*Metro Regional Government wants voters in the Portland Metro Area to approve a $652.8 million-dollar property tax increase in November 2018. Here is a set of frequently asked questions, facts and figures for you to consider before voting in November…*

Question: Metro is asking for a $652.8 million-dollar tax increase to build “affordable housing” what does that mean?

Metro wants $652.8 million dollars to build primarily “for-rent” federally subsidized housing for individuals and families making less than 80% of the median income for the region. Metro believes it can build between 2,400 and 3,900 apartment units around the region, serving 10,000-12,000 people (if each houses a typical family of 3 or 4 people). Many of those units would go to those making 30% or less of the median income.

***That sounds like a good thing? We are helping people, right? Why would that be a bad thing?***

By Metro’s own admission, the need for affordable housing in the Portland Metro Area is nearly 48,000 dwellings. **For the massive price of $652.8 million in property taxes, Metro’s measure would only potentially alleviate 5-8% of the need.** This measure is a drop of water in a very large ocean coupled with a property tax increase on every homeowner in the Metro area. We rely on Metro to address issues on a large scale, but this issue is too big for Metro to handle. This measure helps too few and it costs too much money.

***Show us how it costs too much? What does that mean?***

The Metro property tax increase costs the taxpayer too much and gets too little in return:

Start with simple math. If Metro collects $652.8 million in property taxes and builds 2,400 to 3,900 apartment units, then the average cost of those units will be between $167,000 and $272,000 per apartment to build. According to several articles in the Portland Tribune, the Oregonian and from information we have received from affordable housing builders in the region, these same units can be built for between $125,000 and $130,000 per unit. **That means when you give your tax dollars to Metro, it’s going to cost a minimum of 25% more and as much as TWO TIMES the cost for Metro to build the exact same units as private industry.**

***WHY DOES IT COST SO MUCH MORE FOR METRO TO BUILD APARTMENTS?***

Because Metro cannot build them efficiently and/or they intend to buy them at a retail price**. By giving Metro this money, you are willfully wasting $42,000 to $147,000 per unit, or an average of $163 million dollars of the total bond.** Put another way, for the same price metro claims it can build 2,400 to 3,900 units, private industry could likely build 5,220 units.

***How much is Metro asking to raise my property taxes for this measure?***

Metro says the bond will cost each homeowner $.24 cents per $1,000 of assessed value on their annual property taxes. Sounds cheap, especially if you swallow Metro’s assertion that it will be about $60 per homeowner on average annually. What they are reluctant to tell you is that $60 is based on your home being worth $250,000 annually in assessed value. A typical home in the region is more likely to be assessed near or above $300,000 by the county. **A typical homeowner is likely to pay closer to $70 to $85 dollars annually.**  Plus, this bond will be paid back over 30 years, so that means the average homeowner can expect to pay $2,100 to $2,550 over the life of the bond.

**That’s not the whole story either. Are you a newer homeowner?** Did you buy your house in say, the last 10 years? Then your assessed value was based on the original price of your home. The median price for the Portland Metro Area is currently $429,000, so if you managed to purchase a house in this market, you are going to pay over $100 for this measure. The cost burden hits those who recently bought a new home the most, yet another reason this property tax increase doesn’t make sense. **Homeowners purchasing recently are likely are already paying more than they can afford and now we want to increase their property tax burden?**

***Ok, but I rent my home/apartment. What do I care if the property taxes go up?***

Given the exponential rent increases in the Portland Metro Area over the last 7 years, you should be concerned. Landlords know they can get high rents and if their property tax bills go up, your rent is going to follow. In fact, **Metro is giving these landlords a built-in reason to raise your rent.**

If I am willing to pay for it, how do I know Metro is going to spend the money responsibly?

**The simple answer is you don’t.** We already detailed how much more it costs Metro to build affordable housing than it does private industry, but we haven’t talked about some of the other ways Metro can squander that money without results:

* **Metro says that up to 5% of the total bond or $32.6 million can be spent on paying for administration of the program.** That’s $1.62 million annually over the life of the bond or enough to pay 24 new employees $68,000 annually. Metro says it wants to control these costs and keep the total down, but their most recent parks bond measure is currently running at more than the 7% of administrative costs they promised to maintain when it passed. Why would we believe they can be more efficient now?
* The reason the spread between the number of units Metro says it can build with the bond is so significant (2,400 to 3,900) is because Metro knows that unless a companion measure that changes the Oregon State Constitution passes allowing Metro to use partners to build this housing, they will have to build it themselves, which will massively inflate the cost of each unit. Your worst nightmare is this bond measure passing and the Constitutional measure failing. If that happens, you just threw millions away. **Should you ask for a property tax increase of nearly 2/3 of a billion dollars when you aren’t even sure how or if you can spend it?**
* **Nothing currently in this measure prevents Metro from just buying apartment complexes built for the retail market at full price and then converting them to affordable use.** The City of Portland in June purchased a newly constructed apartment complex for $275,000 a unit. The whole project was built by a private developer who charged them his retail price to sell. This tax increase provides you the taxpayer with no assurances that Metro will maximize the value of the money you are giving them.
* **Metro isn’t telling you one of the biggest issues they face with this bond.** There is a distinct possibility that even if they build these affordable units, the federal subsidies required to help offset rent won’t be available. For example, Washington County receives approximately 200 federal rent subsidy/waiver vouchers annually. According to the breakdown of this measure, Washington County could receive as many as 644 new affordable units over the life of the bond. There is no guarantee or even a high likelihood that the Housing and Urban Development Department will increase the number of vouchers for Washington County just because new affordable units are available. The amount received from HUD fully depends on their budget, not availability**. Imagine hundreds of units built for those in need just collecting dust because the ongoing funding needed to maintain the units just isn’t available.** Again, shouldn’t Metro have worked with HUD prior to putting this tax increase on the ballot to make sure they can even support the housing they are planning on building?

***What about the City of Portland? Didn’t they just pass a measure like this? How is that working out?***

*For those of you living inside the Portland City Limits, you should pay special attention to this section:*

In 2016, the City of Portland approved a $258 million-dollar property tax increase for the same purpose: To create affordable, for rent apartments for those who qualify for federally subsidized housing. **Those of you living in Portland are ALREADY PAYING NEW PROPERTY TAXES FOR NEW AFFORDABLE HOUSING.** However, under the $652.8 Metro Property Tax Increase, those living in the City of Portland will have the opportunity **to raise their property taxes** **FOR A SECOND TIME IN 2 YEARS FOR THE SAME REASON.** Why would Metro double the property tax burden in Portland where a higher number of senior citizens living on a fixed income reside?

The City of Portland isn’t even finished collecting the money from the property tax increase the just passed and they just recently bought their first completed project with the proceeds. We mentioned they paid way too much for it above and if we look to the City of Portland as any indication of how Metro will spend this proposed property tax increase, the initial returns are not looking good. **It took Portland nearly 18 months to find and purchase 50+ units and they massively overpaid.** That is the only impact their $258 million has had on the market so far.

Ok, it’s clear Metro has not thought this measure through. If I vote NO on this property tax increase, what message does my vote send?

1. It makes Metro and local governments consider the great majority of their constituents who are suffering from high rents and high mortgage payments, in large part due to the policies they set over the last 20 years. **Home prices and rents are high because our elected officials and their staff have not done a sufficient job of addressing this issue previously.** Metro is panicking, try to show you the voter they are doing “something, anything” to address the problem. Make them come up with real affordability solutions instead of just asking for more money.
2. **Voting no tells these local governments you are no longer going to be their piggy bank.** They need to show us the taxpayers they can use the money we provide them efficiently and solve problems without just automatically expecting the public to bail them out with more cash. Spend it more wisely or don’t expect more.

# TAKE A STAND: VOTE NO ON METRO’s $652.8 MILLION DOLLAR TAX INCREASE