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Senate Committee on Housing
Oregon State Legislature
Oregon State Capital
Salem, OR 97301

RE: SB 608

This exhibit is in opposition to SB 608.

I am a landlord with about 1,400 residential units. My business model is buying older apartments and fixing them up. Will all the upgrading, we are Lowes Building Materials largest customer in their eleven state western and Midwest region.

Just one example of my efforts is the purchase of an apartment complex in Albany which was literally the area slum. The transformation was so complete, the local newspaper published the story detailing it, see attached. It was in such terrible condition, we had a prior meeting with the police and legal aid. The cops helped with extra patrols.

This complex is an excellent example of the negative impact the bill will have in such communities.

The project is one level duplexes and triplexes spread over 10.5 acres. It was truly in dilapidated condition, even pitch dark at night with no lighting of any kind. Criminal elements over ran it who not only lived but worked there dealing drugs out their front windows even in broad day light. They would openly leer at us.

The drug dealers were bad enough, but they attracted constant traffic into the neighborhood. Their clients would move deliberately, casing the place as they drove.

The criminals were just part of it. The perimeter had black berry patches filled with homeless. They would break into empty units squatting and steeling anything not secured.

The first goal was to evict the problems. It was quite a job taking close to a year. They retaliated with actual death threats and the usual tire slashing. Any loose equipment and

material was taken or vandalized. You can't make this stuff up.

The point is we eventually turned it around and it is a nice place to live as the article indicates.

The only way the evictions worked were NO cause. Even then, they showed up to fight the proceedings. The other residents' once they understood we meant business were desperate for our success.

The question becomes, how can we clean up the projects with CAUSE evictions? Surrounding neighbors will not testify because of being threatened, such threats mean business. Cops are no help, no proof. It comes down to our word against theirs and we have a heavy burden of proof, especially against sympathetic judges. It is impossible to explain how dangerous these people are.

If developers cannot evict dangerous tenants and fairly raise rents, it will be impossible to upgrade the older housing stock, which this bill targets.

Sincerely


Paul Kerley

Tuesday, October 16, 2007

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Mark Ylen/Democrat-Herald Albany Meadows owner Paul Kerley shows an area behind the complex where crews
Group
cleared blackberry briars and a homeless camp.

fixes run-down Albany housing complex

By Alex Paul
Albany Democrat-Herald

With missionary zeal, Paul Kerley and his real estate development team are transforming what had been a rundown housing complex at 5001 Pacific S.W. into 127 family-friendly duplexes, triplexes and quadplexes.

Kerley and his brother John, who lives in St. Louis, Mo., are partners in Commercial Property Resources, Inc. a Salem-based company that owns and manages more than 1,000 housing units in Oregon and Illinois. In May, the company bought what was known as Valley Pointe Apartments. They changed its name to Albany Meadows and as soon as the ink had dried on the paperwork, sent in a team of 25 people to completely renovate the rundown complex.

"Our manager had identified 20 undesirable tenants and we served them eviction notices immediately," said Janet Schultz, the company's regional property manager. Schultz said the Albany Police Department was well-acquainted with some of the former residents.

Kerley plans to invest about \$1.5 into renovation of the one-story buildings that were constructed in the 1970s. Some \$650,000 has been earmarked for energy efficiency upgrades including insulation throughout, new double pane windows, 650 new roof vents, new sliding patio doors, moisture sensing bathroom ventilation fans and more.

"Our motto is that we bring things up to the standard that we would live in," Schultz said. "We want to do it right the first time."

More than 100 new cooking stoves and refrigerators have been installed, Kerley said. Some of the units include washers and dryers and they too have been replaced.

Kerley laughs when asked how many gallons of paint have been applied to the buildings, saying only that his crew is well-known at Home Depot. Every building has been painted. Any dry rot was removed and replaced with new materials.

There is new carpet, vinyl flooring and bathroom fixtures in virtually all units to go along with new paint on interior walls. Bathrooms were upgraded with new vanities and other fixtures as needed.

A walk through one of the units yet to be refurbished indicates the level of disrepair the new owners found. The carpet smells, the walls are filled with mold stains, stick pins and stickers line the walls and the bathroom fixtures need resealed.

"This is actually one of the better ones," Kerley said.

Gloria Estrada is Kerley's on-site manager and had been working at the complex when the purchase was completed. "It's an amazing transformation," Estrada said.

In addition to upgrading each unit, Kerley has hired a full-time security guard. Each home will have a outdoor patio light that matches the styling of the new thermal windows. The lights will turn on at dusk and off at dawn. New lights will also be installed in the parking lots, which have all been either overlaid with new asphalt or sealed and striped.

A new solar panel has been added to heat water for the community swimming pool. There are also five community laundry rooms.

"We have on order a video security system to which the the Albany Police Department will have access," Kerley said. "In fact, in addition to several large video screens in our leasing office, residents will be able to watch the security videos on

their own computer systems. The more eyes the better."

In addition to tenants with legal issues, the complex was often visited by transients who were shielded by long rows of blackberry bushes that nearly encircled the 10.5 acre-site.

"We had the blackberries ground up," Kerley said. "There's no place to hide anymore."

Each unit is about 940 square feet. The two bedroom units rent for \$625 per month; those with washers and dryers are \$660 per month and the three bedroom units are \$825. A \$400 deposit is required. Pets are allowed.

Some 33 units are currently vacant, but Schultz said interest has picked up. The complex suffered from a bad reputation but once prospective tenants see what has been accomplished, the ice is broken.

Kerley said he is proud of the work accomplished so far and says it will take a few more months before all units are completed.

"I'm always looking for more investment opportunities," Kerley said of future plans.

To learn more about Albany Meadows, call 926-5210.

Police: Effort has positive effect

Albany Police Captain Jeff Heinrich said Kerley's clean up efforts have had a positive effect on the neighborhood. From February to May, the department had 17 calls for service from the residents of the complex. From June through September, there were only 7 calls.

"We're certainly not complaining about the work he's done out there," Heinrich said. "It looks good and he's taken a much stricter stance as far as management goes. He's not putting up with disturbances and noise. He's holding people accountable."

Heinrich said Kerley met with the police department before he took ownership. He asked for suggestions and made sure the department has his and his manager's cell phone numbers. He also asked for extra patrols when possible.

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