

Affordable Housing at \$530 Per Square Foot

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Last year, Portland's Metro persuaded voters to raise their property taxes (which will make housing less affordable) so Metro could sell \$652.8 million worth of bonds that could be applied to so-called affordable housing projects. The first such project will be the [Mary Ann](#), a four-story apartment in Beaverton.



The apartments will actually be built by [Reach Community Development](#), a non-profit housing group that is using low-income tax credits to pay [nearly 55 percent](#) of the \$20.9 million cost. Metro will provide another \$3 million, so Reach only has to recover \$6.5 million from rents or sales in the building.

Mary Ann is expected to cost \$20.9 million. Correspondence with Reach reveals that the building will be 69,209 square feet, or \$302 per square foot. But only 39,458 square feet of that will be living space; the rest is common areas. Unless Reach can find a way to make money on the common areas, that means the living space is costing \$530 a square foot.

The building will have 54 apartments, which means the average apartment will be 730 square feet — well under a third of both the median and [average size of new single-family homes](#) being built in the United States. If people who moved in were to pay the full cost of the apartment, it would average \$387,000.

According to [Zillow's data](#), the median value of homes in the Portland area is \$234 per square foot, while it is \$230 in Beaverton itself. Both are less than half the cost of the Mary Ann. The median value of a condo in Beaverton is \$257,900, while in the city of Portland it is \$338,100. Thus, this “affordable” building will cost much more than existing housing. Of course, the lucky 54 families that get to live in it won't pay those costs, but other homeowners in the Portland area will in higher property taxes.

Counting only the \$6.5 million Reach needs to recover, the cost is \$164 a square foot of living space or \$120,000 per unit. That sounds more affordable, but still is a lot more than median housing prices in regions that don't practice growth management. For example, the median price of housing in many parts of Atlanta, Dallas, Houston, Phoenix, and San Antonio is around \$100 a square foot, and many condominiums in those regions are available for around \$100,000 or less.

Four-story buildings aren't the way to provide affordable housing because they cost a lot more per square foot than one- and two-story buildings. Even if they were, affordable housing is not the solution to a housing affordability problem; in this case, it makes housing even less affordable. Instead, this is just one more part of Portland's [Soviet-like experiment](#) with social engineering.