

Submitter: Paul Brewer

On Behalf Of:

Committee: Senate Committee On Housing and Development

Measure: SB611

Chair Kayse Jama and Committee Members;

My name is Paul Brewer. I have owned and managed five (5) Manufactured Housing Communities in Oregon since 1987. I currently own the following two Parks:

- Olde Stone Village, McMinnville, Oregon a 55+ Park comprised of 204 mobile homes spaces plus 108 RV spaces. I purchased this Park in 1991.
- Westlake Village, Grants Pass, Oregon a 55+ Park comprised of 93 mobile home spaces. I purchased this Park in 1988.

Inflation hurts everyone, tenants as well as Community owners. It does not discriminate. We all buy the same Milk, Eggs, and pay the same in Utilities, Auto fuel, etc. Even the Gas bill for my personal home of 2,300 square feet went from \$545.33 in January to \$973.70 in February. And yes, I did call the Gas Company since my consumption was the same for both months. Their reply, "rates are going up and will continue".

I have spent millions over the past 30 years upgrading my Communities to where residents today can be proud of where they live. Naturally, that takes resources coupled with a partnership with residents who improve their home and space. Together, Community and home improvements have definitely increased the value of the residents' homes. My staff and I would welcome this Committee as well as other Senators and Representatives to visit my Communities.

Since the Pandemic in 2000, my expenses have escalated, "even taking into consideration rent increases". For example, Westlake Village's expenses at YE 2019 were 35.81% of collected income. Last year 2022, three years later, the expense factor for the Community went up to 40.29% before Debt Service and Capital Improvements. Payroll and payroll benefits have risen due to the tight labor market, utilities over which Community owners have no control have spiraled, and maintenance costs have exploded due to supply and labor increases. Ever since the fires of 2019, insurance rates for Manufactured Communities have risen dramatically. Liberty Mutual insured all my Communities since 1987, however, due to their loses in the 2019 fires they stopped writing new policies. Ultimately, Liberty dramatically raised their rates on existing coverage so high that I changed carriers to Philadelphia Indemnity Insurance. Even with that change, my insurance cost rose 11% over last year.

Three years ago, when SB 608 passed and was signed by Governor Brown, it was supposedly a “compromise” between the Governor, Legislators, and tenant community groups including the Community Alliance of Tenants. However, SB 608 did not allow Communities to pass through Capital Improvements. That cost could only be recovered with the 7% plus CPI. Such improvements are required as Community’s infrastructure deteriorates over time. As such, if Senate Bill 611 passes and becomes law the following will occur:

- Capital Improvements will cease or be dramatically scaled back
- Payroll raises and increased benefits will become extinct or far less frequent resulting in higher turnover of personnel/ staff. Staff replacement would be of less quality and knowledge
- Utilities will be reduced such as shutting down water features at Westlake’s entry and at its Clubhouse. Also, the Clubhouse temperature and lighting will need to be reduced
- Landscaping maintenance and other maintenance will be decreased, or management might need to accept the attitude, “if it’s not broken, don’t fix it.”
- Many Communities around the State will go from well-maintained to urban ghettos and ultimately close

I understand the critical issue of Affordable Housing but passing Senate Bill 611 is not the answer.

Paul Brewer
Park owner since 1987