



Multiple Unit Housing Property Tax Exemption FAQ

1. What is MUPTE?

MUPTE stands for Multiple Unit Housing Property Tax Exemption (MUPTE). MUPTE is an incentive program designed to attract new development of multi-unit housing in transit oriented areas of Newport by granting a 10-year property tax exemption to eligible projects that include an affordable housing component.

2. Which properties and projects are eligible for MUPTE?

New construction projects that create three or more rental units and renovation projects that add two or more rental units to an existing property are eligible for MUPTE. Projects must be located within ¼ mile of a fixed route transit (bus) service, be located in an R-3, R-4, or a C-1 or C-3 zone south of NE 4th Street, and be entirely outside of known hazard areas, including but not limited to Tsunami Inundation Zones (see maps in the [application appendix on pages A1-A2](#)). No part of the development may be used for transient accommodations, including hotels, motels, or short-term rentals. The program also requires applicants to provide public benefits in some form, which are detailed further in questions 4, 5 and 6 below.

3. What is the scope of property tax exemption?

The MUPTE Program provides a ten-year property tax exemption on the residential portion of the structural improvements to a property, as long as program requirements are met. During the exemption period, property owners are responsible for payment of the taxes on the assessed value of the land and any commercial portions of the project, except for those commercial improvements deemed to be a public benefit and approved for the exemption. In the case of a structure to which additional stories or other improvements are added, or a structure that is converted in whole or in part from another use to dwelling units, only the increase in value attributable to the addition or conversion of units is eligible for exemption.

4. Does the MUPTE program have any additional eligibility requirements?

In addition to meeting the requirements outlined above, an applicant must demonstrate that the project could not be built financially “but for” the tax exemption. This is done by providing a project pro-forma that is reviewed by an independent outside professional consultant to determine that the property tax exemption is necessary for the project to be viable. The project must also provide public benefits in the form of meeting minimum green building requirements and including an affordable housing component. More details about public benefit requirements are provided in questions 5 and 6 below.

5. What are the green building requirements of the MUPTE program?

The green building requirements of the program are that projects must conform to the 2011 Oregon Reach Code, or perform at least 10% more efficiently than the performance established in the Oregon Energy Efficiency Specialty Code (OEESC) or similar code adopted by the State of Oregon. These green building requirements apply only to residential occupancy areas and common areas such as hallways, stairwells, centralized HVAC or hot water heating and laundry facilities. The requirements do not apply to commercial areas or ancillary amenities such as parking garages and recreation facilities.

6. What are the affordable housing requirements of the MUPTE program?

To be eligible for MUPTE, a minimum of 20 percent of the units in a project must be affordable to households earning 80 percent or less of the area median family income (MFI), or a minimum of 10 percent of the units must be affordable to households earning 60 percent or less of MFI. Affordable is defined as a rental rate which does not exceed 30% of the monthly maximum MFI levels for each unit size, including allowances for utilities. In lieu of providing affordable rental housing units, the owner of a project can opt to pay the City an amount equal to 10% of the total property tax exemption. More information about income and rent limits can be found in the [application appendix](#).

7. Can projects that do not meet the green building or affordable housing requirements still be eligible for MUPTE?

If the proposed project does not provide the public benefits detailed in questions 5 and 6, the applicant may request a hearing with the Planning Commission to show that the project will fulfill the purpose of the program in an alternative manner.

8. What is the cost of applying for MUPTE, and when is the filing deadline?

There is an application fee of \$4,500. This fee is comprised of a \$500 base fee plus \$4,000 for an independent financial consultant to review the project's financial pro-forma. The application must be filed with the City by November 15 immediately preceding the first assessment year for which exemption is requested.

9. What is the general application process?

Once an application is submitted, City staff review the non-financial materials included with the application for completeness. The financial information, including the project pro-forma, is reviewed by an independent consultant. The Community Development Department provides a report and comments on the application, including a report on the financial component from the outside consultant, to the Planning Commission. The Planning Commission holds a hearing to evaluate the application and provide the City Council with a recommendation on the application. At the hearing at which the Planning Commission's recommendation on an application is considered, or at a subsequent hearing, the Council adopts a resolution approving the application and granting the property tax exemption, or disapproving the application and denying the property tax exemption. The City Council will approve or deny a MUPTE application within 180 days after receipt of the complete application.

10. Where can I find MUPTE application materials?

Application materials can be found on the [Planning Applications and Checklists](#) page on the City's website.

11. Are there any additional compliance requirements for approved MUPTE projects?

The owner of a project approved for exemption will be required to sign a Regulatory Agreement to be recorded against the title to the property stating the terms of the MUPTE. During the exemption period, the owner or a representative must submit annual documentation of tenant income and rents for the affordable units in the project to the Community Development Department.

If you have additional questions about MUPTE or the application process, please call the Community Development Department at 541-574-0629.