

EXHIBIT B

Manufactured Dwelling Park Affordable Housing Bonus Density Program

Administrative Rules

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I. Definition of Administrative Rules

These Administrative Rules (these “Rules”) are authorized by Portland City Code (“PCC”) 30.01.130 to define the policies, processes, and procedures of implementation of the Manufactured Dwelling Park Affordable Housing Bonus Density Program (the “MDP Bonus Program”) by the Portland Housing Bureau (“PHB”).

II. MDP Bonus Program Goals

The City of Portland (the “City”) identified that manufactured dwelling parks (“MDPs”) are naturally occurring affordable housing. The City implemented the MDP Bonus Program to help meet this need.

MDPs wishing to receive bonus density according to PCC 33.120.205.F.2. must receive a letter from PHB certifying compliance with the MDP Bonus Program and these Rules.

III. Definitions

Applicant. A Person that applies for a density bonus through PCC.33.120.205.F.2 and has submitted a completed MDP Bonus Program application to PHB. An Applicant can be the Owner of the Property or someone who is representing the Owner, such as a builder, developer, optional purchaser, consultant, or architect.

Bedroom. A habitable private room as defined by PCC 29.30.210 that is enclosed by a door that separates it from the rest of the Manufactured Dwelling.

Compliance Period. The ninety-nine (99) year time period during which the MDP Bonus Program Regulatory Agreement applies.

Floating. Floating is the conversion of a Market Rate Unit to a new MDP Unit in an MDP. MDPs maintain their legally required amount of MDP Units while giving flexibility to Owners and property managers (“Property Managers”) to fill vacancies. Floating allows MDP Units to be located anywhere in an MDP and are not fixed by a unit or space number.

Manufactured Dwelling. A dwelling structure constructed off of the site from the MDP which can be moved on the public roadways. Manufactured Dwellings include residential trailers, mobile homes and manufactured homes in accordance with the definitions in PCC 33.910.030.

Manufactured Dwelling Park (“MDP”). Four or more Manufactured Dwellings which are located on a single site for 30 days or more and intended for residential use. Manufactured Dwelling Park does not include sites where unoccupied

Manufactured Dwellings are offered for sale or lease, in accordance with the definition in 33.910.30.

Manufactured Dwelling Space. The area occupied by a Manufactured Dwelling and its accessory uses and structures in an MDP.

MDP Unit. A Manufactured Dwelling Space, occupied by either an Owner provided Manufactured Dwelling or a tenant provided Manufactured Dwelling, that is a dwelling unit, as defined in PCC 33.910.030, and documented in a Property's Regulatory Agreement as required in order to comply with the MDP Bonus Program requirements in place at the time of execution of the Regulatory Agreement. An MDP Unit must be affordable to households earning no more than 60% of area median family income ("MFI").

MDP Site Map. A map, printed to a legible, readable and measurable scale, of the MDP in its entirety that includes all Pads and Manufactured Dwelling Spaces and their dimensions in square feet, floor plans of any existing buildings and Manufactured Dwellings that are provided by the Owner on the site including square footage, and the dimensions in square feet of any public or private streets or driveways which serve four or more Manufactured Dwelling Spaces, and the dimensions in square feet of any community facilities.

Market Rate Unit. A Manufactured Dwelling Space, occupied by either an Owner provided Manufactured Dwelling or a tenant provided Manufactured Dwelling, that is in an MDP with a documented MDP Bonus Program Regulatory Agreement but is not required to comply with the MDP Bonus Program requirements.

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.

Pad. A space within a Manufactured Dwelling Park which is designated to be leased to a tenant. A Pad can be either occupied or unoccupied by a Manufactured Dwelling but must be able to accommodate the placement of a Manufactured Dwelling intended for residency.

Pad-Only MDP Unit. An MDP Unit without an Owner provided Manufactured Dwelling, where the tenant provides their own Manufactured Dwelling.

Penalty Factor. The factor used to calculate the penalty for violation of the terms of the MDP Bonus Program, which is \$24 per the total square footage of the Manufactured Dwelling Spaces and Pads within the Property.

Person. Any person, partnership, association or corporation.

Property. A parcel of land, or tax lot, that is zoned as a RMP and encumbered by an MDP Bonus Program Regulatory Agreement.

Regulatory Agreement. An agreement between the Owner and PHB that sets forth the approval and compliance criteria of the MDP Bonus Program, governs the long-term operation and performance of the MDP Units and is recorded on the title to the Property.

Static-Data Sheet. A PHB-provided spreadsheet detailing the MDP Units and Market Rate Units, including Pad square footages and location within the MDP, the number of Bedrooms in each MDP Unit, and utility allowances. See an example in Appendix A.

Unit-Plus-Pad MDP Unit. An MDP Unit with an Owner provided Manufactured Dwelling.

IV. Application

Applicants to the MDP Bonus Density Program must submit a request for qualification to PHB on a form made available by PHB. Application materials include the following:

- A. **Program Certification.** Applicants must certify that at least 50% of the Pads within the MDP include eligible MDP Units which are affordable to those earning no more than 60% MFI, with rents restricted at 60% MFI for 99 years.

When calculating the required percentage of MDP Units within an MDP, 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.

Example: The minimum number of MDP Units is calculated to be 1.67; it is rounded up to 2 MDP Units.

- B. **Static Data Sheet.** Applicants must complete a Static-Data Sheet.
- C. **MDP Site Map.** Applicants must provide an MDP Site Map.
- D. **Site Control.** Applicants must provide a title report, documentation of ownership, and the Property's legal description as well as any necessary legal articles of the entity identifying signature authority (Articles of Incorporation, Corporate Resolutions, etc.) in order to enter into the Regulatory Agreement.

- E. **Regulatory Agreement.** Owner must sign a Regulatory Agreement prepared by the PHB prior to issuance of the zoning confirmation letter issued by Bureau of Development Services (BDS).

V. Approval

If an MDP is eligible for the MDP Bonus Program, PHB will provide Applicants with a letter certifying that the MDP meets the affordability requirements. BDS will determine the total bonus square footage for which the Property is eligible.

VI. Compliance and Reporting Requirements

After approval for the MDP Bonus Program, PHB's Risk Analysis and Compliance ("RAC") staff will send the Owner or property manager (either, in such role, a "Property Manager") a letter detailing the annual compliance and reporting requirements ("Welcome Letter"). The Welcome Letter will include an option to schedule a meeting with RAC staff to answer any compliance related questions or concerns. The following requirements apply to the leasing of MDP Units:

- A. **Static Data Sheet.** This form is required upon initial certification and annually thereafter to update any changes.
- B. **Income eligibility.** Measurement of household income is determined using the 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 for every adult living in an MDP Unit must be used 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.
- C. **Rent determination.** Maximum rent for MDP Units is determined using the MFI and Rent Chart based on the following:
 - 1. Pad-Only MDP Unit: Rented for a maximum of 50% of the restricted MFI level for a two-bedroom unit according to the MFI and Rent Chart. Maximum rent paid by tenants includes any utility allowance or required expenses to live in an MDP Unit (i.e. parking, meal plans, and amenities).
 - 2. Unit-Plus-Pad MDP Unit: Uses the number of Bedrooms in the Owner provided Manufactured Dwelling to determine the restricted MFI level based on the correlating number of Bedrooms in the Unit-Plus-Pad MDP Unit. Maximum rent paid by tenants includes any utility allowance or required expenses to live in an MDP Unit (i.e. parking, meal plans, and amenities).

Details and instructions on how to apply the MFI and Rent Chart can be found in HOU-1.10, Risk Analysis and Compliance Policies and Guidelines. Leasing an

MDP Unit to an ineligible household may constitute a default under the MDP Regulatory Agreement and or these Administrative Rules and incur penalties.

- D. **Utility allowances.** MDP Units are subject to a utility allowance (“UA”). Property Managers determine the utility allowance by utilizing the Utility Allowance Schedule, which takes averages obtained from local utility providers. To the extent MDP Unit tenants pay their own utilities directly or are billed back for reimbursement of utilities by the Property Manager, the Property Manager is required to deduct that amount from the maximum allowable rent charged to the tenant. No UA is required for utilities paid by the Property Manager and not reimbursed by the tenant. Utility allowances are passed along to the tenant in the form of reduced rent for those utilities which are paid for by the tenant.

Example 1: A two-person household earning 60% MFI occupies a Pad-Only MDP Unit. The maximum monthly rent for any Pad-Only MDP Unit in 2018 (based on 50% of the 2018 MFI and Rent Chart) was \$549.50 ($\$1,099 * 0.5$), and the UA is \$180. The maximum a Property Manager could collect from this household is \$369.50 ($\$549.50 - \180).

Example 2: A three-person household earning 60% MFI occupies a two-bedroom Unit-Plus-Pad MDP Unit. The maximum monthly rent for that unit, based on the 2018 MFI and Rent Chart, is \$1,099 and the UA is \$243. The maximum a Property Manager could collect from this household is \$856 ($\$1,099 - \243).

- E. **Income recertification.** Tenant incomes must be recertified annually through the Tenant Income Certification (TIC) reporting cycle, as sent by PHB to the Owner. If, following a TIC reporting cycle, a tenant’s income is at or below the allowable income for an MDP Unit, the Property Manager 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 and any applicable laws, rules, or policies regarding rent increases. If a tenant’s income is above the allowable income for the MDP Unit, the Property Manager:

1. Must designate the next available Pad or Manufactured Dwelling to be rented as an MDP Unit.
2. May raise the rent on the existing tenant’s Pad or Manufactured Dwelling in accordance with federal, state, and local laws.
3. May revise the expiring lease to allow tenants to continue living on the Pad with their own Manufactured Dwelling or in the owner provided Manufactured Dwelling at market rate rent.
4. May not require tenants to submit additional deposits or fees.

5. Must give at least 90 days written notice to PHB and the tenant prior to an increase in the rent.

This information must be included in the lease or lease addendum for each MDP Unit and an executed copy must be provided to PHB as the property is leased up and at turnover. Leasing an MDP Unit to a household earning more than the income restriction may constitute a default under the Regulatory Agreement and these Administrative Rules.

- F. **Incomes rising in place.** Households that have initially qualified for an MDP Unit must be able to remain in the MDP Unit and not be subject to market rate rents unless their incomes reach or exceed the income limits contained in these Rules. A tenant's income may increase up to 100% MFI and still have the MDP Unit fulfill the Property's MDP Program requirements.
- G. **Vacancies.** PHB requires that at any given time the number and distribution of MDP Units will match those specified in the MDP Bonus Program Regulatory Agreement. To help ensure the predictable leasing of MDP, Property Managers will be required to treat MDP Units as "Floating", see Section III, Definitions: Floating.
- H. **Marketing.** The MDP Bonus Program has no rules or guidelines about the legally permissible method-Property Managers use to determine the order in which tenants are offered MDP Units. Property Managers are required to abide by the Fair Housing Act, Title VIII of the Civil Rights Act of 1968, and all other applicable federal, state, and local laws.
- I. **Annual reporting and review.** On an annual basis, Property Managers must submit information to PHB on MDP 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 MDP Program Regulatory Agreement. PHB staff will test the information reported in WCMS against the contents of MDP Program Regulatory Agreement and issue written results for each Property.
 1. **Reporting.** PHB will send an Annual Compliance Test ("ACT") 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 Property Manager must resolve those issues within the 90-day period to cure or will be considered in default.
 2. **Inspections.** PHB reserves the right to inspect and audit MDP Bonus Program 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.

3. **Non-compliance.** In cases of non-compliance, PHB staff may collaborate with Property Managers on remedies, however PHB also has the authority to enforce the provisions of the MDP Bonus Program Regulatory Agreement, these rules, and the Risk Analysis and Compliance Policies and Guidelines referenced below, without the owner's consent. Other than default provisions, remedies, and exit provisions, MDP Bonus Program compliance and reporting requirements will be the same as those for PHB's non-MDP Bonus Program developments for tenant compliance and physical evaluation sections only, as contained in HOU-1.10, Risk Analysis and Compliance Policies and Guidelines Properties may be found non-compliant for failing to meet any of the reporting requirements. A waiver of delay of the 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.

- J. **Transfers of Property Ownership.** The Regulatory Agreement runs with the land for the length of the Compliance Period. Upon sale or other transfer of the Property during the compliance period, the provisions of the MDP Bonus Program must transfer with the Property. Prior to transfer, the Owner must submit to PHB updated Property Manager information and legal documentation about the new entity and sign a Consent to Transfer and an Assignment and Assumption Agreement prepared by PHB, to be executed and recorded on title.

- K. **Default.** Specific default provisions are contained in the Regulatory Agreement. Defaults that last for more than one reporting cycle will result in penalties as outlined in Section VII.M., Penalties.

- L. **Penalties.** In the event of a default, PHB may choose, but is not obligated, to negotiate with Property Managers to bring the Property into compliance. Should default occur and PHB and the Property Manager cannot agree upon an acceptable remedy, PHB will impose financial penalties as follows:
 1. **Penalty.** The penalty equals the square footage of all of the Manufactured Dwelling Spaces and Pads within the Property multiplied by the current Penalty Factor.
 2. **Interest.** Interest on the entire unpaid penalty amount, assessed at the rate of .833% simple interest per month or fraction thereof (10% per annum), computed from the date of default.

3. **Additional penalties.** PHB may also pursue foreclosure, court injunction, and or receivership if the financial penalties are not paid in the timeframe prescribed by PHB.

VII. **Communication.** All notifications, applications, requests and communications should be sent to: Portland Housing Bureau, 421 SW 6th Ave Suite 500, Portland, Oregon 97204.

Appendix A – Example: Static Data Sheet

Each Static Data Sheet will be built to the individual specifications of each property based on the property’s requirements as outlined in the MDP Regulatory 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 Windows	Convertible to Type A	IH Unit	MULTE Unit	Income Restriction	Maximum Monthly Rent (PHB MFI Ch)	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