



# HOU-3.02 - Multiple-Unit Limited Tax Exemption (MULTE) Program - Interim

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## History

Ordinance No. 185477, passed by City Council June 27, 2012 and effective August 1, 2012.

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## **HOU-3.02 – Multiple-Unit Limited Tax Exemption (MULTE) Program**

*Interim Administrative Rules*

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## A. Definition of Administrative Rules

1. Portland City Code authorizes these Administrative Rules (these “Rules”) by PCC Section 3.103.110 to define the policies, processes, and procedures of implementation of the Multiple-Unit Limited Tax Exemption Program (“MULTE” or “Program”) authorized by PCC 3.103 (Property Tax Exemption for Multiple-Unit Housing Development) and Oregon Revised Statutes (“ORS”) 307.600 through 307.637.
2. Administration of the MULTE is subject to change as a result of PCC 30.01.120, HOU-3.04 and PCC 33.245 concerning the Inclusionary Housing Program (“IH Program”) that were effective February 1, 2017 (collectively, the “IH Requirements”) and resulted in a revised Program that is only available to Buildings vested under PCC 33.245 on or after February 1, 2017. Previous versions of the Program are no longer active; however, Buildings that were approved under those versions of the Program during the periods in which they were active should refer to subsection D, “Expired Programs for Pre-Inclusionary Housing Vested Projects”, of these Rules for specific requirements unique to those previous versions of MULTE.
3. Program policies, processes, and procedures are outlined in these Rules; however, a Program Applicant must also comply with all other federal, state and local laws.

## B. Definitions

1. **Applicant.** An individual or entity who is either the owner or a representative of the owner who is submitting an application for the tax exemption program.
2. **Bedroom.** Bedroom has the meaning defined in HOU-3.04.-Inclusionary Housing Program Administrative Rules, Section C, Definitions.
3. **Building.** A structure of Multiple-Unit Housing that qualifies to receive the MULTE.
4. **Compliance Period:**
  - (1) **Rental Buildings.** The 99-year time period during which the regulatory agreement applies to the Building receiving the MULTE. The Compliance Period begins at the date that the Portland Bureau of Development Services issues the final certificate of occupancy for the Building.
  - (2) **For-sale Buildings.** The 99-year time period during which the regulatory agreement applies to each unit restricted under the Program. The Compliance Period begins upon the initial qualified sale from the owner to a homebuyer.
5. **Dwelling Unit.** As defined by PCC Section 33.910 “Dwelling Unit”.
6. **Eligible Neighborhood Analysis Areas.** Individual and or multiple census tracts within a neighborhood, as identified in Addendum A.

7. **Exemption.** The property tax exemption received by the Building through the MULTE Program.
8. **Exemption Period.** The 10-year period in which a Building receives the MULTE, and any additional years approved through an extension, according to ORS 307.612(3).
9. **DMWESB- SDVBE contracting.** The overarching term for the process in which the Applicant follows the process aimed at reaching the City of Portland’s overarching goal of utilizing Disadvantaged, Minority-Owned businesses, Women-Owned businesses, and Emerging Small Businesses and Service-Disabled Veterans Business Enterprises (collectively, “D/M/W/ESB/SDVBE”) contractors and sub-contractors to promote inclusion and a sustained, vibrant local economy.
10. **Floating or Float.** The conversion of a Market Rate Unit to a new Restricted Rental Unit in a Building. Buildings maintain their legally required amount of Restricted Rental Units while giving flexibility to Owners to fill vacancies. Floating allows Restricted Rental Units to be located anywhere in a Building and are not fixed by unit number. Units must be the same Unit Type as the Restricted Rental Unit that they are replacing.
11. **Homeowner.** The individual(s) on title to a Restricted Homeownership Unit as shown on the latest assessment records in the Office of the County Assessor.
12. **IH Building.** A Building that is subject to the IH Requirements or that elects to be subject to the IH Requirements.
13. **Market Rate Unit.** A Dwelling Unit in a Building with a documented MULTE Agreement that is not required to comply with the MULTE Program requirements.
14. **Median Family Income for the area or “MFI”.** The median gross income for the Portland, Oregon metropolitan statistical area as calculated in a manner consistent with the determination of median gross income for such area under Section 8 of the United States Housing Act of 1937, as amended (or, if such program is terminated, under such program as is in effect immediately before such termination). The MFI and Rent Chart is posted and updated annually on the PHB website.
15. **Multiple-Unit Limited Tax Exemption (MULTE) Regulatory Agreement or Extended-Use Agreement** (hereinafter referred to as “**MULTE Agreement**”). A regulatory agreement between the Owner and PHB that sets forth the approval and compliance criteria of the MULTE Program and is recorded on the title to the property. The MULTE Agreement will be prepared by PHB staff and must be signed by the Owner of the property on which the Building is located prior to the Exemption being applied. In the case of Buildings also subject to Inclusionary Housing, the MULTE Agreement must be signed prior to building permit issuance from Bureau of Development Services.

16. **Multiple-Unit Housing.** Multiple-Unit Housing has the meaning set forth in ORS 307.603(5).
17. **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.
18. **PCC.** Means Portland City Code.
19. **Person.** Any Person, partnership, association, or corporation.
20. **Residential and Residential Related.** The Dwelling Units, all space that is used to directly access the Dwelling Units, and all spaces tenants 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 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.
21. **Restricted Homeownership Unit** A Dwelling Unit, to be sold individually within a Building, which is documented in the MULTE Agreement as required in order to comply with the MULTE Program requirements in place at the time of execution of the MULTE Agreement.
22. **Restricted Rental Unit.** A Dwelling Unit that is intended to be rented to eligible tenants and is documented in a Building's MULTE Agreement as required in order to comply with the MULTE Program requirements in place at the time of execution.
23. **Restriction Period.** The time period between the effective date of the MULTE Agreement and either the receipt of COO for a Rental Building or the initial qualified sale of a Restricted Homeownership Unit. At the time of initial qualified sale or receipt of COO, the Restriction Period ends, and the Compliance Period begins.
24. **Unit Type.** Unit Types are as defined in HOU-3.04- Inclusionary Housing Administrative Rules.
25. **Vested Projects.** Projects that submitted a land use or a building permit application prior to February 1, 2017, and are not subject to IH Requirements, as determined by the Bureau of Development Services.

### C. Active Program

The current MULTE Program is only available to Buildings that are subject to Inclusionary Housing in accordance with PCC 33.245 and PCC 30.01.120 (and the administrative rules thereunder). For Buildings that were approved under prior versions of the MULTE

Program, refer to Section D, “Expired Programs for Pre-Inclusionary Housing Vested Projects”, of these Rules.

## 1. **Benefit of the Tax Exemption**

(1) **Value and Duration.** The MULTE Program provides a 10-year Exemption on a portion or the entire residential portion of the structural improvements during the Exemption Period so long as Program requirements are met through the duration of the Compliance Period.

(a) The value of the Exemption cannot exceed 100% of the real market value.

(b) In the case of a structure to which stories or other improvements are added or a structure that is converted in whole or in part from other use to Dwelling Units, the entire Multiple-Unit Housing, including the additions to the structure and converted structures, may be exempt from taxation.

## (2) **Exemptible Area**

### (a) **Rental**

(i) **Central City Plan District.** For Buildings located within the Central City Plan District, the Exemption applies to the entirety of the Residential and Residential Related portion of the structural improvements of the Building in which the Restricted Rental Units are held.

(ii) **60% Units within Eligible Neighborhood Analysis Area.** For Buildings located outside of the Central City Plan District, but within an Eligible Neighborhood Analysis Area, the Exemption applies to the entirety of the Residential and Residential Related portion of the structural improvements of the Building in which the Restricted Rental Units are held.

(iii) **Other.** Buildings that do not meet the criteria above in subsections C.1.(2)(a)(i) & C.1.(2)(a)(ii), the Exemption is only applicable to the Restricted Units and the percentage of the applicable Residential and Residential Related portion of the structural improvements of the Building which the Restricted Units are held.

(iv) **Land & Commercial Space.** During the Exemption Period, the Owner is still responsible for payment of the taxes on the assessed value of the land and any commercial portions of the project.

(b) **For-sale.** The Exemption applies only to the Restricted Homeownership Units, as identified in the MULTE Agreement.

(3) **Parking.** The Exemption may include parking constructed as part of the Multiple-Unit Housing construction, addition, or conversion. For Buildings

receiving only a partial Exemption for the Restricted Rental Units, the same percentage of the residential parking may be included as exempt. If the tenant of a Restricted Rental Unit is required to pay for parking, the cost of the parking must be included in the tenant's monthly maximum rent calculation.

- (4) **Re-Calculation.** A property's maximum assessed value is recalculated when the Exemption is either terminated or expires according to ORS 308.146. Thereafter, the Owner shall pay the full amount of the recalculated property taxes.

## 2. Program Requirements

- (1) **Eligible areas.** Buildings must be located within the taxing jurisdictions of the City of Portland and Multnomah County.
- (2) **Site control.** Applicant must own or have site control of the Building site.
- (3) **Eligible Building types.** Buildings must be proposed construction, additions to existing structures or conversion of existing non-residential property to housing.
  - (a) **Minimum unit requirement.** Buildings must have at least 20 new residential units.
  - (b) **Row-houses & Townhouses.** A row-house or townhouse development containing for-sale or rental units is eligible as long as all other eligibility criteria are met.
- (4) **Transient accommodation.** The Building must not be designed or used for transient accommodation, including, but not limited to, vacation or short-term rentals, hotels, or motels at any point during the Compliance Period.
- (5) **Accessibility.** At least five percent of the income-restricted units in the Building must be built to be Type A as defined in the Oregon Structural Specialty Code.
- (6) **Rental Buildings**
  - (a) **Financial need.** Financial need for IH Buildings is being met through development and calibration of the Inclusionary Housing Program. Therefore, IH Buildings do not need to provide a pro forma, but are required to provide the data points requested in the "Basic Financial Information" section on "Attachment (02)- IH MULTE Application" in order to calculate the estimated value of the Exemption.
  - (b) **Affordability requirements**
    - (i) **IH Buildings.** During the Compliance Period, the IH Building must meet the minimum required Restricted Units at the corresponding rate as set forth in the Inclusionary Housing Covenant.

- (ii) **Unit distribution.** Restricted Rental Units must be distributed evenly amongst unit mix, by Unit Type, within the Building. Buildings must maintain the same unit distribution of Restricted Rental Units during the Compliance Period, but individual units do not need to be designated.
- (iii) **Floating.** Restricted Units must Float throughout the Building to ensure that the required percentage of each Unit Type is met at any given time. Floating is not allowed in Receiving or Consolidated Buildings as defined under HOU-3.04- IH Program Administrative Rules.

(7) **For-sale units**

- (a) **Eligibility and income restrictions.** Requirements regarding this section can be found in HOU 3.04- IH Program administrative rules.
- (b) **Sale price.** Requirements regarding this section can be found in HOU 3.04- IH Program administrative rules.

3. **Application process**

- (1) **Annual cap.** PHB must abide by a rolling annual estimated foregone revenue cap of \$30,000,000 within a five-year period defined as any current year and the previous four consecutive years, except in years that the foregone revenue cap is suspended. The remaining available cap is calculated by subtracting each Building's estimated foregone revenue for the first year of the Exemption. PHB is not to exceed the amount approved by Council. Therefore, PHB will use its discretion to ensure the cap is not exceeded in any individual year. The estimated Exemption amount is calculated based on the Buildings' total projected value upon completion. The number of Buildings and units approved will depend on estimates of total foregone revenue.
  - (a) **March 1, 2024- December 31, 2029.** As of March 1, 2024, the Foregone Revenue Cap is temporarily suspended until December 31, 2029.
  - (b) **January 1, 2030.** On January 1, 2030, the rolling Foregone Revenue Cap will be automatically reinstated at the amount approved by Council.
  - (c) **Urban Renewal Areas.** Buildings located within Urban Renewal Areas are exempt from the cap.
- (2) **Timing of Application.** Applications must be submitted and approved prior to issuance of the Building's building permit by Bureau of Development Services ("BDS"). Applications can be submitted simultaneously with the Inclusionary Housing Intake Form submitted with building permit application or shortly thereafter. If submitted later in the building permit review process, permit

issuance may be delayed while PHB processes the application and executes the MULTE Agreement.

- (3) Marketing.** The MULTE Program has no rules or guidelines about the legally permissible method Owners use to determine the order in which tenants are offered Restricted Rental Units. Owners are required to abide by the Fair Housing Act and Title VIII of the Civil Rights Act of 1968 and meet City and State renter protection requirements.
- (4) Application Requirements.** Complete applications include a completed IH MULTE Application form plus any additional project specific documentation, as described below:

  - (a) Attachment (02)- IH MULTE Application** includes:

    - (i)** Applicant’s signature verifying oath or affirmation and date;
    - (ii)** Number of Dwelling Units;
    - (iii)** Dimensions of the multiple-unit structure(s), parcel size, proposed lot coverage of Building, and amount of open space;
    - (iv)** Number of residential and commercial off-street parking spaces;
    - (v)** Proposed amount of floor area dedicated to residential, residential common, and non-residential uses;
    - (vi)** Estimated rent schedule and utility types and responsibilities;
    - (vii)** Estimated additional annual income and expenses; and
    - (viii)** Estimated property taxes on land for the parcels on which the Building is located.
  - (b) Supporting documentation:**

    - (i)** Documentation of site control and supporting materials including a copy of deed to document ownership and full legal description.
    - (ii)** Operating Agreement or Legal Ownership Entity Documentation of Signature Authority of the Owner. Owners 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 MULTE Agreement.
  - (c) Additional Information.** Such other information required by state or local law or otherwise which is reasonably necessary.
  - (d) PHB Exemption Processing Fee.** Effective July 1, 2023, all MULTE applications submitted are required to pay a processing fee. The current

fee can be found under the “Incentive Application Processing Fees” and “Multnomah County” tables in the [Development Incentives Fee Schedule](#) located on PHB’s webpage. The PHB Exemption Processing Fee will be added into the building permit fees by PHB staff and will be due upon building permit issuance.

- (e) **County Activation Fee.** Effective July 1, 2022, Applicants will be required to submit a payment to PHB equal to the activation fee Multnomah County charges PHB to activate the Exemption if the building permit application had not completed pre-screening and was deemed “Under Review” within the City’s permitting system as of July, 1, 2022. The current fee can be found under the “Multnomah County Fees” table in the [Development Incentives Fee Schedule](#) located on PHB’s webpage. The County Activation Fee will be added into the building permit fees by PHB staff and will be due upon building permit issuance.

#### 4. Approval

- (1) **Timeframe.** Approval or denial of applications will occur within 180 days of receipt of complete application.
- (2) **Review of Program Requirements.** PHB staff will review IH Buildings and determine if the Program and Inclusionary Housing requirements have been met.
- (3) **Annual Cap or URA Approval.** For Buildings located in Urban Renewal Areas, PHB will contact the City’s Debt Manager for approval prior to approval of the application. For Buildings outside of a URA, PHB will determine whether there is enough remaining annual foregone revenue cap to approve the application.
- (4) **Conditional Approval & MULTE Agreement.** The Applicant of a Building who has been determined to have met the conditions under subsection C.4.(1)-(2) will be notified of conditional approval. To achieve Final Approval, the Owner must enter into a MULTE Agreement that will be recorded against the property prior to building permit approval.
- (5) **Final Approval.** PHB will issue an approval letter. In order for a Building to receive the Exemption, it must first receive Final Approval.
- (6) **County Activation.** PHB will deliver a listing of the approved applications to Multnomah County and the corresponding County Activation Fee to Multnomah County for Buildings with Final Approval and a recorded MULTE Agreement. Exemptions for Buildings that receive Final Approval are effective on July 1<sup>st</sup> of the assessment year after the calendar year in which the Building has been in use or occupied at any time, as determined by Multnomah County.

## **D. Expired Programs for Pre-Inclusionary Housing Vested Projects**

- 1. Historical Versions of MULTE Program.** Throughout the duration of the existence of the MULTE Program there have been many past iterations of these Rules.
  - (1) Pre-Inclusionary Housing MULTE Program.** Projects who submitted MULTE applications prior to February 1, 2017, and were approved should refer to their MULTE Agreement and the program administrative rules in effect at the time of approval for guidance as to the length of their individual compliance periods, Exemption Periods and affordability terms.
  - (2) Incenting the Pipeline MULTE Program.** The “Incenting the Pipeline MULTE Program”, approved by City Council under Ordinance 188869 on March 21, 2018, and amended under Ordinance 189247 on November 8, 2018, provides a ten-year Exemption on the entire residential portion of the structural improvements of Vested Projects, so long as Program requirements are met. Applications for this program were accepted for review through June 30, 2020. Applicants of this program should refer to their MULTE Agreement and the program administrative rules in effect at the time of approval for guidance as to the length of their individual affordability terms.
- 2. Changes to Vested Project.** If, after a Vested Project receives Final Approval and prior to the completion of construction, the Applicant needs to make changes to the application submitted which are minor and would result in substantially the same project, PHB may allow slight variances to what was. Changes must be submitted to PHB using the MULTE Approved Project Change Request form. PHB will evaluate the change(s) to determine whether or not the Vested Project and the applicable affordability requirements will still be substantially the same if the changes are accepted. Should any changes be approved, it may be necessary for an Amendment Agreement to be signed and recorded to amend any provisions outlined in the MULTE Agreement.
- 3. DMWESB-SDVBE.** To comply with DMWESB-SDVBE contracting requirements, the Applicant must cause the contractor to complete and submit the GFE Program Bidder Checklist and report on bidding results through the City of Portland’s Procurement Services Compliance Specialist.

## **E. Compliance and Reporting Requirements**

- 1. Program Sunset Date.** Buildings must receive a certificate of occupancy before January 1, 2032, unless the Program sunset is extended by the state legislature.
- 2. Changes to Building.** If, after a Building receives Final Approval and prior to the completion of construction, the Applicant needs to make changes to the application submitted which are minor and would result in substantially the same project, PHB may allow slight variances to what was. Changes must be submitted to PHB using the MULTE Approved Project Change Request form. PHB will evaluate the change(s) to

determine whether or not the Building and the applicable affordability requirements will still be substantially the same if the changes are accepted. Should any changes be approved, it may be necessary for an Amendment Agreement to be signed and recorded to amend any provisions outlined in the MULTE Agreement.

If significant changes to the number, percentage, or distribution of the Restricted Rental or Homeownership Units occur after Final Approval, the building permit timeline may be affected, and the Applicant may be required to submit a new MULTE application for consideration.

**3. Leasing Rental Units.** Reporting and compliance requirements are contained in these Rules, the MULTE Agreement, 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 MULTE Agreement, these Rules, and the Asset Management Guidelines, the priority of the terms should be read as follows: 1) the MULTE Agreement, 2) these administrative rules, 3) HOU-1.10- Risk Analysis & Compliance Policies & Guidelines. The following requirements apply to the leasing of Restricted Units:

- (1) Static Data Sheet.** Applicant must submit this form to PHB prior to lease up and annually. Information required includes, but is not limited to total units, Unit Type, unit size, unit location within the development, square footage, and utility allowance. See an example in Appendix B.
- (2) Income eligibility and rent determination.**
  - (a) Income eligibility.** Income eligibility is based on HUD's annually published Median Family Income and Rent Chart (MFI and Rent Chart) for the Portland Metropolitan Area. The MFI and Rent Chart is posted and updated annually on the PHB website. All sources of income must be considered for every adult living in a Restricted Unit to determine the household's gross income. Eligible households may make up to or less than the income limits posted in the MFI and Rent Chart. To qualify, tenants must be allowed to spend more than 30 percent of their gross income on rent. Owner must give any applicants not meeting the screening criteria the right to appeal.
  - (b) Rent determination.** PHB determines the maximum rent for Restricted Units using the MFI and Rent Chart based on the number of Bedrooms and the restricted MFI level. Maximum rent paid by tenants includes any utility allowance or required expenses to live in a Restricted Unit (i.e., parking, meal plans, and amenities). Details and instructions on how to apply the MFI and Rent Chart can be found in PHB's Risk Analysis & Compliance Policies & Guidelines located on the PHB website.

- (c) **Ineligible household.** Leasing a Restricted Unit to an ineligible household may constitute a default under the MULTE Agreement and or these Rules and cause PHB to impose penalties in accordance with Section G.2.(4) of these Rules.
- (d) **Utility Allowances.** Restricted Units are subject to a utility allowance (“UA”). Utility allowances are passed along to the tenant in the form of reduced rent for those utilities which are paid for by the tenant.

- (i) Owners may choose from one of two methods to determine the utility allowance:
  - I. **Utility Allowance Schedule.** The Utility Allowance Schedule takes averages obtained from local utility providers to determine the utility allowance based on the Building’s types of utilities.
  - 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 Restricted Rental Unit tenants 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 tenant.
- (iii) No UA is required for utilities paid by the Owner and not reimbursed by the tenant.

Example: a one-Person household earning 80% MFI occupies a studio Restricted Unit. The maximum monthly rent for that unit, based on the MFI and Rent Chart, is \$1,140 and the UA is \$84. The maximum an Owner could collect from this household is \$1,056 = (\$1,140 - \$84).

- (3) **Annual reporting and review.** Buildings with Restricted Rental Units are subject to PHB’s reporting requirements as set forth in the MULTE Agreement. On an annual basis, Owners must submit information to PHB on Restricted Units and the tenants living in such units through an online platform called the Web Compliance Management System (“WCMS”). Reporting requirements are contained in the MULTE Agreement. PHB staff will test the information reported in WCMS against the contents of MULTE Agreement and issue written results for each Building.

- (a) **Reporting.** An Annual Compliance Test (“ACT”) is sent to the listed contacts on file with comments and action items to resolve any compliance issues. After the deadline to respond has elapsed, the compliance scores are final. If an ACT is finalized with outstanding compliance issues, the Owner must resolve those issues within the 90-day period to cure or will face default.
  - (b) **Inspections.** PHB reserves the right to physically inspect Buildings containing Restricted Units at any time during regular business hours with advance notice. Inspections may also include an audit of MULTE related files such as TICs and other information submitted through WCMS. Buildings that are out of compliance may be inspected more frequently until they are brought back into compliance. An inspection report is sent to the listed contacts on file with findings to be resolved. Issues must be resolved, and evidence of their resolution must be provided within the 30-day response period. Failure to do so may prompt additional inspections and or being placed in default.
  - (c) **Non-compliance.** In cases of non-compliance, PHB staff may collaborate with Owners on remedies, however, PHB also has the authority to enforce the provisions of the MULTE Agreement, these Rules, and all applicable PHB policies without the Owner’s consent. PHB may find Buildings and Owners non-compliant for failing to meet any reporting requirements. 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.
- (4) **Income Recertification.**
- (a) **Annual recertification.** The Owner must recertify the Tenant incomes annually with PHB in accordance with the Tenant Income Certification (TIC) reporting cycle as set by PHB and the Owner.
  - (b) **Incomes rising in place.** Households that have initially qualified for a Restricted 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 tenant’s income may increase above the income limit and still have the unit fulfill the Building’s MULTE Program requirements, based on the following:
    - (i) Tenants in Restricted Rental Units restricted at 60% MFI, may have income increase up to 100% MFI; or
    - (ii) Tenants in Restricted Rental Units restricted at 80% MFI, may have income increase up to 120% MFI.

- (c) **Maximum rent.** If, following a TIC reporting cycle, a tenant’s income is at or below the allowable income for an Restricted Unit, as described in Section E.3.(4)(b) of these Rules, the Owner may raise the rent up to the maximum allowed for the tenant’s household according to the current MFI and Rent Chart, considering the deduction for any utility allowance, non-optional fees, and any applicable laws, rules, or policies regarding rent increases.
  - (d) If a tenant’s income is above the allowable income for the Restricted Rental Unit, the Owner:
    - (i) Must designate the next available Dwelling Unit as a Restricted Unit based on the Static Data Sheet, reasonable equivalency, and Unit Type in accordance with the MULTE Agreement unless Restricted Units are assigned from a Sending or Transferring Building;
    - (ii) May raise the rent on the existing tenant’s unit in accordance with federal, state and local laws;
    - (iii) May revise the expiring lease to allow tenants to continue living in the unit;
    - (iv) May not require tenants to submit additional deposits or fees; and
    - (v) Must give at least 90 days written notice to PHB and to the tenant prior to an increase in the rent.
  - (e) Leasing a Restricted Unit to a household earning more than the income restriction may constitute a default under the MULTE Agreement and these Rules.
- (5) **Vacancies.** PHB requires that at any given time the number and distribution of Restricted Units will match those specified in the MULTE Agreement. To help ensure the predictable leasing of Restricted Rental Units, Owners must treat Restricted Units as “Floating”, see Section B., Definitions: Floating.
- (6) **Floating.** If a tenant exceeds the income requirement, plus the additional 40% allowed as outlined above in Section E.3.(4)(b), “Incomes Rising in Place”, then the unit is no longer considered qualified as a Restricted Rental Unit. Another unit, of the same Unit Type, in the Building may replace the Restricted Unit, should it otherwise meet all program criteria. If the Restricted Rental Unit was absorbed from a Sending or Transferring IH Building, Floating does not apply as it is not allowed.
- (7) **Notice to Tenant regarding termination or expiration of Compliance Period.** Upon termination or expiration of the Exemption of a Restricted Unit, the Applicant, or an agent thereof, must give at least 240 days’ written notice to PHB and at least 180 days’ written notice to the tenant prior to an increase in

the unit's rent. This information must be included in the lease or lease addendum for each designated Restricted Unit and an executed copy provided to PHB as the Building is leased up and at unit turnover.

- (8) Transfers of Building Ownership.** The MULTE Agreement runs with the land for the length of the Restriction Period and Compliance Period. PHB will not subordinate its MULTE Agreement to other financing. In cases of foreclosure, PHB may, but will not be required to, consider modifications to the MULTE Agreement to facilitate resolution of foreclosure proceedings. Upon sale or other transfer of the Building during the Restriction Period or Compliance Period, the provisions of the MULTE Program must transfer with the property. PHB needs to receive updated property manager information, legal documentation about the new entity to prepare a Consent to Transfer and an Assignment and Assumption Agreement to be executed and recorded on title.
- 4. For-Sale Units.** Requirements regarding this section can be found in HOU-3.01-Homebuyer Opportunity Limited Tax Exemption (HOLTE) Program administrative rules.

#### **G. Termination of Active Exemptions**

- 1. Cause.** If a Building fails to comply with Program requirements at any time during the Restriction Period, Compliance Period, or an otherwise defined Exemption Period term in its MULTE Agreement, the Exemption will be terminated, and penalties assessed.
- 2. Process of Termination**

  - (1)** PHB will send a certified letter to the Owner's mailing addresses on record with the date of a hearing where the Owner may show cause why the Exemption should not be terminated. The hearing will be scheduled at least 20 days from the mailing of the letter.
  - (2)** PHB will also send a letter to the lender on record from recorded documents notifying the lender of its right to attempt to cure or remedy any non-compliance within 30 days.
  - (3)** After the hearing, PHB staff will determine whether or not the Owner has presented sufficient cause to not terminate the Exemption.
  - (4)** PHB will provide Multnomah County with a list of Exemptions to be terminated prior to the next tax year.

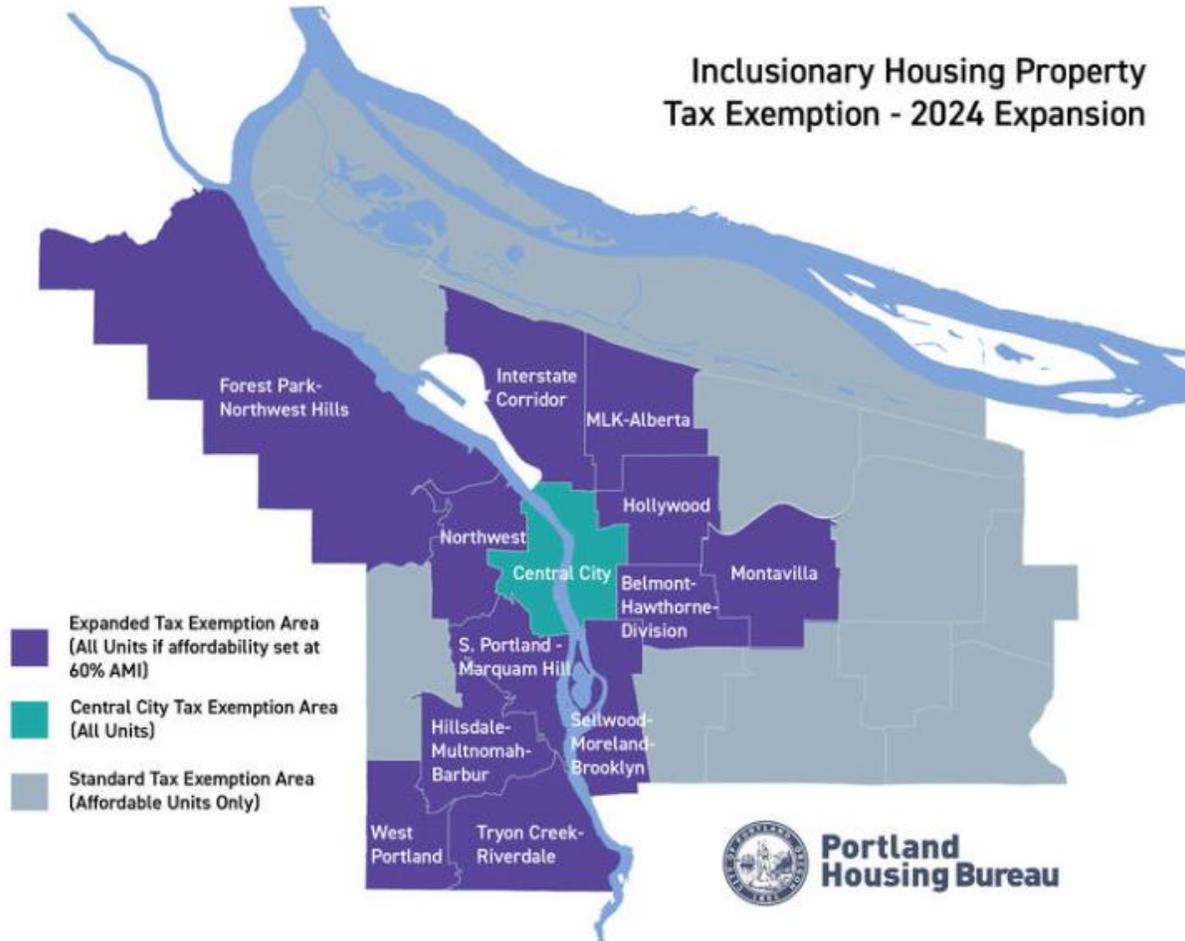
    - (a)** The Exemption will be terminated without right of notice or appeal and
    - (b)** A penalty equal to the amount of the Exemption for the most recent tax year multiplied by the percentage of Restricted Units, multiplied by the years remaining in the Compliance Period, or an otherwise defined

compliance period term in its MULTE Agreement, will be due and payable to PHB.

- H. Communication.** All notifications, applications, requests and communications should be sent to: Portland Housing Bureau c/o Development Incentives Team, 1900 SW 4th Ave, Suite 7007, Portland, Oregon 97201.

## Appendix A- Eligible Neighborhood Analysis Areas

To determine if a particular property falls within the eligible expanded MULTE geography visit <https://pdx.maps.arcgis.com/apps/webappviewer/index.html?id=8630231db4fe464d87c09508d9847e68> and enter address.



## Appendix B – Example: Static Data Sheet

Each Static Data Sheet will be built to the individual specifications of each Building based on the Building’s requirements as outlined in the MULTE Agreement and any subsequent regulatory agreements. All required items may not be shown in the following examples.

### Example: Static Data – Utility Allowance

Property:

Address:    
Street Address Zip Code

Submitted By:     
Name (First, Last) Title Company

Contact Information:    
Phone Email

Date Submitted:

Utility Responsibility					
Type of Utility	Provided by Landlord	Paid by Tenant	Electric	Gas	Oil
Space Heating	X	X		X	
Cooking	-	X	X		-
Water Heating		X		X	
Lights/Other Electric		X			
Water		X			
Sewer					
Garbage					
Water/Sewer Pass Through*					
Water/Sewer/Garbage Pass Through*					
Refrigerator Provided By					
Range Provided By					

\*A utility pass through is a flat fee, outlined in the lease agreement, that a landlord charges a tenant for a specific utility or group of utilities.

UA Calculation Method	
Certified SEED Analyst	<input type="radio"/>
UA Schedule	<input checked="" type="radio"/>

UA: Determined by SEED Analyst	
Unit Type	UA from SEED Analyst
0	
1	
2	
3	
4	

### Example: Static Data – Unit Specifics

Unit Specifics (Complete for all units regardless of income restriction)													
Unit Number	Square Footage	Monthly Rent	Floor	Number of Bedrooms	Windowed or Windowless	Convertible to Type A	IH Unit	MULTE Unit	Income Restriction	Maximum Monthly Rent (PHB MFI Char)	Utility Allowance	Non-Optional Fees	Maximum Tenant Rent (Maximum Rent Limit - UA and Non Optional Fees)
101	299	\$760	1	0	N/A	Yes	Yes	Yes	60%	\$855	\$70	\$10	\$775
102	372	\$760	1	0	N/A	No	No	No	Market Rate	#N/A	\$70	\$10	#N/A
103	399	\$1,000	1	0	N/A	No	No	No	Market Rate	#N/A	\$70	\$10	#N/A