



**Rent Guidelines Board  
April 27, 2007**

**Testimony of Christopher Schwartz, Esq.  
East Side SRO Law Project  
MFY Legal Services, Inc.,**

Good afternoon, Chairman and members of the Board. Thank you all for once again inviting us to speak to you about rent increases and the tenants of New York City's Single Room Occupancy (SRO) units. My name is Christopher Schwartz, and I am the supervising attorney of the Neighborhood Preservation Project at MFY Legal Services, Inc. Before taking my current position at MFY this past January, I was the staff attorney for the East Side SRO Law Project.

For over 20 years, the East Side SRO Law Project has served the city's dwindling community of low-income SRO tenants. SRO units are the most basic form of housing available in the city, a single, small room with a bed; no kitchens, shared bathrooms. They can be found in many older hotels as well as lodging houses. By law, new SRO units may not be constructed, save by non-profit organizations which rent them on a restricted basis. Most SRO units are rent stabilized, and inhabited by very low income tenants.

It is hard to imagine who would choose to live in an SRO. It is more often the case that individuals struggling to maintain shelter in the face of the ever-rising cost of living find themselves forced into this housing of last resort. SRO tenants are by and large individuals living on fixed incomes, just one check away from the streets. This type of housing bridges the gap between homelessness and independent life with a roof over one's head. Once it is out of reach, it will be gone forever.

The East Side SRO Law Project represents hundreds of tenants a year as it serves to prevent their evictions and obtain the basic services and repairs every tenant in New York City is entitled to. While SRO owners may argue that the almost uniformly terrible upkeep of their property is due to high overhead, many would rather keep their empty units empty instead of re-renting them. While a rent increase may represent minimal additional income to the owner of an SRO, even the smallest change in rent can force their tenants to lose their homes forever. On behalf of the SRO tenants of New York City, we respectfully ask this Board not to increase SRO rents at all in the coming year.

## **I. LIFE ON THE BRINK**

The relatively tiny accommodations offered by most SRO units, the shared facilities, the poor conditions, and the lack of maintenance by innumerable SRO landlords simply is not a choice an individual would normally make had they the means to live elsewhere. Many SRO tenants have been homeless before, and face homelessness each and every day. Until this city offers affordable housing not only to the working poor, but to the more than half of all SRO tenants who are living below the poverty line, the removal of SRO units from the market will have a direct effect on the size of this city's homeless population.

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, Harlem, and Bedford-Stuyvesant have driven owners to do whatever they can to reclaim SRO units from the market, destroying them forever. My project has seen cases where landlords have taken to 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 non-rent stabilized units. Some buildings with SRO units operate as hotels and youth hostels. They can charge their guests 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. If owners were concerned about raising enough money to cover their overhead by offering fair rents to their rent stabilized tenants, they would never harbor so many empty units.

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 on a daily basis.

## **III. CONCLUSION**

We respectfully ask that the Rent Guidelines Board not issue any rent increase for permanent tenants of hotels, rooming houses and lodging houses for 2007. 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.