Bedroom.
 - (5) Live/Work.** A Dwelling Unit designated by a PP&D Life Safety Plans Examiner to meet residential occupancy requirements as a Live/Work unit, as defined in Section 419 of the current OSSC.
- 63. United States Department of Housing and Urban Development or HUD.** The federal agency responsible for national policy and programs that address America's housing needs and administers federal housing and urban development laws.
- 64. Utility Allowance or UA.** A reduction of the maximum allowed rent to offset utilities paid for by the renter, paid either directly from the renter to the utility provider or indirectly to the Owner.
- 65. Utility Allowance Schedule.** PHB uses the local public housing authority's schedule of utility allowances published annually by Home Forward. The chart contains averages of utility costs based on type and age of building, location and type of utility obtained from local utility providers. The results are used to determine the Utility Allowance of the different Unit Types within each Building.
- 66. Web Compliance Management System or WCMS.** An online platform through which Owner shares information about IH Units to RAC for annual reporting.

D. Permit Application and IH Program options

Applicants that submit a permit application to construct 20 or more new Dwelling Units or alter existing Buildings that add 20 or more new Dwelling Units in a single Building must include an IH Program option selection. PHB staff can assist Applicants throughout the permitting, intake, and application process to explain and clarify IH Program requirements.

- 1. IH Program options.** IH Program requirements depend on the Applicant's selected IH Program option. Once PP&D issues a building permit for the Building, the Applicant may not change the IH Program option.
 - (1) Option 1: Build On-Site: Provide 20 percent of the Dwelling Units at 80**

percent MFI.

- (a)** PHB staff will determine the IH Unit Types and calculate the Minimum IH Units required.
 - (i)** Applicant may elect to provide an alternative mix of IH Units through Reconfiguration.
- (b)** PHB staff will identify the applicable incentives for the Building. Incentives may be awarded up to but not after issuance of the building permit for the Building where the IH Units are located and include:
 - (i)** A 10-year property tax exemption on the Residential and Residential Related portions of the Building in accordance with PCC 3.103.030.
 - I.** For Buildings with IH Rental Units located outside the Central City Plan District the tax exemption applies only to the IH Rental Units located within the Building and the applicable percentage of Residential and Residential Related portions of the Building.
 - II.** For Buildings with IH Rental Units located in the Central City Plan District, the tax exemption applies to all IH Rental Units and all Residential and Residential Related portions of the Building if the IH Rental Units are located within the Building.
 - III.** For Buildings with IH Homeownership Units, the tax exemption applies only to the IH Homeownership Units within the Building.
 - (ii)** A Construction Excise Tax exemption on the IH Units within the Building in accordance with PCC 6.08.060(A)(2).
 - (iii)** SDC exemptions for the IH Homeownership Units within the Building in accordance with PCC 30.01.095.
 - (iv)** PP&D will determine any land use incentives provided in PCC 33, including floor area ratio bonuses.
- (c)** Applicant may choose On-Site Consolidation prior to PP&D issuing a building permit. When Applicant elects to build IH Units On-Site in a Consolidated Building based on the IH Program requirements of the Transferring Building, the following additional criteria apply:
 - (i)** The Consolidated Building remains subject to all additional IH Program requirements and must first show how it will meet its own IH Program requirements before PHB Staff will review the Building as a proposed Consolidated Building.
 - (ii)** The Owner of the Transferring Building must execute and record an IH Covenant on the Transferring Building, subject to release in accordance with the terms of these Rules and the recorded covenant. The Consolidated Building must execute and record a Consolidated Building IH Amendment on the Consolidated Building no later than five years after the first Transferring Building receives its COO from PP&D.
 - (iii)** The IH Units in the Consolidated Building must be Reasonably Equivalent, pursuant to Section E.1. of these Rules, to the Dwelling Units in the Transferring Building.
 - (iv)** The Consolidated Building cannot be supported by any additional subsidy from PHB in which the subsidy would directly fund the production of the IH Units.

- (v) The Consolidated Building must receive a COO from PP&D no later than five years from the first Transferring Building receiving its COO from PP&D.
- (vi) Prior to receiving COO for each Transferring Building on a site, PHB will recalculate the Minimum IH Units and Reasonable Equivalency requirements for the Transferring Building. If PHB determines that Consolidated Building is unable to meet these requirements PHB will issue the Transferring Building a Notice of Failure to Transfer. The Transferring Building has an option to either:
 - I. Revise the floor plans of its Building to meet the Reasonable Equivalency standards of the available IH Units in the Consolidated Building;
 - II. Provide the Transferring Building's entire IH obligation within its own Building;
 - a. If the Transferring Building was issued COO before PHB issued the Notice of Failure to Transfer, the Compliance Period will begin two years from the Notice of Failure to Transfer issuance date.
 - b. If these changes occur after the issuance of the Transferring Building's building permit by the PP&D, the Transferring Building will not be eligible to receive incentives otherwise available for the IH Units; or
 - III. Pay the penalties as outlined in Section H.3. of these Rules.
- (vii) The Transferring Building and Consolidated Building must meet the following conditions before PHB will authorize the release of the Transferring Building IH Covenant from a Transferring Building:
 - I. PP&D must have issued the COO to both the Transferring Building and the Consolidated Building within the timelines stated in these Rules.
 - II. The Owner of the Consolidated Building must have executed and recorded a Consolidated Building IH Amendment on title of the Consolidated Building within the timelines stated in these Rules.
 - III. PHB has confirmed that the Transferring Building has met all IH Requirements.
 - IV. A Transferring Building may receive credit for years of Compliance for IH Units made available in a Consolidated Building that is built prior to the issuance of its own COO, if the IH Units held for the Transferring Building's IH obligations have remained in Compliance under another PHB compliance restriction until such time as the Transferring Building is issued its COO, and the Buildings have met all conditions pursuant to Section D.1.(1)(c)(vii).
- (viii) A Consolidated Building may also be a Receiving Building, as long as the IH Units are clearly identified in the respective Consolidated Building IH Amendment and Receiving Building IH Amendment.

(2) Option 2: Build On-Site: Provide 10 percent of the Dwelling Units at 60 percent MFI.

- (a) PHB staff will determine the IH Unit Types and calculate the Minimum IH Units required. Applicant may elect to provide an alternative mix of IH Units

- through Reconfiguration.
- (b)** PHB staff will identify the applicable incentives for the Building. Incentives may be awarded up to but not after issuance of the building permit for the Building where the IH Units are located and include:

 - (i)** A 10-year property tax exemption on the Residential and Residential Related portions of the Building according to PCC 3.103.030.

 - I.** For Buildings with IH Rental Units located outside the Central City Plan District and outside of the boundaries of an Eligible Neighborhood Analysis Area, the tax exemption applies only to the IH Rental Units located within the Building and the applicable percentage of Residential and Residential Related portions of the Building.
 - II.** For Buildings with IH Rental Units located in the Central City Plan District or within the boundaries of an Eligible Neighborhood Analysis Area, the tax exemption applies to all IH Rental Units and all Residential and Residential Related portions of the Building if the IH Rental Units are located within the Building.
 - III.** For Buildings with IH Homeownership Units, the tax exemption applies only to the IH Homeownership Units within the Building.
 - (ii)** Construction Excise Tax exemption on the IH Units within the Building in accordance with PCC 6.08.060(A)(2); and
 - (iii)** SDC exemptions for the IH Units within the Building in accordance with PCC 30.01.095.
 - (iv)** PP&D will determine any land use incentives provided in PCC 33, including floor area ratio bonuses.
 - (c)** Applicant may choose On-Site Consolidation prior to PP&D issuing a building permit. When Applicant elects to build IH Units On-Site in a Consolidated Building based on the IH Program requirements of the Transferring Building, the following additional criteria apply:

 - (i)** The Consolidated Building remains subject to all additional IH Program requirements and must first show how it will meet its own IH Program requirements before PHB Staff will review the Building as a proposed Consolidated Building.
 - (ii)** The Owner of the Transferring Building must execute and record an IH Covenant on the Transferring Building, subject to release in accordance with the terms of these Rules and the recorded covenant. The Consolidated Building must execute and record a Consolidated Building IH Amendment on the Consolidated Building no later than five years after the first Transferring Building receives its COO from PP&D.
 - (iii)** The IH Units in the Consolidated Building must be Reasonably Equivalent, pursuant to Section E.1. of these Rules, to the Dwelling Units in the Transferring Building. PHB staff determines whether the proposed Consolidated Building is compatible with IH Program requirements. If the proposed Consolidated Building is determined to be incompatible, the Applicant must choose one of the remaining IH Program options.
 - (iv)** The Consolidated Building cannot be supported by any additional

subsidy from PHB in which the subsidy would directly fund the production of the IH Units.

- (v) The Consolidated Building must receive a COO from the PP&D no later than five years from the first Transferring Building receiving its COO from PP&D.
- (vi) Prior to receiving COO for each Transferring Building on a site, PHB will recalculate the Minimum IH Units and Reasonable Equivalency requirements for the Transferring Building. If PHB determines that Consolidated Building is unable to meet these requirements PHB will issue the Transferring Building a Notice of Failure to Transfer. The Transferring Building has an option to either:
 - I. Revise the floor plans of its Building to meet the Reasonable Equivalency standards of the available IH Units in the Consolidated Building;
 - II. Provide the Transferring Building's entire IH obligation within its own Building.
 - a. If the Transferring Building was issued COO before PHB issued the Notice of Failure to Transfer, the Compliance Period will begin two years from the Notice of Failure to Transfer issuance date.
 - b. If these changes occur after the issuance of the Transferring Building's building permit by the PP&D, the Transferring Building will not be eligible to receive incentives otherwise available for the IH Units.; or
 - III. Pay the IH Covenant Release Penalty.
- (vii) The Transferring Building and Consolidated Building must meet the following conditions before PHB will authorize the release of the Transferring Building IH Covenant from a Transferring Building:
 - I. PP&D must have issued the COO to both the Transferring Building and the Consolidated Building within the timelines stated in these Rules.
 - II. The Owner of the Consolidated Building must have executed and recorded a Consolidated Building IH Amendment on title of the Consolidated Building within the timelines stated in these Rules.
 - III. PHB has confirmed that the Transferring Building has met all IH Requirements.
 - IV. A Transferring Building may receive credit for years of Compliance for IH Units made available in a Consolidated Building that is built prior to the issuance of its own COO, if the IH Units held for the Transferring Building's IH obligations have remained in Compliance under another PHB compliance restriction until such time as the Transferring Building receives its final COO, and the Buildings have met all conditions pursuant to Sections D.1.(2)(c)(vii).
- (viii) A Consolidated Building may also be a Receiving Building, as long as the IH Units are clearly identified in the respective Consolidated Building IH Covenant Amendment and New Construction Receiving Building IH Covenant.

(3) Option 3: Build Off-Site: New Construction. Providing at least 20 percent of

the total number of Dwelling Units in the Sending Building at 60 percent MFI in a New Construction Receiving Building. When Applicant elects to build IH Units Off-Site in a New Construction Receiving Building based on the IH Program requirements of the Sending Building, the following criteria apply:

- (a) PHB staff determine the IH Unit Types and calculate the Minimum IH Units required.
- (b) The Sending Building will retain any floor area ratio bonus approved by PP&D.
- (c) The New Construction Receiving Building remains subject to all additional IH Program requirements and must first show how it will meet its own IH Program requirements before PHB Staff will review the Building as a proposed New Construction Receiving Building.
- (d) The Owner of the Sending Building must execute and record an IH Covenant on the Sending Building, subject to release in accordance with the terms of these Rules and the recorded covenant.
- (e) The New Construction Receiving Building must execute and record a Receiving Building IH Amendment on the New Construction Receiving Building no later than five years after the first Transferring Building receives its COO from PP&D.
- (f) The IH Units built in the New Construction Receiving Building must be Reasonably Equivalent, pursuant to Section E.1. of these Rules, to the Dwelling Units in the Sending Building. PHB staff determines whether the proposed New Construction Receiving Building is compatible with IH Program requirements. If the proposed New Construction Receiving Building is determined to be incompatible, the Applicant must choose one of the remaining IH Program options.
- (g) The New Construction Receiving Building cannot be supported by any additional subsidy from PHB in which the subsidy would directly fund the production of the IH Units.
- (h) The New Construction Receiving Building must receive a COO from PP&D no later than five years from the Sending Building receiving its COO from PP&D or the Sending Building may be subject to financial penalties pursuant to H.3. of these Rules.
- (i) Prior to receiving COO for a Sending Building, PHB will recalculate the Minimum IH Units and Reasonable Equivalency requirements for the Sending Building. If PHB determines that New Construction Receiving Building is unable to meet these requirements PHB will issue the Sending Building a Notice of Failure to Transfer. The Sending Building has an option to either:
 - (i) Revise the floor plans of its Building to meet the Reasonable Equivalency standards of the available IH Units in the New Construction Receiving Building;
 - (ii) Provide the Sending Building's entire IH obligation within its own Building.
 - (I) If the Sending Building was issued COO before PHB issued the Notice of Failure to Transfer, the Compliance Period will begin two years from the Notice of Failure to Transfer issuance date.
 - (II) If these changes occur after the issuance of the Sending Building's building permit by the PP&D, the Sending Building will not be eligible to receive incentives otherwise available for

the IH Units.; or

(iii) Pay the IH Covenant Release Penalty.

- (j) The Sending Building and New Construction Receiving Building must meet the following conditions before PHB will authorize the release of the Sending Building IH Covenant from a Sending Building:
 - (i) PP&D must have issued the COO to both the Sending Building and the New Construction Receiving Building within the timelines stated in these Rules.
 - (ii) The Owner of the New Construction Receiving Building must have executed and recorded a Receiving Building IH Amendment on title of the New Construction Receiving Building within the timelines stated in these Rules.
 - (iii) PHB has confirmed that the Sending Building has met all IH Requirements.
 - (iv) A Sending Building may receive credit for years of Compliance for IH Units made available in a New Construction Receiving Building that is built prior to the issuance of its own COO, if the IH Units held for the Sending Building's IH obligations have remained in Compliance under another PHB compliance restriction until such time as the Sending Building receives its final COO, and the Buildings have met all conditions pursuant to Section D.1.(3)(j).
 - (k) The New Construction Receiving Building IH Units may benefit from the Construction Excise Tax exemption in accordance with PCC 6.08.060(A)(2), the SDC exemption in accordance with PCC 30.01.095, and a property tax exemption in accordance with PCC 3.103, 3.102, or 3.101. Applications for tax exemptions must meet the requirements in Section D.3., Tax Exemption, of these Rules.
 - (l) The IH Units in the Receiving Building do not need to be the same tenure as the units in the Sending Building. A Building that will have rental units may send to a Building that will have homeownership units and vice versa.
 - (m) The New Construction Receiving Building must be within a two-mile radius of the Sending Building, measured from the closest edges of the property lines of the Sending Building and the New Construction Receiving Building or in an area with an equal or higher Combined Opportunity Map Score. A Sending Building located in an area with a Combined Opportunity Map Score of 5 may select a New Construction Receiving Building located in an area with a Combined Opportunity Map Score of a 4.
- (4) **Option 4: Provide Off-Site: Designate Dwelling Units in an Existing Receiving Building.** Providing at least 20 percent of the total number of Dwelling Units in the Sending Building at 60 percent MFI in an Existing Receiving Building. When Applicant elects to designate IH Units Off-Site in an Existing Receiving Building based on the IH Program requirements of the Sending Building the following criteria apply:
- (a) PHB staff determine the IH Unit Types and calculate the Minimum IH Units.
 - (b) PHB staff determines whether the proposed Existing Receiving Building is compatible with IH Program requirements. If the proposed Existing Receiving Building is determined to be incompatible, the

Applicant must choose one of the remaining IH Program options.

- (c) The Sending Building will retain any floor area ratio bonus approved by PP&D.
- (d) Should the Existing Receiving Building be subject to IH Program it remains subject to all additional IH Program requirements and must first show how it will meet its own IH Program requirements before PHB Staff will review the Building as a proposed Existing Receiving Building.
- (e) PHB must approve the Existing Receiving Building prior to building permit issuance for the Sending Building. Applicant shall submit to PHB the following information prior to PHB's review and approval:
 - (i) Location of Existing Receiving Building;
 - (ii) Complete floor plans (all individual units, common spaces, walls, doors, and windows shown) including all square footages of the Existing Receiving Building; and
 - (iii) Leasing schedule.
- (f) The IH Units in the Existing Receiving Building must be Reasonably Equivalent pursuant to Section E.1. of these Rules, to the Dwelling Units in the Sending Building.
- (g) The Existing Receiving Building must be no more than two miles from the Sending Building, measured from the closest edges of the property lines of the Sending Building and the Existing Receiving Building, or is in an area with an equal or higher Combined Opportunity Map Score. A Sending Building located in an area with a Combined Opportunity Map Score of 5 may select an Existing Receiving Building located in an area with a Combined Opportunity Map Score of a 4.
- (h) The Existing Receiving Building cannot be supported by any additional subsidy from PHB in which the subsidy directly funds the IH Units.
- (i) The IH Units in the Existing Receiving Building must either be occupied by an income qualified renter or homebuyer or be actively marketed for lease or sale by the time the Sending Building is issued COO or the Sending Building may be subject to financial penalties pursuant to section H.3. of these Rules.
- (j) The IH Units in the Receiving Building do not need to be the same tenure as the units in the Sending Building. A Sending Building that will have rental units may send to a Receiving Building that will have homeownership units and vice versa.
- (k) The Owner of the Sending Building must execute and record an IH Covenant on the Sending Building, subject to release in accordance with the terms of these Rules and the recorded covenant.
- (l) Prior to receiving COO for a Sending Building, PHB will recalculate the Minimum IH Units and Reasonable Equivalency requirements for the Sending Building. If PHB determines that Existing Receiving Building is unable to meet these requirements PHB will issue the Sending Building a Notice of Failure to Transfer. The Sending Building has an option to either:
 - (i) Revise the floor plans of its Building to meet the Reasonable Equivalency standards of the available IH Units in the Existing Receiving Building;
 - (ii) Provide the Sending Building's entire IH obligation within its own

Building.

- (I) If the Sending Building was issued COO before PHB issued the Notice of Failure to Transfer, the Compliance Period will begin two years from the Notice of Failure to Transfer issuance date.
 - (II) If these changes occur after the issuance of the Sending Building's building permit by the PP&D, the Sending Building will not be eligible to receive incentives otherwise available for the IH Units.; or
 - (iii) Pay the IH Covenant Release Penalty.
 - (m) The Sending Building and Receiving Building must meet the following conditions before PHB will authorize the release of the Sending Building IH Covenant from a Sending Building:
 - (i) PP&D must have issued the COO to the Sending Building.
 - (ii) The Owner of the Receiving Building must execute and record a Receiving Building IH Covenant or a Receiving Building IH Amendment on the Receiving Building within the timelines stated within these Rules.
 - (iii) PHB has confirmed that the Sending Building has met all IH Requirements.
 - (n) A Sending Building may receive credit for years of Compliance for IH Units made available in an Existing Receiving Building that is built prior to the issuance of its own COO, if the IH Units held for the Sending Building's IH obligations have remained in Compliance under another PHB compliance restriction until such time as the Sending Building is issued its COO, and the Buildings have met all conditions pursuant to Section D.1.(4)(m).
- (5) **Option 5: Fee-in-Lieu.** Applicants may pay a fee rather than providing IH Units. PHB staff calculate the fee-in-lieu amount due by multiplying the Gross Square Feet of the Residential and Residential Related portions of the Building by the current Fee-in-Lieu Factor schedule as referenced in Appendix A of these Rules. The fee-in-lieu must be paid prior to or at issuance of the building permit. Upon payment of the fee-in-lieu, the Building has satisfied its obligations under the IH Program. .
- (6) **Voluntary Opt-In.** Developments exempt from IH Program requirements may voluntarily elect to participate in the IH Program and are limited to the following IH Program Options: Option 1, Option 2, and Option 5. Developments that are not subject to IH can pay a fee, as referenced in Appendix A.3 of these Rules, for bonus square footage. PP&D will determine the total bonus square footage for which a development will be charged.
2. **Application Requirements.** During building permit review, PHB staff will process the necessary documentation based on the IH Program Option Applicant selects. PHB staff will provide estimates only of the various IH Program requirements and incentives. PP&D will condition issuance of building permits on PHB making final determination of IH Program requirements and incentives, pursuant to PCC 33.245.050. Applying clear and objective criteria, PHB will evaluate whether a proposed development meets the numerical requirements set forth in PCC 33.245.240.

3. Property tax exemption.

- (1) Multiple-Unit Limited Tax Exemption (MULTE) Program.** If the IH Program option selected includes a tax exemption, Applicant must complete a MULTE Program Application in accordance with PCC 3.103. PHB will complete the required MULTE approval process including tracking the available foregone revenue and delivering a listing of approved applications to Multnomah County within the timeframe set forth in ORS 307.621.
- (2) Non-Profit Limited Tax Exemption (NPLTE) Program.** A development may also qualify for the NPLTE Program authorized under PCC 3.101, in which case the NPLTE Program will be used in lieu of or in addition to the MULTE Program to provide an incentive to a development. The qualifying non-profit sponsor must apply annually to PHB who in turn will deliver a list of approved applications to Multnomah County within the timeframe set forth in ORS 307.547.
- (3) Homebuyer Opportunity Limited Tax Exemption (HOLTE) Program.** A Building that has IH Homeownership Units may qualify for the 10-year property tax exemption under the HOLTE Program for individual IH Units within the Building which meet the HOLTE Program requirements under PCC 3.102.

4. Articles of Incorporation. Applicants must provide legal articles of the entity with site control identifying signature authority (Articles of Incorporation, Corporate Resolutions, etc.) in order to enter into the IH Covenant.

E. Development Requirements

- 1. Reasonable Equivalency.** Applicants must make IH Units “reasonably equivalent” to Market Rate Units in accordance with PCC 30.01.120.D. PHB will assess Reasonable Equivalency using the following criteria:
 - (1) Rental Buildings.**
 - (a) Bedroom Distribution and Unit Count.**
 - (i)** IH Rental Units must be provided at the same ratio within the Building as Market Rate Units. See Appendix C for examples.
 - (ii)** Floating is not allowed in Receiving or Consolidated Buildings.
 - (iii)** When using Reconfiguration:
 - I.** The Minimum IH Units will be calculated.
 - II.** The total bedrooms within the Minimum IH Units will be added up and the final count of bedrooms after Reconfiguration must be equal.
 - III.** Units that are reconfigured must be reconfigured into Dwelling Units of two or more Bedrooms;
 - IV.** The required family size units calculated in the Minimum IH Unit calculation must be included unless they are also reconfigured into larger type units;
 - V.** Applicant may reconfigure all or some of the Minimum IH Units; and

VI. After Reconfiguration is applied there must be at least one Market Rate Unit that has two or more Bedrooms per reconfigured Dwelling Unit.

(b) Unit Sizes.

- (i)** IH Rental Units must be at least 85 percent the size of the average of the total Dwelling Units with the same Unit Type, as measured in square feet.
- (ii)** When using Reconfiguration, the reconfigured Dwelling Units must be larger than the size of the average square footage of each of the smaller Dwelling Units by Bedroom count.

(c) Unit Distribution. Where Market Rate Units and IH Rental Units are provided in a single On-Site Building, no more than 35 percent of the total units on any floor shall be designated as IH Rental Units, excluding the top floor. Receiving Buildings of Off-Site options and Consolidated Buildings of On-Site Consolidation options have no IH Rental Unit distribution requirements, however, IH Rental Units received from a Sending or Transferring Building may not be located in the Basement.

(d) Unit Amenities. IH Rental Units must have finishes with equal lifetime expectancies and appliances with the same or greater Energy Star Certification as the Market Rate Units, which must be certified by a Building's architect prior to PP&D issuing the Building's COO.

(2) Homeownership Buildings.

(a) Bedroom Distribution and Unit Count. IH Homeownership Units must be provided at the same ratio within the Building as Market Rate Units. See Appendix C for examples.

(b) Unit Sizes. IH Homeownership Units must be at least 85 percent the size of the average of the total units with the same Unit Type, as measured in square feet.

(c) Unit Distribution. Where Market Rate Units and IH Homeownership Units are provided in a single On-Site Building, no more than 50 percent of the total units on any floor shall be designated as IH Homeownership Units, excluding the top floor. Receiving Buildings of Off-Site options and Consolidated Buildings utilizing On-Site Consolidation options have no IH Homeownership Unit distribution requirements, however, IH Homeownership Units received from a Sending or Transferring Building may not be located in the Basement.

(d) Unit Amenities. IH Homeownership Units must have appliances with the same or better Energy Star Certification as the Market Rate Units, which will be certified by a Building's architect prior to PP&D issuing the Building's COO.

2. Inapplicable Policies. PHB does not require IH Program Buildings to follow the policies listed below:

- (1)** Disadvantaged, Minority, Women, Emerging Small Businesses or Service

Disabled Veteran-Owned Business Enterprises (DMWESB-SDVBE) contracting procedures and goals;

- (2) Workforce training and hiring procedures and goals;
- (3) Prevailing wage;
- (4) Green Building (as exempted in HOU-1.07.D.2, Affordable Housing Green Building Policy); and
- (5) Accessibility, except as required by the MULTE Program.

However, PHB encourages all Building teams to voluntarily comply with the above policies and procedures. PHB staff can provide assistance where teams choose to comply.

3. Excluded Developments. The IH Program does not apply to:

- (1) Buildings with fewer than 20 new Dwelling Units.
- (2) Applicants that submit a permit to construct a Building operating as a CCRC on or after January 1, 2020 that:
 - (a) Submit a copy of the Building's ODHS Certificate of Registration with their IH Intake Form to PHB as part of their permit application; and
 - (b) Execute and record a covenant with PHB in which the CCRC agrees to operate all units within the Building or Buildings as a CCRC indefinitely; and
 - (c) Must submit annually to PHB their receipt of ODHS Certification of Registration; and
 - (d) A CCRC that offers units for sale or rent will be subject to the penalties listed in subsection H.3. of these Rules.

F. Final Permit Approval

- 1. Prior to the start of lease-up and at least 90 days prior to the issuance of COO, Owner or property management must submit and receive approval of the Rent and Utility Allowance Schedule by RAC. The rent roll must be approved prior to the start of leasing for the IH Units.
- 2. After a Building is issued COO, RAC will send Owner a welcome letter detailing the Building's annual compliance and reporting requirements.
- 3. The architect of the project must sign and submit a self-certification of Reasonable Equivalency following COO issuance.

G. Compliance and Reporting Requirements

- 1. **Rental Units.** Reporting and compliance requirements are contained in these Rules, the IH Covenant, and HOU-1.10- Risk Analysis & Compliance Policies & Guidelines, available on PHB's website. For purposes of interpretation, if and to the extent there is a conflict among the terms of the IH Covenant, these Rules, and the Risk Analysis &

Compliance Policies & Guidelines, the priority of the terms should be read as follows: 1) the IH Covenant, 2) these Rules or the Rules in place at the time the building permit is considered vested by PP&D, Planning and Zoning, 3) HOU-1.10- Risk Analysis & Compliance Policies & Guidelines. The following requirements apply to the leasing of IH Rental Units:

- (1) Marketing.** Owner is required to abide by the Fair Housing Act, Title VIII of the Civil Rights Act of 1968 and all applicable landlord tenant laws, including but not limited to ORS 90 and PCC 30.01.085, PCC 30.01.086, and PCC 30.01.087.
- (2) Rent determination.**
 - (a) Maximum rent.** The maximum rent for IH Rental Units is determined by HUD's MFI estimates and Fair Market Rent area definitions for the Portland-Vancouver-Hillsboro area. PHB publishes the Median Family Income and Rent Chart annually. Maximum rent is based on the number of Bedrooms and the restricted MFI level. Details and instructions on how to apply the MFI and Rent Chart can be found in the instructions on the Rent & Utility Allowance Schedule.
 - (b) Rent & Utility Allowance Schedule.** Prior to lease-up, RAC must approve Owner's Rent & Utility Allowance Schedule, which must include the following information: Unit Type, unit size, unit location within the Building, and square footage. RAC may require additional information or an updated Rent and Utility Allowance Schedule as part of its review and approval.
 - (c) Utility Allowance.** Maximum rents for IH Rental Units are subject to a UA, the total of which must be subtracted from the maximum rent charged to the tenant.
 - (i)** Owner may choose from two methods of calculating the UA for the IH Units:
 - (I) Utility Allowance Schedule.** If using this method, the UA must be calculated using the Utility Allowance Schedule each year to determine maximum rent.
 - (II) Energy Consumption Model Analysis.** Applicant may commission an Energy Consumption Model Analysis through an Oregon Housing and Community Service (OHCS) approved Energy Consumption Model Analyst to determine the Utility Allowance based on the specifics of the Building.
 - (ii)** To the extent IH Rental Unit renters pay their own utilities directly or are billed back for reimbursement of utilities by the Owner, the Owner must deduct that amount from the maximum allowable rent charged to the renter.
 - (iii)** No UA is required for utilities that are paid by the Owner and not reimbursed by the renter.
 - (d) Non-optional fees.** Any non-optional fees required by the Owner to live in an IH Rental Unit (i.e. parking, meal plans, and amenities) must be deducted from the maximum rent found in the MFI and Rent Chart in order to determine the rent of an IH Unit.

Example: a one-Person household earning 80 percent MFI occupies a studio IH Rental Unit. The maximum monthly rent for that unit, based on

the 2024 MFI and Rent Chart, is \$1,652 and the UA is \$138. The maximum an Owner could collect from this household is \$1,514 = (\$1,652 - \$138).

- (e) **Rent increases.** Owner may raise the rent up to the maximum allowed for the Unit Type in accordance with Section G.1.(2) of these Rules.
- (3) **Income eligibility.** Income eligibility is based on IH Program option selected and the MFI and Rent Chart posted on the PHB website annually.
- (a) **Initial income certification.** Owner must verify renter income prior to move-in by completing and verifying Tenant Income Certification (TIC) form (Appendix C) for each IH Unit. Refer to HOU-1.10- Risk Analysis & Compliance Policies & Guidelines for guidance on how to complete the TIC form.
 - (b) **Income sources & documentation.** Before executing a lease agreement, Owner must verify all sources of income for every adult living in an IH Rental Unit to determine the household's gross income, utilizing Sections 1 and 2 of Chapter 5 of the HUD Guidance on Determining Income and Calculating Rent. Use of HUD's Enterprise Income Verification (EIV) system is not required.
 - (c) **Annual income recertification.** Owner must require that renters complete a TIC form annually. Recertifications may be completed and signed up to 120 days before the recertification date in accordance with the date set in the welcome letter sent out by RAC as described in Section F.2. of these Rules. Third-party verification and review of source documentation is not required at annual recertification.
 - (d) **Incomes rising in place.** Households that initially qualified for an IH Rental Unit must be able to remain in that unit and not be subject to market rate rents unless their incomes reach or exceed the income limits contained in this policy. A renter's income may increase above the income limit and still have the unit fulfill the Building's IH Program requirements, based on the following:
 - (i) Renters in IH Rental Units restricted at 60 percent MFI, may have income increase up to 100 percent MFI; or
 - (ii) Renters in IH Rental Units restricted at 80 percent MFI, may have income increase up to 120 percent MFI.
 - (e) **Over-income renter.** If a renter's income is above the allowable rising in place income for the IH Rental Unit, where IH Units are intermixed with Market Rate Units, the Owner must Float the requirements of the IH Unit in accordance with Section G.1.(3)(i) of these Rules.
 - (f) **Floating.** Must Float the requirement and designate the next available Dwelling Unit that is the same Unit Type and is Reasonably Equivalent, in accordance with Section E.1 of these Rules as an IH Rental Unit. Owner must submit a revised Rent and Utility Allowance Schedule to RAC and receive approval prior to designating the new IH Unit. Floating is not allowed in Receiving or Consolidated Buildings. Owner:
 - (i) May raise the rent on the existing renter's unit in accordance with federal, state and local laws;
 - (ii) May revise a lease at the end of its initial term to allow renters to continue living in the unit in accordance with federal, state and local laws; and

- (iii) May not require renters to submit additional deposits or fees.
- (4) **Vacancies.** The number and distribution of IH Rental Units must match those specified in the IH Covenant. To ensure predictable leasing of IH Rental Units, Owner must treat IH Rental Units as Floating as defined in Section C, Definitions: Floating. of these Rules.
- (5) **Annual reporting and review.**
 - (a) **Reporting.** Buildings with IH Rental Units are subject to PHB's reporting requirements as set forth in the IH Covenant. Owner must annually submit to RAC certain information about IH Units through WCMS on the date specified by RAC.
 - (b) **Compliance findings.** RAC may test the information reported in WCMS against the terms of the IH Covenant and issue written compliance scores for each Building.
 - (i) **ACT results.** RAC may send to the Owner, or designated contact on file, an ACT if it identifies violations of the IH Covenant or these Rules.
 - (ii) **Response time to ACT.** The Owner shall have 30 days to respond to the initial ACT and address any action items. RAC will evaluate responses provided to the ACT findings for accuracy and completion. Should RAC have additional questions or determine that the violations were not addressed, then RAC may send a revised ACT requesting additional follow up prior to providing a finalized compliance score. Should the Owner fail to respond or fail to address the action items notated within the ACT, RAC will finalize the ACT as non-compliant.
- (6) **Non-Compliance or Non-Compliant.**
 - (a) **Notice of Non-Compliance.** For any Buildings RAC determines to be Non-Compliant, RAC will send a Notice of Non-Compliance and finalized ACT.
 - (b) **Period to cure Non-Compliance.** The Owner shall have 90 days from the date of the Notice of Non-Compliance to cure the violations identified in the Notice of Non-Compliance, unless another date is agreed upon or a longer period is required by the applicable IH Covenant.
 - (c) **Waiver or delay.** A waiver or delay by PHB in enforcing a remedy does not constitute a waiver of the applicable reporting requirements or PHB's right to subsequent enforcement of any remedy.
- (7) **Inspections.**
 - (a) **Standard inspections.** PHB reserves the right to physically inspect Buildings containing IH Rental Units at any time during regular business hours, with advance notice. Inspections may include an audit of IH Program related files such as TICs and other information submitted through WCMS.
 - (b) **Inspections due to Default, Non-Compliant or IH Units in violation.** Any Building that is in Default, is in Non-Compliant status, or has IH Units

which are in violation of IH Program requirements, may be inspected more frequently until the Building either cures its non-compliance issues or is released from its IH Program obligations after complete payment of the IH Covenant Release Penalty.

- (c) **Inspection report.** PHB will send an inspection report to the property management contact on file with findings to be resolved.
- (d) **Resolution of findings from inspection.** Findings must be resolved, and evidence of their resolution must be provided to PHB within the 30-day response period. Failure to do so, may prompt additional inspections and or the Building being deemed in Default.

- (8) **Property management changes.** Owner must submit updated property management contact information to RAC 30 days prior to the transition or start date of the new property management by completing and submitting a Contact Update Form.

- 2. **Homeownership Units.** Reporting and compliance requirements are contained in these Rules, the IH Covenant, and the Second Mortgage documents. For purposes of interpretation, if and to the extent there is a conflict among the terms of the IH Covenant and Second Mortgage documents and these Rules, the priority of the terms should be read as follows: 1) the IH Covenant, 2) the Second Mortgage documents, 3) these Rules or the Rules in place at the time the building permit is considered vested by PP&D, Planning and Zoning. For Buildings that will sell IH Units for homeownership opportunities, the following restrictions apply:

- (1) **Eligibility.** Homebuyers of individual IH Homeownership Units must meet the following requirements to participate:
 - (a) Income-qualify at or below:
 - (i) 100 percent MFI for an 80 percent MFI IH Program option; or
 - (ii) 80 percent MFI for a 60 percent MFI IH Program option.
 - (b) Not hold liquid assets after closing that total more than \$20,000
 - (i) A waiver of the asset limit rule may be submitted to the PHB Director. Approval is granted at the discretion of the PHB Director.
 - (c) Maintain the IH Homeownership Unit as their primary residence
 - (i) Hardship exceptions to the primary residence rule may be granted by PHB for, but not limited to, the following situations: active military duty, temporary relocation to care for an ill or dying family member, or temporary relocation caused by an employer. Hardship waivers will be effective in one-year increments and may be applied for up to three times. Approval is granted at the discretion of the PHB Director.
 - (d) All-cash purchases of IH Homeownership Units are not allowed.
 - (e) Cosigners must sign an affidavit stating that they will not occupy the IH Homeownership Unit.

- (2) **Income verification.** Income eligibility is based on the MFI and Rent Chart, according to the IH Program option selected. The MFI and Rent Chart is posted and updated annually on the PHB website. Documentation to verify income includes but is not limited to: last two years of W-2s; most recent 30 days-worth

of paystubs; and any social security, child support, alimony, and unemployment currently being received. Self-employed homebuyers must submit to PHB the last two years of federal tax returns with all schedules and a current year-to-date profit and loss statement in addition to applicable income. Homebuyers must submit to PHB income documentation for all homebuyers who will be on title to the property. PHB may require additional documentation to fully verify current income of the homebuyers including letters of explanation or affidavits.

- (a) **Document submission.** Homebuyers must submit to PHB a verification form and income documentation at least 30 days prior to closing on the home purchase and must not close without PHB's review, response and approval. The verification form must be signed by all homebuyers. PHB will review and respond to complete applications within 14 days.
 - (b) **Verification of closing.** The IH Second Mortgage Documents prepared by PHB must be requested at least 14 days prior to closing and must be signed by PHB prior to closing. Homebuyer must coordinate the signing of the IH Second Mortgage Documents with PHB before closing. Homebuyer must send PHB documentation of the final sale price and title holders 30 days after closing by submitting a copy of the Warranty Deed and the Settlement Statement.
- (3) **Second Mortgage Documents.** The Second Mortgage Documents are intended to ensure that the IH Homeownership Unit complies with the IH Program and provides an adequate remedy for PHB in the event of default. The Second Mortgage Documents may include a Promissory Note, Deed of Trust, Resale Restriction Agreement, or any other document necessary to ensure continued compliance with the IH Program and remedy any default thereof. To effectuate this purpose, the Second Mortgage Documents intend to encumber the amount that is the difference between the appraised value and the restricted purchase price under the IH Program at the time of purchase. The Second Mortgage is forgiven upon resale provided that the IH Homeownership Unit is sold in accordance with the IH Program requirements.
- (4) **Pricing.** PHB will publish an annual schedule of sale prices based on the MFI development levels and income levels for IH Homeownership Units by June of each year.
 - (a) **Pricing methodology.** The sale pricing calculation includes:
 - (i) Mortgage payments at 40 percent of monthly income in accordance with the income level and Unit Type;
 - (ii) Five percent down payment;
 - (iii) Conventional 60-day pricing on interest rates and mortgage insurance;
 - (iv) Property taxes reflecting the average tax exemption value during the exemption period;
 - (v) Estimated homeowner's insurance; and
 - (vi) Estimated homeowner's association fees.
 - (b) **Sale price determination.** During the Restriction Period, the Owner may sell IH Homeownership Units at the sale price calculated according to Section G.4.(2)(a) of these Rules at either the time of execution of the IHH Covenant or at the time the IH Homeownership Unit is listed for

sale.

- (c) **Resale price.** During the Compliance Period, PHB will determine the resale price for IH Homeownership Units using the annual pricing calculation in place at the time of sale. PHB approved credits from Special Assessments and Capital Improvements, pursuant to Section G.2.(12) of these Rules, will be added to the resale price to find the maximum resale price for an IH Homeownership Unit.
- (5) **Appraisal.** Prior to the sale of an IH Homeownership Unit, the IH Homeownership Unit must receive an independent appraisal, paid by either the seller or the buyer, that PHB will review and use to establish the Second Mortgage Documents. The Appraisal must reflect the market value. Appraisers must be certified and licensed in the State of Oregon.
- (6) **Inspection.** Prior to the sale of an IH Homeownership Unit, the seller or buyer must have an inspection performed by a certified home inspector and provide documentation to PHB that the inspection is complete.
- (7) **Property taxes.** It is the intention of PHB that the property taxes for IH Homeownership Units will be assessed at their restricted value for the duration of the 99-year Compliance Period.
- (8) **Refinance and additional liens against property.** PHB must approve additional liens prior to recording. Reverse Mortgages are not allowed.
- (9) **Intent to sell.** Sellers of IH Homeownership Units must notify PHB of their intent to sell in writing at least 30 days prior to placing the IH Homeownership Unit on the market for sale or before entering into a contract with another party. Refer to Section I.2. of these Rules for contact and mailing address. Seller's that do not inform PHB of their intent to sell as described by this rule may be deemed in Default and subject to the penalties listed under Section H.2.(2) of these Rules.
- (10) **Right of first refusal.** The Second Mortgage Documents also provide PHB with a right of first refusal to purchase an IH Homeownership Unit intended for sale, at the initial sale and during the Compliance Period. This includes the right of PHB to assign the right of first refusal to another entity engaged in the preservation of affordable housing. PHB must respond within 15 days from receipt of receiving notice of intent to sell from the Owner or Homeowner to issue a letter of intent to purchase at the listed price. If PHB fails to respond within the 15 days, the IH Homeownership Unit will be released from the right of first refusal. PHB is not obligated to purchase any IH Homeownership Units.
- (11) **Definition of sale.** For the purposes of the IH Program, the following events are considered a sale of the IH Homeownership Unit: selling the IH Homeownership Unit to a buyer as described under Section G.2. of these Rules; transferring the IH Homeownership Unit into a trust, short sale, foreclosure; or adding or removing a name from the title.

(12) Listing and sale timeline. The intent of the listing and sale timeline is to maintain IH Homeownership Units as affordable from the initial sale through the duration of the Compliance Period. The timeline applies during the Restriction Period, for the purpose of the initial sale, and at each subsequent resale during the Compliance Period. Sale of IH Homeownership Units must use the following timeline in order:

- (a)** List and market the IH Homeownership Unit within the IH For-sale units program guidelines for at least six months.
- (b)** After the six-month period described in Subsection (11)(a), Owner or Homeowner may submit a request to PHB to list and market the IH Homeownership Unit to buyers that income qualify below 100 percent MFI for a 60 percent MFI IH Homeownership Unit or 120 percent MFI for an 80 percent MFI IH Homeownership Unit. PHB has 14 days from the receipt of the Owner's or Homeowner's request to approve or deny it based on demonstrated attempts to sell. Upon approval or denial of request, Owner or Homeowner must list and market the IH Homeownership Unit, pursuant to Section G.2. of these Rules, for at least six months.
- (c)** After the six-month period described in Subsection (11)(b), Owner or Homeowner may submit a request to PHB to release the Owner or Homeowner and the IH Homeownership Unit from the Second Mortgage Documents and sell the IH Homeownership Unit on the open market. PHB has 15 days from the receipt of the Owner or Homeowner's request to send a letter of intent to the Homeowner to purchase.

(13) Major improvements. Improvements required by the homeowner's association, "special assessments", and capital improvements are major improvements. Homeowners of IH Homeownership Units may apply to PHB for credit for their major improvement. Credit for major improvements approved by PHB will be added to the sales price at the time of resale.

- (a) Special assessments.** PHB will credit special assessments at the full dollar amount paid. To receive credit for the special assessment, the homeowner must submit the following documentation to PHB within six months of payment of the special assessment:
 - (i)** The invoice for the special assessment; and
 - (ii)** Proof of payment, such as a cancelled check, bank account statement, or credit card statement.
- (b) Capital improvements.** Capital improvements approved by PHB will be credited commensurate with the improvement and at a dollar amount not to exceed fifteen percent of the resale price. To receive credit for capital improvements, the Homeowner must submit to PHB proof of purchase and installation. Eligible capital improvements are:
 - (i)** Upgrades to electrical and plumbing systems, outside of the system improvements by the homeowner's association;
 - (ii)** Installation of Energy Star Certified furnace or cooling system;
 - (iii)** Updating bathroom and kitchen cabinetry, flooring, counter-tops and fixtures;
 - (iv)** Room additions;

- (v) Upgrading to double pane windows; and
- (vi) Upgrading to new Energy Star Certified built-in appliances purchased within five years of placing the IH Homeownership Units for sale.

(14) Death of sole Homeowner. In the event of the death of the sole title holder, the IH Homeownership Unit can be transferred. The IH Homeownership Unit and new title holder are bound by the Second Mortgage Documents and the IH Program for the remainder of the Compliance Period, however, the new title holder is exempt from Sections G.2.(1)(a) and G.2.(1)(b) of these Rules.

(15) Foreclosure. If a Homeowner of an IH Homeownership Unit is at risk of a bank foreclosure, the Homeowner must notify PHB within 30 days of the default. PHB has the right, but not the obligation, to cure the loan default.

(16) Exception for Non-Profit Housing Providers. Subject to review and approval by PHB, a certified 501(c)(3) housing provider may use its own homeownership program and covenant to fulfill the IH Program requirements in Sections G.2.(1)-(15) of these Rules, so long as the following conditions are met, according to a recorded IH Covenant:

- (a) The IH Homeownership Units must be sold to households earning 80 percent MFI or less;
- (b) The IH Homeownership Units must have a Compliance Period of at least 99 years; and
- (c) The IH Homeownership Units must be used for homeownership for the duration of the Compliance Period.
- (d) Maintain the IH Homeownership Unit as the Homeowner's primary residence.
- (e) The Non-Profit Housing Provider must execute with each Homeowner of an IH Homeownership Unit, enforce, and record on the fee or leasehold estate, an affordable housing covenant, subject to PHB's review and approval, to ensure the IH Homeownership Units remain affordable during the Compliance Period. PHB must be a third-party beneficiary of to the covenant.
- (f) During the Compliance Period, the Non-Profit Housing Provider, or an assignee, will report to PHB annually any transfers of IH Homeownership Units and provide a copy of the newly executed and recorded covenant.
- (g) During the Compliance Period, PHB may audit the IH Homeownership Units for compliance and the Non-Profit Housing Provider as applicable, must provide any documents pertaining to the IH Homeownership Units and compliance with these rules, within thirty (30) days of receipt of a request by PHB's request.

(17) Non-compliance.

- (a) Any violation of the terms in these Rules or the terms of Second Mortgage Documents constitute an occurrence of non-compliance.
- (b) Upon discovery of non-compliance during the Restriction Period, PHB will send the Owner a Notice of Non-Compliance and Demand Statement requiring

payment of penalties as described in Section H.3. of these Rules. PHB must receive payment upon the sale of the IH Homeownership Unit, or within 60 days, whichever is sooner.

- (c) Upon discovery of non-compliance during the Compliance Period, PHB will send the Homeowner a Notice of Non-Compliance and require payment of the amount listed on the Second Mortgage Documents. Payment must be received by PHB upon the sale of the IH Homeownership Unit, or within 60 days, whichever is sooner.
- (d) Homeowners may submit an appeal of the non-compliance to PHB. Approval is at the discretion of the PHB Director.
- (e) If non-compliance is unresolved, the penalties are not paid, or the Second Mortgage Documents amount is not paid within the timeframe required in G.2.(17)(b) or (c), then the IH Homeownership Unit will be deemed in default in accordance with Section H.2.(2) of these Rules.

3. Conversions.

- (1) Any Building subject to or built under the IH Program and that provides IH Units On-Site or Off-Site where the Building with the IH Units converts from a rental to a homeownership Building or from a homeownership to a rental Building during the Restriction Period or Compliance Period must adhere to the IH Program requirements of the tenure to which the Building is converted.
- (2) IH Buildings that convert to fully market rate rentals or homeownership units are subject to repayment of any and all exemptions granted, including, but not limited to, system development charges, property taxes, and construction excise taxes, in addition to the penalties listed in Section H.3. of these Rules.
- (3) A CCRC with a recorded covenant with PHB excluding the CCRC from the IH Program that offers units in the CCRC for sale or rent are subject to the penalties listed in Section H.3. of these Rules.

4. Transfers of Building ownership or property management.

- (1) **Covenants runs with the land.** The IH Covenant runs with the land for the length of the Restriction Period and Compliance Period.
- (2) **Non-subordinate.** PHB will not subordinate its IH Covenant to other financing. In cases of foreclosure, PHB may, but will not be required to, consider modifications to the IH Covenant to facilitate resolution of foreclosure proceedings.
- (3) **Transference of provisions.** Upon sale or other transfer of the Building during the Restriction Period or Compliance Period, the provisions of the IH Program must transfer with the property.
- (4) **Contact Update Form.** Owner must submit updated property management and ownership contact information to RAC 30 days prior to the change of property management company or sale by submitting a complete Contact Update Form.

- (5) **Assignment and Assumption Agreement.** Any transfer of ownership of Buildings during the Restriction Period or of Buildings with IH Rental Units during the Compliance Period requires the Owner to submit to PHB legal documentation about the new entity. An Assignment and Assumption Agreement provided by PHB which must be executed and recorded on title.

H. Enforcement

1. Rental Buildings

- (1) **Default process.** If Owner has not addressed the action items stated in the finalized ACT by the date of expiration in the Notice of Non-Compliance, PHB may issue a Notice of Default and Demand Statement. Owner will have 30 days from the date of the Notice of Default and Demand Statement to cure the non-compliance before PHB pursues legal enforcement, as follows:
- (a) Meet the requirements necessary to become compliant, to be confirmed by RAC.
 - (b) Pay penalties and fees in accordance with Section H.3 of these Rules.
- (2) **Legal enforcement.** To enforce any of the requirements of this Title, the Director may institute an action before the Code Hearings Officer as set out in Title 22 of City Code.
- (3) **Settlement authority.**
- (a) At any time between the issuance of a Notice of Default and Demand Statement and the entry of a Final Order by the Code Enforcement Hearings Officer, PHB may negotiate and execute a Settlement Agreement with the Owner.
 - (b) Upon request from PHB and Owner, the Code Hearings Officer will enter the Settlement Agreement as a Final Order and direct the Revenue Division to enter any associated lien on the City of Portland Docket of City Liens.

2. Homeownership Units

- (1) **Default during Restriction Period.** An Owner of IH Homeownership Units that is in default is subject to penalties listed in Section H.3. of these Rules.
- (a) **Notice of Default and Demand Statement.** PHB will issue a Notice of Default and Demand Statement.
 - (b) **Period to cure Default.** Owner will have 30 days from the date of the Notice of Default to pay all fees and penalties due.
 - (c) **Legal enforcement.** If the Owner does not cure the Default prior to the expiration of the Notice of Default and Demand Statement, PHB will follow the legal enforcement steps in accordance with Section H.1.(2) of these Rules.
- (2) **Default during Compliance Period.**
- (a) **Notice of Default and Demand Statement.** PHB will issue a Notice of Default and Demand Statement reflecting the amount due from the Second Mortgage Documents and all fees.

- (b) **Period to cure default.** The Homeowner will have 30 days from the date of the Notice of Default and Demand Statement to pay all fees and the amount due from the Second Mortgage Documents.
 - (c) **Legal enforcement.** If the Homeowner does not cure the Default prior to the expiration of the Notice of Default and Demand Statement, PHB will use enforcement as described in the Second Mortgage Documents.
 - (3) **Property tax exemption.** Any remaining property tax exemption will be terminated according to PCC 3.102 or PCC 3.103, as applicable.
3. **Penalties.** Upon issuing a Notice of Default and Demand Statement, PHB may assess and require payment of the following fees:
- (1) **IH Covenant Release Penalty calculation.** PHB will calculate the IH Covenant Release Penalty as follows:
 - (a) **Replacement Value.** The number of Minimum IH Units (prior to any Reconfiguration) will be multiplied by \$450,000 to determine the replacement value for the IH Units (Replacement Value);
 - (b) **Appreciation.** A three percent (3%) simple appreciation per year will be applied to the Replacement Value, rather than a compounded appreciated value, computed from the date of the Notice of Default; and
 - (c) **Years of compliance discount.** The appreciated Replacement Value will be divided by the 99-year Compliance Period. The result will be multiplied by the years remaining in the Compliance Period;
 - (2) **Administrative fees.** PHB will charge administrative fees for processing the Default, based on the fee schedule in effect upon the date of the Notice of Default and Demand Statement;
 - (3) **Default Notice Fee.** PHB may assess a single \$1,000 administrative fee per Building;
 - (4) **Default Daily Penalty.** PHB may assess a daily fee of \$50 per Building that shall begin accruing on the day the Notice of Default and Demand Statement is sent and continuing until all Defaults have been cured;
 - (5) **Repayment of financial incentives.** The Owner is responsible for the repayment of any financial incentives and exemptions received based on the IH Covenant including, but not limited to, property taxes, system development charges, and construction excise taxes, according to each program's code and administrative rules:
 - (a) **Property Tax Exemption.** Pursuant to PCC 3.102 or PCC 3.103, PHB may terminate any property tax exemption at a property that has failed to timely cure a Default under these Rules.
 - (b) **System Development Charges Exemption.** Pursuant to PCC 30.01.095.G. and the terms of any applicable Regulatory Agreement, PHB may terminate the exemption and make due and payable all previously exempt portions of system development charges applied to IH Units in a Building that has failed to timely cure a Default under these Rules.

- (c) **Affordable Housing Construction Excise Tax Exemption.** Pursuant to PCC 6.08.090 and the terms of any applicable Regulatory Agreement, PHB may terminate the exemption and make due and payable all previously exempt portions of the construction excise tax applied to IH Units in a Building that has failed to timely cure a Default under these Rules; and
- (6) **Additional fees.** The City may pursue any action available at law, in equity, or otherwise, including but not limited to foreclosure, court injunction, or receivership if the financial penalties are not paid. Failure to pursue penalties by PHB is not a waiver of the IH Program requirements or IH Covenant.
- (7) **Penalties and fees payment and release.** Once all penalties, and any additional fees have been paid in full, the Building will cease to be bound to the restrictions of the IH Covenant.

I. Communication.

1. Rental Units

- (1) **Building permit review process.** All notifications, applications, requests and communications prior to and during the building permit application review process should be sent to:

Inclusionary-Housing@portlandoregon.gov; or

Portland Housing Bureau c/o Inclusionary Housing Team
1900 SW 4th Ave, Suite 7007
Portland, Oregon 97201

- (2) **Construction & active leasing.** All notifications, applications, requests and communications during the construction of the building and throughout the Compliance Period should be sent to:

assetmanagement@portlandoregon.gov; or

Portland Housing Bureau c/o RAC Team
1900 SW 4th Ave, Suite 7007
Portland, Oregon 97201

2. Homeownership Units

- (1) **Building permit review process.** All notifications, applications, requests and communications prior to the initial sale to a qualified homebuyer should be sent to:

Inclusionary-Housing@portlandoregon.gov; or

Portland Housing Bureau c/o Inclusionary Housing Team

1900 SW 4th Ave, Suite 7007
Portland, Oregon 97201

- (2) **Initial sale & subsequent sales.** All notifications, applications, requests and communications following the sale of the IH Unit to the first homebuyer and throughout the duration of the Compliance Period should be sent to:

indirect@portlandoregon.gov; or

Portland Housing Bureau c/o Development Incentives Team
1900 SW 4th Ave, Suite 7007
Portland, Oregon 97201

Appendix A – Fee-in-Lieu Factor Schedule

Fee-In-Lieu. When the Applicant elects the fee-in-lieu option, the Fee-In-Lieu Factor per Gross Square Foot (GSF) of the Residential and Residential Related portions of the proposed Building is:

1. **Outside Central City Plan District.** For developments in zones outside the Central City Plan District

Fee per GSF
\$23

2. **Inside Central City Plan District.** For developments in zones within the Central City Plan District

Fee per GSF
\$27

Fee-In-Lieu Calculation Example:

Occupancy Type	GSF	Percentage of Total GSF
Residential Dwelling Units	25,000	59.52%
Residential Related Space	+ 5,000	11.90%
Combined dedicated Residential & Residential Related	30,000	71.43%
Commercial Space (Does not serve residential units)	10,000	23.81%
Residential and Commercial Shared Spaces	2,000	4.76%
Total	42,000	100.00%

GSF of Residential Dwelling Units	25,000
GSF of Residential Related Space	+ 5,000
GSF of Shared Space	+ 1,429 (71.43% x 2,000 SF)
Total GSF (for FIL calculation)	= 31,429
Central City Plan District Fee-In-Lieu Factor	X \$27/GSF
FIL Payment	= \$848,583 (31,429 X \$27)

3. **Non-IH Program subject.** For Bonus Floor Area in non-residential developments & residential buildings that are not subject to IH Program

Fee for Bonus Floor Area
\$24 per bonus square foot of Floor Area*

Example of Bonus Floor Area fee calculation	
Project's Proposed Floor Area:	11,326 square feet
Allowable Floor Area:	-10,000 square feet
Bonus Floor Area Needed:	=1,326 square feet
Non-IH Program Subject FIL Factor	\$24/GSF
Bonus Floor Area Fee:	\$31,824 (\$24 x 1,326 square feet)
*A project's eligibility for, and the amount of, bonus floor area is determined by PP&D during the building application review process.	

RENT AND UTILITY ALLOWANCE SCHEDULE – DEVELOPMENT INCENTIVES PROJECTS (SDC/MULTE/IH)	
Project Information	
PROJECT NAME:	
ALTERNATE NAME:	
PROJECT ADDRESS:	
ALTERNATE ADDRESS:	
SUBMITTED BY:	
DATE:	
Unit Information	
	Number of residential units in project
	Number of affordable units per the Regulatory Agreement
	Number of years of affordability per the Regulatory Agreement

Utility Allowance Supporting Documentation
With the submission of this Rent and Utility Allowance Schedule, I will provide documentation to support the utility allowance method that will be used. For the Public Housing Authority (PHA) schedule, I will provide the most current schedule with applicable utilities circled or highlighted. For the Energy Consumption Model (ECM), I will provide the report from the OHCS-approved ECM contractor. For all required non-optional fees, I will provide itemized details and amounts. **Note- if utilities are included in the Tenant's Gross Rent and there are NO Non-Optional Fees then the utility allowance is zero(\$0.00).**

Utility Responsibility			Non-Optional Fees		
Type of Utility	Provided in Tenant Paid Rent	Paid by Tenant	Fee Type	Is the Fee Optional or Required?	Amount
Heating Utility Expense			Parking		
Cooking Utility Expense			Storage		
Water/Heating Utility Expense			Internet/Wi-Fi		
Lights/Other Electric			Renter's Insurance		
Water(W)			Other(s):		
Sewer(S)			Optional Fees Total		\$0.00
Garbage(G)					
Water/Sewer Pass Through*					
WISG Pass Through*					
<i>*A utility pass through relates to the pass through of expenses associated with a specific utility or group of utilities. A utility pass through or utility bill-back shall be outlined in the rental agreement. The landlord is responsible for ensuring compliance with all applicable municipal and state laws related to charging and/or billing back a tenant for utility related expenses.</i>					

[illegible]

Appendix C- Example: Tenant Income Certification

TENANT INCOME CERTIFICATION		Move-In Date: _____
<input type="checkbox"/> Initial Certification	<input type="checkbox"/> Recertification	Effective Date: _____
<input type="checkbox"/> Other _____		

PART I. DEVELOPMENT DATA		
Property Name: _____	County: _____	BIN: _____
Address: _____	Unit #: _____	# of Bedrooms: _____

PART II. HOUSEHOLD COMPOSITION										
HHI Mbr #	Last Name	First Name	Middle Initial	Relation to Head of Household	Race	Ethnicity	Disabled (Yes/No)	Date of Birth	Full Time Student (Yes/No)	Last 4 Digits of SSN
1										
2										
3										
4										
5										
6										
7										

PART III. GROSS ANNUAL INCOME				
HHI Mbr #	(A) Employment or Wages	(B) Social Security / Pensions	(C) Public Assistance	(D) Other Income
TOTALS				
Add totals from above, (A) - (D), to determine total income.			TOTAL INCOME (E) = _____	

PART IV. INCOME FROM ASSETS				
HHI Mbr #	(F) Type of Asset	(G) C/I	(H) Cash Value of Asset	(I) Annual Income from Asset
Enter Column (H) Current Passbook Rate %			TOTALS	
Total (If over \$5,000) \$ _____ X .06% = \$ _____		(J)		IMPUTED INCOME (J) = _____
Enter the greater of: Total of column (I) or Imputed Income (J).			TOTAL INCOME FROM ASSETS (K) = _____	
Add (E) + (K)		TOTAL ANNUAL HOUSEHOLD INCOME FROM ALL SOURCES (L) = _____		

HOUSEHOLD CERTIFICATION & SIGNATURES	
<p>I/we have provided for each person(s) set forth in Part II acceptable verification of current anticipated annual income and assets. I/we agree to notify the landlord immediately if there are changes to the household composition or if any member becomes a full time student during the course of this tenancy. I/we will report any changes in income or household composition that occurs between the time this form is signed and the date it takes effect.</p> <p>Under penalties of perjury, I/we certify that the information presented above is true and correct to the best of my/our knowledge and belief. I/we further understand that providing false representations (to include misleading or incomplete information) herein constitutes an act of fraud and may result in the termination of my/our lease.</p>	

Resident Signature	Signature Date	Resident Signature	Signature Date
Resident Signature	Signature Date	Resident Signature	Signature Date

Effective Date of Income Certification: _____ Household Size at Certification: _____

PART V. DETERMINATION OF INCOME ELIGIBILITY

TOTAL ANNUAL HOUSEHOLD INCOME FROM ALL SOURCES: From item (L) on page 1 **\$** _____

RECERTIFICATION ONLY:

Household Income at Move-in: \$ _____

Household Size at Move-in: _____

Current Income Limit Per Family Size: \$ _____

Incomes Rising in Place Limit: \$ _____

Household Meets Income Restriction at:

☐ 60% ☐ 50% ☐ 40% ☐ 30% ☐ _____ %

Household Income Exceeds Rising in Place Limit at Recertification: ☐ Yes ☐ No

PART VI. RENT

Tenant Paid Rent (TP) \$ _____

Utility Allowance (UA) \$ _____

Other non-optional charges: \$ _____

Rent Assistance*: \$ _____

(*For LIHTC/HOME units only, include as GROSS RENT)

GROSS RENT FOR UNIT: (TP + UA + Other non-optional charges) **\$** _____

Unit Meets Rent Restriction at:

☐ 60% ☐ 50% ☐ 40% ☐ 30% ☐ _____ %

Maximum Rent Limit for this unit: \$ _____

PART VII. STUDENT STATUS

ARE ALL OCCUPANTS FULL TIME STUDENTS?

☐ Yes* ☐ No

If yes, enter student exemption*

Enter Exemption: _____

*Student Exemptions:

1. TANF assistance
2. Job Training Program
3. Single parent/dependent child
4. Married/joint return
5. Previous Foster Care Assistance
6. **HU/MULTI/ENDC**: All students meet eligibility criteria outlined in section 3-13.B.3 of HUD Handbook 4350.3

PART VIII. PROGRAM TYPE

Mark the program(s) listed below (a. through e.) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification.

<input type="checkbox"/> a. Tax Credit	<input type="checkbox"/> b. HOME	<input type="checkbox"/> c. Risk Sharing	<input type="checkbox"/> d. HUD/Dev Fund	<input type="checkbox"/> e. _____
Income Status	Income Status	Tax Exempt Rent/Condition	Income Status	Income Status
<input type="checkbox"/> 50% MFI	<input type="checkbox"/> 50% MFI	<input type="checkbox"/> 50% MFI	<input type="checkbox"/> 50% MFI	<input type="checkbox"/> _____
<input type="checkbox"/> 60% MFI	<input type="checkbox"/> 60% MFI	<input type="checkbox"/> 60% MFI	<input type="checkbox"/> 60% MFI	<input type="checkbox"/> _____
<input type="checkbox"/> 80% MFI	<input type="checkbox"/> 80% MFI	<input type="checkbox"/> 80% MFI	<input type="checkbox"/> 80% MFI	<input type="checkbox"/> _____
<input type="checkbox"/> OI**	<input type="checkbox"/> OI**	<input type="checkbox"/> OI**	<input type="checkbox"/> OI**	<input type="checkbox"/> OI**

**Upon recertification, household was determined over-income (OI) according to eligibility requirements of the program(s) marked above.

SIGNATURE OF OWNER/REPRESENTATIVE

Based on the representations herein and upon the proof and documentation required to be submitted, the individual(s) named in Part II of this Tenant Income Certification is/are eligible to live in an income/rent-restricted unit in this Project.

Printed Name of Owner/Representative

Signature of Owner/Representative

Signature Date

Appendix D – Examples: Minimum IH Unit calculations

Example 1. Total Minimum IH Unit calculation.

When calculating the required percentage of IH Units in a Building any fractional result will be rounded up to the next whole number. When calculating the 20 percent requirement for Option 1, any partial unit requirement will be rounded down to not exceed 20 percent._

10 percent of Units example: Minimum IH Units to be provided = 1.37; is rounded up to 2 IH Units.

20 percent of Units example: Minimum IH Units to be provided = 4.67; is rounded down to 4 IH Units

Example 2. Minimum IH Units by Unit Type calculation.

IH Unit Types must be provided at the same ratio within the Building as Market Rate Units specific to each Unit Type. When calculating the required percentage of IH Units by Unit Type in a Building any fractional result between .1 and .4 will be rounded down to the next whole number and any fractional result between .5 and .9 will be rounded up to the next whole number.

A 20 percent IH Unit requirement in a 100-unit Building

Market Rate Units = 80

Bedroom distribution:

20 studios (25%)

40 one-Bedrooms (50%)

20 two-Bedrooms (25%)

IH Units = 20

Bedroom distribution:

5 IH studios (25%)

10 IH one-Bedrooms (50%)

5 IH two-Bedrooms (25%)

Example 3. Unit Types rounding to less than total Minimum IH Units.

When the total number of Minimum IH Units from each Unit Type is less than the total number of required IH Units, then the Unit Type with the fraction closest to the nearest whole number above it will be rounded up.

Option 2 Selected: Total Minimum IH Units to be provided = 4.8, round up to 5.

IH Units to be provided based on Unit Type:

IH studios = 2.4, rounded to **2**

IH Lofted one-Bedrooms = 1.3, rounded to **1**

IH Windowed one-Bedrooms = 1.2, rounded to **1**

IH Unit total = 4 (1 less than required for the total Minimum IH Units)

The IH Studio Unit Type is nearest to the next whole number above it, making the final IH Unit mix comprised of:

IH Studios = **3**

IH Lofted one-Bedroom = **1**

IH Windowed one-Bedroom = **1**

IH Unit total = 5

Example 4. Unit Types rounding to less than total Minimum IH Units.

When the total number of Minimum IH Units from each Unit Type is more than the total number of required IH Units, then the Unit Type with the fraction closest to the nearest whole number below it will be rounded down. When all of the Unit Types round out to the same ending decimal, then the Unit Type with the least number of Bedrooms will be rounded up and the Unit Type with the greatest number of Bedrooms will be rounded down.

Option 2 Selected: Total Minimum IH Units to be provided = 4.8, round up to 5.

IH Units to be provided based on Unit Type:

IH Studios = 2.7, rounded to **3**

IH Lofted one-Bedrooms = 1.5, rounded to **2**

IH Windowed one-Bedrooms = .6, rounded to **1**

IH Unit total = 6 (1 more than required for the total Minimum IH Units)

The Lofted one-Bedroom IH Unit Type is nearest to the next whole number below it, making the final IH Unit mix comprised of:

IH Studios = **3**

IH Lofted One-Bedroom = **1**

IH Windowed One-Bedroom = **1**

IH Unit total = 5