Exhibit A

Multiple-Unit Limited Tax Exemption (MULTE) Program

Administrative Rule Adopted by City Council

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I. Definition of Administrative Rules

These Administrative Rules (these "Rules") are created in accordance with the Portland Housing Bureau's ("PHB's") Administrative Rulemaking Procedure in order to define the policies, processes, and procedures for implementing the Multiple-Unit Limited Tax Exemption Program ("MULTE" or "Program") authorized by City Code 3.103 (Property Tax Exemption for Multiple-Unit Housing Development) and Oregon Revised Statutes (ORS) 307.600 through 307.637.

These Rules were initially approved by City Council, but the Director of PHB, or a designee, has authority to adopt, amend, and repeal these Rules as necessary to implement the Program.

Administration of the MULTE is subject to changes as a result of Portland City Code 30.01.120 (and the administrative rules thereunder) and Portland Zoning Code 33.245 concerning Inclusionary Housing that were effective February 1, 2017 (collectively, the "IH Requirements") and resulted in Projects (defined below) being exempt from certain aspects of the MULTE requirements as noted throughout these Rules.

A. Projects that submitted a land use or a building permit application prior to February 1, 2017and are not subject to IH Requirements, as determined by the Bureau of Development Services, will be referred to herein as "Vested Projects".

B. Projects that are subject to the IH Requirements or that elect to be subject to the IH Requirements will be referred to herein as "IH Projects".

C. IH Projects that elect to exceed the minimum number of IH Units required by the IH Requirements will be referred to herein as "Extended Affordability Projects".

Program policies, processes, and procedures are outlined in these Rules, however, a Program applicant (including successors and assigns, the "Applicant") must also comply with all other federal, state and local laws.

II. Program Goals

In addition to meeting the legislative goals set forth in ORS 307.600, the City of Portland and Multnomah County have established the following goals for the MULTE Program:

A. Support the creation of affordable housing units through the Inclusionary Housing Program.

B. Stimulate the inclusion of affordable housing in projects where affordable housing may not otherwise be made available;

C. Leverage market activities to advance housing and economic prosperity goals by aligning those activities with the goals of the Portland Plan and the PHB's Strategic Plan; and

D. Provide transparent and accountable stewardship of public investments.

III. Vested Projects

A. Benefit of the Tax Exemption

1. Value and duration – The MULTE Program provides a ten-year property tax exemption on the entire residential portion of the structural improvements of Vested Projects, so long as Program requirements are met. Vested Project applications will be accepted for review through June 30, 2020, unless otherwise extended. During the exemption period, Applicants are still responsible for payment of any taxes on the assessed value of the land and any commercial portions of the Vested Project.

Only Vested Projects with an estimated first year of foregone revenue of $500,000 or less are eligible for an exemption.

The value of the exemption cannot exceed 100% of the real market value. In the case of a structure converted in whole, or in part, from another use to a multi-family housing, only the incremental increase in value that can be attributed to the conversion is eligible for the exemption.

A property's maximum assessed value is recalculated when the exemption is either terminated for noncompliance or expires after the ten-year compliance period (the "Compliance Period"). Thereafter, the Applicant shall pay the full amount of the recalculated property taxes.

2. Parking – The exemption may include parking constructed as part of the multiple-unit housing construction, addition or conversion. If the tenant of an affordable unit is required to pay for parking, the cost of the parking must be included in the tenant's monthly maximum rent calculation.

B. Program Requirements

1. **Eligible areas –** Vested Projects must be located within the City of Portland.

2. **Site control –** The Applicant must own or have site control of the Vested Project site.

3. **Eligible project types –** Vested Projects must have proposed new construction, an addition to an existing structure or a conversion of an existing non-residential structure to multi-housing.

   a. Vested Projects must have at least twenty new residential units.

   b. A row-house or townhouse development containing rental units may be eligible so long as all other eligibility criteria are met.

   c. A Vested Project 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.

4. **Accessibility –** At least 5% of the affordable units in a Vested Project must be built to be adaptable for full ADA accessibility.

5. **Pedestrian connection –** A Vested Project must provide pedestrian design elements in accordance with ORS 307.618 (1) (a) and be physically or functionally related to and enhance the effectiveness of a light rail line or mass transportation system.

Pedestrian design elements must include continuous, unobstructed, and a reasonably direct route between two points that are intended and suitable for pedestrian use. Examples are sidewalks, walkways, stairways and pedestrian bridges. On developed properties, pedestrian design elements are generally hard surfaced. In parks and natural areas, pedestrian design elements may be soft-surfaced pathways. On undeveloped properties and properties intended for redevelopment, pedestrian design elements may also include rights-of-way or easements for future pedestrian improvements.

6. **Rental projects:**

   a. **Financial need –** A Vested Project's pro forma must demonstrate that the MULTE is necessary in order to provide Affordable (as hereinafter defined) rental units at the Vested Project.

   b. **Affordability Requirements--** During the Compliance Period, Vested Projects must make at least 20% of the total number of units Affordable to households earning 60% or less of the area median family income (MFI).

For purposes of the area MFI, measurement of area MFI is determined by using the U.S. Department of Housing and Urban Development's, or its successor agency's, annually published Median Family Income and Rent chart for the Portland Metropolitan Area for a family of one person (for a studio apartment), two persons (for a one-bedroom apartment), three persons (for a two-bedroom apartment), or four persons (for a three-bedroom apartment). For purposes of the MULTE, "Affordable" rent means a rental rate that does not exceed 30% of a household's monthly maximum MFI level for each bedroom size including allowances for utilities that are either directly paid by tenants or billed back to tenants by the Applicant for reimbursement. No utility allowance is required for utilities paid by the owner and not reimbursed by the tenant. Projected utility estimates must be determined by using the Utility Allowance Schedule, published by Home Forward annually, or by an Energy Consumption Analysis report from a state certified Energy Consumption Model Analyst.

Affordable units must be distributed evenly amongst the unit mix (bedroom sizes) in the Vested Project. Further, Vested Projects must maintain the same unit distribution of Affordable units during the Compliance Period, although individual units do not need to be designated. Affordable units may float within the Vested Projects to ensure that the required percentage of each Affordable unit size is maintained throughout the Compliance Period.

The Affordable units may be reconfigured based on the total number of bedrooms included in the Vested Project. This option allows for the reconfiguration of bedrooms into Affordable units of two bedrooms or more. This results in a Vested Project with a smaller number of Affordable units that are greater in number of bedrooms. PHB staff calculate the minimum number of Affordable units based on 20% of each unit type in the unit mix. The total number of bedrooms that would be required can then be reconfigured into larger unit sizes with the same number of total bedrooms.

C. Application Process

1. Cap on foregone revenue approved – There is a rolling cap on estimated foregone revenue, based each project's estimated foregone revenue for the first year of the Compliance Period, to not exceed more than $3 million over the roughly two-year duration of the Program set aside for Vested Projects. Therefore, PHB will use its discretion to ensure that the cap is not exceeded in any individual year. The exemption amount is calculated based on the projects' total projected value upon completion. The number of projects and units approved will depend on estimates of total foregone revenue. Properties located in eligible areas within Urban Renewal Areas are exempt from the cap. However, only

Vested Projects with an estimated first year of foregone revenue of $500,000 are eligible.

2. Timing of application – Applications must be submitted and approved prior to issuance of the Vested Project's building permit and prior to announcing bids for sub-contracting. Applications for Vested Projects will be accepted by PHB through June 30, 2020.

3. Pre-application meeting – Prior to a Vested Project applying for MULTE, Applicants need to contact the MULTE Program Coordinator, who will schedule a two-hour pre-application meeting to be held within approximately 20 business days and include the development team and general contractor representatives and PHB staff.

4. MWESB contracting – Applicants must consult with PHB staff and a third party technical assistance provider prior to opening up bidding for the construction and prior to application for the MULTE. The MULTE application must include a description of strategies identified in coordination with the technical assistance provider that will be used to employ minority-owned businesses, women-owned businesses, and emerging small businesses (collectively, "MWESBs") for construction of the Vested Project. Prior to MULTE approval, the Applicant must provide a copy of a signed contract with a third party technical assistance provider approved by PHB. The Applicant must cause the general contractor to work with the City of Portland's Procurement Services Compliance Specialist to report results during bidding and construction.

5. Lease-up strategy – Applicants must consult with PHB staff about lease-up of the Vested Project. Applicants must list available units on, and utilize the leads received from OneAppOregon, as well as accepting Rent Well certificates, and acceptance of appeals of both conditional approvals and denials.

6. Neighborhood Contact – Applicants are required to participate in the Neighborhood Contact process prior to applying for the building permit and tax exemption program. The Neighborhood Contact process provides a setting for the Applicant and neighborhood residents to discuss a proposed project in an informal manner. By sharing information and concerns during the application process, all involved have the opportunity to identify ways to improve a proposed project, and to resolve conflicts before the MULTE is approved.

The requirements for Neighborhood Contact are:

> **a.** The Applicant must contact the neighborhood association for the area, by registered or certified mail, to request a meeting. A copy of this request must also be sent by registered or certified mail to the district neighborhood coalition;

b. The neighborhood association should reply to the Applicant within 14 days and hold a meeting within 45 days of the date of the initial contact. If the neighborhood association does not reply to the Applicant's letter within 14 days, or hold a meeting within 45 days, the Applicant may request a land use review or building permit without further delay. If the neighborhood requests the meeting within the time frame, the Applicant must attend the meeting. The Applicant may attend additional meetings on a voluntary basis. The neighborhood may schedule the meeting with its board, the general membership, or a committee;

c. After the meeting and before issuance of the building permit, the Applicant must send a letter to the neighborhood association and district neighborhood coalition. The letter will explain changes, if any, the Applicant is making to the proposed project;

d. Copies of letters, and registered or certified mail receipts must be submitted with the tax exemption application.

7. Application Requirements: Complete applications include the application processing fee, PHB Application Form, a project narrative, financial information and supporting documentation, plus any additional project specific documentation, as described below:

a. Application processing fee in the amount of $1,000 – checks should be made payable to PHB;

b. PHB Application Form including:

i. Applicant's signature verifying oath or affirmation and date;

ii. Number, size, and type of dwelling units and key design elements;

iii. Dimensions of the multiple-unit structure(s), parcel size, proposed lot coverage of building, and amount of open space;

iv. Type of project (preservation, rehabilitation, conversion, and/or new construction; rental or for-sale);

v. Number of residential and commercial off-street parking spaces;

vi. Parking and circulation plan;

vii. Proposed amount of floor area dedicated to residential, residential common, and non-residential uses;

viii. Description of the existing use of the property, including if appropriate, a justification for the elimination of existing sound and rehabilitable housing;

ix. Project schedule;

x. Rent schedule (or expected purchase prices); and

xi. Provide proof of pedestrian design elements in accordance with ORS 307.618 (1) (a).

c. Project narrative with the following sections:

i. Project description – project location, neighborhood characteristics and any resident services;

ii. Pedestrian design elements and connection to transit;

iii. Description of how the Vested Project will meet the MULTE Program's Equity, Accessibility and Affordability requirements; and

iv. description of the ownership structure of the Vested Project and declaration of any mutual identity of interest between the Applicant and the construction contractor or property management company.

d. Financial information (for rental projects only) – Excel spreadsheet(s) to be submitted electronically/"live" using the PHB supplied template (not PDF):

i. Pro forma development budget (detailed project costs);

ii. Pro forma Sources and Uses;

iii. Three different 15-year pro forma operating cash flow scenarios (income and expense analyses)

1.. Scenario 1, affordable units, **without** the exemption – demonstrate the 10-year average cash on cash return;

2. Scenario 2, **with** the exemption – demonstrate the 10-year average cash on cash return; and

3. Scenario 3, showing the necessary **increase in unit rents** (from scenario 1) to achieve the same cash on cash return as with the exemption (scenario 2);

iv. Rent structure (or expected purchase price) by unit type (affordable units to be net of utility allowance). If the rent structure has varying rents within unit types (e.g. multiple rent levels for 1 bedroom), include a roll up of total count by unit type;

v. Breakdown of the applicable utility costs payable by the tenants for the different unit types as determined from the Schedule of Utility Allowances;

vi. Demonstration of how real estate taxes without the exemption were determined;

vii. Demonstration of each component of the Applicant's equity including invested cash and any deferred fees; and

viii. Economic feasibility, market analysis, or evidence of cost comparisons when appropriate.

e. Supporting documentation:

i. Conceptual site plan and supporting maps (drawn to a minimum scale of one inch equal to 16 feet, or a scale suitable for reproduction on 8-1/2" by 11" paper, showing the development plan of the entire project including streets, driveways, sidewalks, pedestrian ways, off street parking, loading areas, location, design, and dimension of structures, use of land and structure(s), major landscaping);

ii. Initial schematic or architectural drawings of floor plan

iii. Documentation of Neighborhood Contact process – copies of letters sent to the area neighborhood association and district neighborhood coalition along with copies of the certified or registered mail receipts.

iv. Documentation of site control and supporting materials: property tax printout for all parcels, showing tax account numbers and legal descriptions (include copy of deed to document ownership or full legal description if necessary);

v. Copy of the market study provided to the senior lender for the Vested Project;

vi. Authority documents for legal entity of Applicant;

vii. Copy of contract with a third party MWESB technical assistance provider (draft – final is necessary prior to application approval); and

viii. PHB MULTE ADA form.

f. Additional information – Such other information that is reasonably necessary.

D. Application Approval

Approval or denial of applications will occur within 180 days of application.

1. Review of program requirements – The MULTE Program Coordinator will determine if applications meet the Program and application requirements.

2. URA approval – For Vested Projected located in Urban Renewal Areas, PHB will contact Prosper Portland and the City's Debt Manager for approval prior to approval of the application.

3. Investment Committee Review – The PHB Housing Investment Committee will review projects recommended for approval by the MULTE Program Coordinator.

4. Application activation fee –Applicants for Qualified Vested Projects must pay PHB an application fee in the amount of $16,000, which includes the fee to be paid to Multnomah County. Should an application not be approved, or the exemption otherwise does not go into effect, the Applicant may request a refund of fees paid less the cost of estimated staff time expended.

5. Public hearing – PHB will present applications at a public hearing before the Portland Housing Advisory Commission (PHAC), for which public notice will be given and public testimony will be heard.

6. Final approval – Exemptions must be approved by City Council ("Final Approval"). PHB will file the ordinance requesting approval of the MULTE for a Vested Project meeting the other Program requirements with City Council. PHB will send a copy of any approved ordinance to the Applicant.

7. County activation – If approved by City Council, PHB will send a copy of the ordinance and the corresponding fee to Multnomah County. Exemptions for Vested Projects that receive Final Approval are effective on July 1st of the assessment year after the calendar year in which the Vested Project has been in use or occupied at any time, as determined by Multnomah County.

E. Compliance Requirements

1. Program sunset date – Vested Projects must receive a certificate of occupancy before January 1, 2022.

2. Changes to Vested Projects – 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 approved without a formal restructure request. 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. PHB will consider restructure requests so long as the Vested Project still meets the Program requirements. The Applicant must submit a formal restructure request to PHB including a new application form, current financial information, and an updated narrative reflecting the reasons for the changes to the Vested Project. Restructures will be reviewed by staff, presented to PHB's Housing Investment Committee, and go to City Council for approval.

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 extended use agreement.

3. MWESB – To comply with MWESB 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.

4. Rental projects

a. MULTE Regulatory Agreement – The Applicant of a rental Vested Project approved for exemption must enter into a MULTE Regulatory Agreement ("MRA") that will be recorded against the property.

b. Lease-up approval – The PHB Risk Analysis & Compliance (RAC) team will be in contact with the Applicant prior to completion of construction to ensure proper screening and qualification of tenants prior to lease up. The Applicant must notify the PHB RAC team if the property manager information submitted with the application changes.

c. Tenant screening – Gross income from all sources must be considered for any adults living in the unit. To qualify, tenants should be allowed to spend more than 30% of their gross income on housing expenses. Any Applicants not meeting the screening criteria must be given the right to appeal.

Tenants must income qualify at lease-up, but may exceed the affordability requirement by up to 20% during the exemption period (i.e. tenants who qualify for 60% of MFI restricted units at lease-up may earn up to 80% of MFI while living in the unit, or tenants who qualify for 80% of MFI restricted units at lease-up may earn up to 100% of MFI while living in the unit).

If a tenant exceeds the income requirement, plus the additional 20% allowed, then the unit is no longer considered qualified as an affordable unit. Another unit in the project may replace the affordable unit, should it otherwise meet all program criteria.

Upon termination or expiration of the tax exemption or in the case that a tenant no longer income qualifies for an affordable 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 affordable unit and an executed copy provided to PHB as the project is leased up and at unit turnover.

d. Annual reporting and review – During the exemption period, the Applicant must enter tenant income and rental data into PHB's Web Compliance Management System (WCMS) – to validate subsequent rental and household income compliance – annually to PHB's RAC Department within 90 days from the end of the project's fiscal year.

For lease-up and tenant screening guidelines, refer to PHB's Asset Management Guidelines. If the guidelines are silent, defer to HUD Guidelines.

If PHB determines that the number and unit mix of Affordable units is less than the approved percentage or does not match the unit mix of the project, the next available units must be rented to households meeting the income requirements and the project must be brought into compliance before the next reporting period.

Upon sale or other transfer of the Project during the Compliance Period, the requirements of the MULTE Program can transfer with the Project. PHB must receive updated property manager information (if applicable), and the authority documents of the legal entity to which the Applicant is conveying the Project in order to prepare a Consent to Transfer and Assignment and Assumption Agreement to be executed and recorded on title.

IV. IH Projects & Extended Affordability Projects

A. Benefit of the Tax Exemption

1. Value and duration – The MULTE Program provides a ten-year property tax exemption on a portion or the entire residential portion of the structural improvements during the Compliance Period for IH Projects and Extended Affordability Projects (together, "Projects") so long as Program requirements are met. The exemption applies to the entirety of the residential portion of the structural improvements for IH Projects located in the Central City or Gateway Plan District with a base FAR of 5:1 or greater. For all other IH Projects and for Extended Affordability Projects the exemption is only applicable to the Affordable portion of the residential portion of the structural improvements of such projects. During the exemption period, the Applicant is still responsible for payment of the taxes on the assessed value of the land and any commercial portions of the project.

The value of the exemption cannot exceed 100% of the real market value. In the case of a structure converted in whole, or in part, from another use to a multi-family housing, only the incremental increase in value that can be attributed to the conversion is eligible for the exemption.

A property's maximum assessed value is recalculated when the exemption is either terminated for noncompliance or expires after the Compliance Period. Thereafter, the Applicant shall pay the full amount of the recalculated property taxes.

2. Parking – The exemption may include parking constructed as part of the multiple-unit housing construction, addition or conversion. For projects receiving only a partial exemption for the affordable units, the same percentage of the residential parking may be included as exempt. If the tenant of an affordable unit is required to pay for parking, the cost of the parking must be included in the tenant's monthly maximum rent calculation.

B. Program Requirements

1. Eligible areas – Projects must be located within the City of Portland.

2. Site control – Applicant must own or have site control of the project site.

3. Eligible project types – Projects must be proposed construction, additions to existing structures or conversion of existing non-residential property to housing.

a. Projects must have at least twenty new residential units.

b. A row-house or townhouse development containing for-sale or rental units is eligible as long as all other eligibility criteria are met.

c. The Project 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.

4. Accessibility – At least 5% of the affordable units in the Project must be built to be adaptable for full ADA accessibility.

5. Pedestrian connection – The Project must provide pedestrian design elements in accordance with ORS 307.618 (1) (a) and be physically or functionally related to and enhance the effectiveness of a light rail line or mass transportation system.

Pedestrian design elements must include continuous, unobstructed, and a reasonably direct route between two points that are intended and suitable for pedestrian use. Examples are sidewalks, walkways, stairways and pedestrian bridges. On developed properties, pedestrian design elements are generally hard surfaced. In parks and natural areas, pedestrian design elements may be soft-surfaced pathways. On undeveloped properties and properties intended for redevelopment, pedestrian design elements may also include rights-of-way or easements for future pedestrian improvements.

6. Rental projects:

a. Financial need

i. Financial need for IH Projects is being met through development and calibration of the Inclusionary Housing Program. Therefore, IH Projects 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 tax exemption.

b. Affordability Requirements

i.. IH Projects

During the Compliance Period, the IH Project must meet the minimum required affordable units at the corresponding rate as set forth in the Inclusionary Housing Covenant.

ii. Extended Affordability Projects

During the Compliance Period, Extended Affordability Projects must make any additional exempted units Affordable to households earning 60% or less of the area

MFI if the Base FAR is less than 5:1, or to households earning 80% or less of the area MFI if the Base FAR is 5:1 or greater.

Affordable units must be distributed evenly amongst unit mix (bedroom sizes) within Projects. Projects must maintain the same unit distribution of Affordable units during the Compliance Period, but individual units do not need to be designated. Affordable units must float throughout the Project to ensure that the required percentage of each unit type is met at any given time.

7. For-sale units:

a. Eligibility and Income Restrictions – Requirements regarding this section can be found in Inclusionary Housing Administrative Rules HOU 3.04.

b. Sale Price – Requirements regarding this section can be found in Inclusionary Housing Administrative Rules HOU 3.04.

C. Application Process

1. Annual cap – PHB must abide by a rolling cap on estimated foregone revenue, based each Project's estimated foregone revenue for the first year of the exemption annually, to not exceed more than $15 million within a five (5) year period, defined as any current year and the previous four years. Therefore, PHB will use its discretion to ensure the cap is not exceeded in any individual year. The exemption amount is calculated based on the Projects' total projected value upon completion. The number of Projects and units approved will depend on estimates of total foregone revenue. Projects located in eligible areas within Urban Renewal Areas are exempt from the cap.

2. Timing of application – Applications must be submitted and approved prior to issuance of the project's building permit and prior to announcing bids for sub-contracting.

3. MWESB contracting-- This is not a requirement for IH Projects, with the exception of Projects that are Receiving Sites under the Inclusionary Housing Program through "Option 3: Build-Off-Site" as described in City Code 30.01.120. Applicants must consult with PHB staff and a third party technical assistance provider prior to opening up bidding for the construction and prior to application for the MULTE for the units that the receiving site is absorbing from the sending site. The MULTE application must include a description of strategies identified in coordination with the technical assistance provider that will be employed to promote MWESB opportunities in construction contracting. Prior to MULTE approval, the Applicant must provide a copy of a signed contract with a third

party technical assistance provider approved by PHB. The general contractor must work with the City of Portland's Procurement Services Compliance Specialist to report results during bidding and construction.

5. Lease-up strategy –Applicants must list available units on and utilize the leads received from OneAppOregon.

7. Application Requirements: Complete applications include the application processing fee, PHB Application Form, a project narrative, financial information and supporting documentation, plus any additional project specific documentation, as described below:

a. Complete applications include the completed "Attachment (02)- IH MULTE Application" and supporting documentation.

i. Attachment (02)- IH MULTE Application includes

A) Applicant's signature verifying oath or affirmation and date;

B) Number of dwelling units;

C) Dimensions of the multiple-unit structure(s), parcel size, proposed lot coverage of building, and amount of open space;

D) Number of residential and commercial off-street parking spaces;

E) Proposed amount of floor area dedicated to residential, residential common, and non-residential uses;

F) Estimated rent schedule and utility types and responsibilities;

G) Estimated additional annual income and expenses.

ii. Supporting documentation:

A) Documentation of site control and supporting materials: property tax printout for all parcels, showing tax account numbers and legal descriptions (include copy of deed to document ownership or full legal description if necessary);

B) Legal articles of entity that will receive the exemption (Identifying signature block);

C) PHB MULTE ADA form.

iii. Additional information – Such other information required by state or local law or otherwise which is reasonably necessary.

D. Application Approval: Approval or denial of applications will occur within 180 days of application.

1. Review of program requirements – Inclusionary Housing staff will review IH Projects and determine if the application and other Inclusionary Housing requirements have been met.

2. URA approval – For Projects located in Urban Renewal Areas, PHB will contact Prosper Portland and the City's Debt Manager for approval prior to approval of the application.

3. Final approval – Exemptions must receive Final Approval. PHB will file the ordinance requesting approval of the MULTE for a Project meeting the other Program requirements with City Council. PHB will send a copy of any approved ordinance to the Applicant.

4. County activation – If approved by City Council, PHB will send a copy of the ordinance and the corresponding fee to Multnomah County. Exemptions for Vested Projects that receive Final Approval are effective on July 1st of the assessment year after the calendar year in which the Vested Project has been in use or occupied at any time, as determined by Multnomah County.

E. Compliance Requirements

1. Program sunset date – Projects must receive a certificate of occupancy before January 1, 2022.

2. Changes to Projects—No changes are permitted to Projects after a building permit is issued. If significant changes to the number, percentage, or distribution of the Affordable units and/or IH 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. MWESB – To comply with MWESB 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.

4. Rental projects

a. MULTE Agreement – The Applicant of a rental Project approved for exemption must enter into a MRA that will be recorded against the property.

b. Lease-up approval – The PHB Risk Analysis & Compliance (RAC) team will be in contact with the Applicant prior to completion of construction to ensure proper screening and qualification of tenants prior to lease up. The Applicant must notify the PHB RAC team if the property manager information submitted with the application changes.

c. Tenant screening – Gross income from all sources must be considered for any adults living in the unit. To qualify, tenants should be allowed to spend more than 30% of their gross income on housing expenses. Any Applicants not meeting the screening criteria must be given the right to appeal.

Tenants must income qualify at lease-up, but may exceed the affordability requirement by up to 20% during the exemption period (i.e. tenants who qualify for 60% of MFI restricted units at lease-up may earn up to 80% of MFI while living in the unit, or tenants who qualify for 80% of MFI restricted units at lease-up may earn up to 100% of MFI while living in the unit).

If a tenant exceeds the income requirement, plus the additional 20% allowed, then the unit is no longer considered qualified as an affordable unit. Another unit in the project may replace the affordable unit, should it otherwise meet all program criteria.

Upon termination or expiration of the tax exemption or in the case that a tenant no longer income qualifies for an affordable 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 affordable unit and an executed copy provided to PHB as the project is leased up and at unit turnover.

d. Annual reporting and review – During the Compliance Period, the Applicant must enter tenant income and rental data into PHB's Web Compliance Management System (WCMS) – to validate subsequent rental and household income compliance – annually to PHB's RAC team within 90 days from the end of the Project's fiscal year.

For lease-up and tenant screening guidelines, refer to PHB's Asset Management Guidelines. If the guidelines are silent, defer to HUD Guidelines.

If PHB determines that the number and unit mix of affordable units is less than the approved percentage or does not match the unit mix of the project, the next available units must be rented to households meeting the income requirements and the project must be brought into compliance before the next reporting period.

Upon sale or other transfer of the project during the exemption period, the provisions of the MULTE program can transfer with the property. PHB needs to receive updated property manager information, and legal documentation about the new entity in order to prepare a Consent to Transfer and Assignment and Assumption Agreement to be executed and recorded on title.

5. For-sale units: Requirements regarding this section can be found in the Inclusionary Housing Administrative Rules HOU 3.04.

V. Termination of Active Exemptions

If a Vested Project or Project fails to comply with Program requirements at any time during the Compliance Period, the exemption will be terminated.

PHB will send a certified letter to the mailing addresses on record with the date of a hearing where the property 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. PHB staff will determine whether or not the property owner has presented sufficient cause to not terminate the exemption. 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.

PHB will go before city council with a resolution or ordinance with a list of exemptions to be terminated prior to the next tax year.

If a Vested Project or Project required to have Affordable rental units fails to meet its applicable affordability requirements at any time during the Compliance Period, such non-compliance must be cured prior to the next reporting year. If such non-compliance continues:

A. The exemption will be terminated without right of notice or appeal;

B. The property's maximum assessed value will be recalculated and the Applicant shall pay the full amount of the recalculated property taxes.; and

C. A penalty equal to the amount of the tax exemption for the most recent tax year multiplied by the percentage of Affordable units, multiplied by the years remaining in the tax exemption will be due and payable to PHB.

VI. PHB Administrative Requirements and Dates

Annual review of market value/price cap for for-sale units – PHB must review and establish an annual maximum market value and price cap based on data of the previous year's sales within the City of Portland provided by Multnomah County. PHB must present a resolution to City Council to approve the cap prior to January 1st.