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QuickPoint! – Avoidable Expenses for Affordable Housing

By Vlad Yurlov

While many people in the Portland region value efficient governments, prevailing wage laws are rarely questioned. Prevailing wage laws drain tax-payer funded resources by increasing the labor costs of public construction projects such as affordable housing. These laws were originally enacted to shut out minorities from construction jobs in the 1930s. Portland and Metro are currently using more than \$900 million in tax dollars to build affordable housing projects. Both jurisdictions are subject to prevailing wage laws that significantly decrease their efficiency.

Portland and Metro's housing bonds are already spending roughly \$300,000 per new unit, which is nearly double market-rate projects. The Bond Stakeholder Advisory Group of the Portland Housing Bureau found that "[p]revailing wage typically increases the labor costs in a project by approximately 12% to 18%." This means fewer housing units can be built.

One of Portland's [recent projects](#) avoided paying prevailing wages by limiting the number of project-based vouchers that their building contained. This clearly shows that prevailing wages inhibit the creation of affordable housing. To increase efficiency in affordable housing construction, Oregon must end prevailing wage laws.

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