



## **Rents on SRO Units Should Not Be Raised**

Testimony to the  
New York City Rent Guidelines Board  
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Christopher Schwartz, Esq.  
East Side SRO Law Project

Good afternoon, Chairman and members of the Board. My name is Christopher Schwartz, and I am the East Side SRO Law Project staff attorney at MFY Legal Services, Inc.

The East Side SRO Law Project's mission is to protect the tenants of the City's single room occupancy, or SRO, units. These units are most commonly found in older hotels and lodging houses, are almost always rent stabilized, and represent the most basic form of housing, just barely above homeless shelters.

The City's well documented housing crisis affects all New Yorkers, but perhaps no one group can be said to be in more imminent danger of becoming homeless than SRO tenants. Such housing is not often maintained by choice, but rather by necessity, as the majority of this tenant population struggles to survive on fixed income that often isn't enough to afford both the basic necessities and the rent in this housing of last resort.

Each year, my Project represents hundreds of tenants in housing court and before administrative agencies to prevent their evictions and obtain the basic services and repairs they are often denied by SRO owners who seek not to maintain this dwindling supply of housing, but who would rather see these low income and poverty level tenants abandon their homes so that the property can be put to more lucrative uses.

While a rent increase may represent minimal additional income to the owner of an SRO, even the smallest change in rent can force an individual living on the brink to lose his only home. For the past two years, the RGB ordered no increase for the tenants of SRO hotels and lodging houses. On behalf of the SRO tenants of New York City, we thank the Board and urge it to do so yet again as the housing crisis worsens.

### **I. SRO: A STEP ABOVE HOMELESSNESS**

As mentioned earlier, living in a single room no bigger than a common office, and sometimes even the size of a common jail cell or smaller, is not a choice an individual would normally make had they the means to live elsewhere. There's usually only room for a bed and a single dresser, desk or nightstand. SRO units share bathrooms, showers and kitchens with up to five neighboring units. But for SRO tenants, this lifestyle is preferable to homelessness.

New SROs cannot be constructed for the rental market, and the owners of many current SROs seek only to convert them into more profitable forms of housing. Unfortunately, many landlords have

taken to deliberate neglect of their property, initiating baseless court proceedings, denying tenants the services they pay for, and refusing to repair conditions in an attempt to chase away their tenants so that they may remove existing SRO units from the market. The fantastically high property values in formerly low-income neighborhoods such as the Bowery have driven owners to do whatever they can, emptying entire buildings with SRO units by shutting off the electricity, water and heat, performing illegal demolition, and sending individuals to intimidate and harass tenants into moving out of their homes.

The SRO stock is slowly but surely disappearing as the population ages out or is forced out of this housing of last resort.

## **II. RELATIVE COSTS**

SRO owners commonly take advantage of the unique characteristics of their property and derive far greater income from their transient and non-rent stabilized guests. They can charge these individuals well in excess of the \$15/night they may be charging their permanent tenants; the average seems to be around \$100/night. Other SRO owners benefit from lucrative City contracts to house homeless HIV+ residents for an even higher profit margin. Still other owners contract with New York City schools and provide units for dormitory space, further profiting and further reducing the number of SRO units on the market available to permanent tenants.

In all but the rarest cases, SRO owners do not derive their income from their permanent tenants. They either take advantage of the myriad of additional uses they can put their property towards, or they simply “warehouse” vacant units and empty out entire buildings for good in order to find more lucrative uses for them.

SRO owners are not dependent on the annual Rent Guidelines Board increases to cover operating costs or to make a healthy profit. However, even the smallest increases can have a devastating impact on individuals living in poverty and already struggling to provide themselves with food and shelter.

## **III. CONCLUSION**

On behalf of all SRO tenants in the City living on the brink, we ask that the Rent Guidelines Board not issue any rent increase for permanent tenants of hotels, rooming houses and lodging houses for 2006. SRO owners are not dependent on the dwindling tenant population to cover their overhead and make a healthy profit, and the impact of even the smallest increase on these individuals will serve only to worsen the City’s homeless crisis.