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## Oregon Weighs Record Bond for Housing as Real Estate Prices Jump.

- **Metro put \$653 million affordable housing bond on ballot**
- **As people flock to area, home prices are rising out of reach**

The Oregon agency that runs Portland's zoo is behind the biggest bond measure in the state's history to build homes. For humans.

Metro, a municipal entity known for running the Oregon Zoo and natural areas around Portland, is asking voters in November whether they want to borrow \$653 million to build and renovate housing for people priced out of the booming local real estate market. The move would expand the purview of Metro, which was created in 1978 to oversee the zoo, as well as land use, transportation and waste management in three counties.

Over the years, Metro, which is the only directly elected regional U.S. government, has expanded its responsibilities. It's a "natural evolution" of the agency to take on affordable housing as an influx of high-income earners puts homes out of reach for many residents, said Nick Fish, an elected Portland commissioner who's helping to lead the bond campaign.

"Working-class families are being priced out of every part of the region," Fish said in an interview. "We're seeing a one strike and you're out economy, where people are one job loss, one medical emergency, one unforeseen crisis away from being on the street."

Up and down the West Coast, cities are grappling with the downside of a nearly decade-long economic boom that's brought skyrocketing residential real estate prices and an increase in homelessness. In November, California voters will consider \$6 billion in housing-related bonds on the state ballot, and San Franciscans may tax large businesses to provide services to the large homeless population in the technology-industry hub.

While high housing prices typically boost municipal tax collections, they can also limit economic growth, said Chris Morgan, director at S&P Global Ratings. Amid constrained supply of homes and labor shortages in the construction industry, growth in economic output in the far west — which includes Alaska, California, Hawaii, Oregon and Washington — fell to the third fastest in the U.S. last year from first in 2016, according to an April report from the company.

"We're seeing the cost of housing as potentially representing more of an economic challenge in the near term," Morgan said in an interview.

About 80 people a day are moving to the Portland area, according to a Metro analysis of last year's Census data. The median sale price of a home has risen by 56 percent over the last five years, faster than the 31 percent growth nationally, figures from real estate brokerage Redfin show.

The Metro bond measure aims to create homes for 7,500 people. It can serve up to 12,000 if voters also approve a state constitutional amendment that would allow the proceeds to go to affordable

housing developers that work with local governments. Currently, funds from general-obligation bonds can't flow to private entities. Homeowners would pay an average of \$5 a month, or 24 cents per \$1,000 of assessed property value, to cover the cost of the added debt.

Metro would distribute the funds to its three counties — Multnomah, Washington and Clackamas — based on assessed value. The local governments would decide on projects that best fit their needs, such as easing homelessness in Portland or building senior facilities in Lake Oswego, an affluent suburb, Fish said.

Support is so broad for the initiative that the historically tax-skeptical Portland Business Alliance endorsed it, Fish said.

"The time is right for this," he said.

## **Bloomberg Markets**

By Romy Varghese

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