COMBATING HOMELESSNESS:
SINGLE ROOM OCCUPANCY HOUSING

A Study of Single Room Occupancy Housing and Practical Applications to Polk County

Prepared by the Polk County Housing Trust Fund

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**What is Single Room Occupancy Housing?**

As the name suggests, single room occupancy housing (SRO) is a type of housing consisting of one-room units often found in a dormitory-like hotel. Though there is no strict definition of an SRO, these units are generally characterized by small unit size (usually about 70-225 square feet) and the presence of shared kitchen and bathroom facilities, though some units do have a small kitchenette and/or a private bathroom.\(^1\) They are commonly found in early 20\(^{th}\) century hotels near downtown areas in North American cities.

While living in hotels was once commonplace among rich and poor Americans alike, residents of SROs have been stigmatized as “friendless,” “needy,” “disabled,” “all on welfare,” “psychotic,” “alcoholics or drug addicts,” and they are thought to cost taxpayers millions of dollars.\(^2\) This is an unfair characterization of the thousands, if not millions, of hotel residents nationwide,\(^3\) but it is true that SROs have largely become a type of “housing of last resort.” The SRO is the only available housing for many individuals, especially those living in large, expensive urban areas like New York, Los Angeles, and Chicago. SROs continue to be popular because they provide consumers with low rent, proximity to jobs, flexibility, and low barriers to entry. Unlike an apartment, residents usually do not have to sign a lease or pay a costly deposit upfront, and they are not subject to background checks that may preclude those with poor credit, rental, or employment history or a criminal record from accessing housing.

The public association of SROs with the struggles of troubled populations has led to the demolition or conversion of most of the country’s SRO housing. Most of the country’s remaining SROs are operated by nonprofit organizations that cater to the chronically homeless and/or people with disabilities.\(^4\) Some privately owned SROs do

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3 Ibid, 1.
4 Pearson, 8.
still exist, but with land values for these downtown properties slowly rising, SRO owners are increasingly motivated to sell.

One such property is Des Moines’ Hotel Randolph, located downtown at the intersection of Court Avenue and Fourth Street in the heart of the Court Avenue Entertainment District. After operating as a hotel since its construction in 1912, it was announced in April 2013 that the Randolph and two adjoining buildings would be converted to 55 market rate residential units and commercial space by Minneapolis-based developer George Sherman and Associates. The City of Des Moines is hopeful that redeveloping the hotel will spur further development in the Court Avenue area, but it must first face the pressing need for housing the roughly 100 current residents of the hotel, some of whom face significant barriers to accessing housing.

So far, consensus has not been reached regarding the best way to rehouse these residents. As has been the case in other cities faced with similar problems, this project is spurring a debate about the viability of SROs as a housing type for this population. While some believe the SRO is inadequate for facing the needs of the chronically homeless, numerous studies show that combining housing with supportive services can be an effective way to stably house chronically homeless people with various disabilities. Providing some form of permanent supportive housing, such as a supportive SRO, represents the most effective (and cost-effective) solution for the Des Moines area’s homeless services system to reduce chronic homelessness and improve quality of life for the former residents of the Randolph and other displaced affordable housing residents in the future.

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5 Emily Schettler, “Downtown Des Moines hotel is cornerstone of $15 million makeover,” Des Moines Register, Apr. 8, 2013.
A History of Single Room Occupancy Housing

The buildings that today provide single room occupancy housing were primarily built in the late 19th and early 20th centuries in urban areas to house the nation’s large transient worker population. These hotels provided temporary homes for railroad workers, lumberjacks, miners, and other workers as they followed employment opportunities from city to city. Other hotels catered to a more upscale population, reflecting the socioeconomic diversity of hotel life during this period. These hotels were found in all of America’s largest cities, and many smaller and mid-sized cities as well.

Many of these buildings were built as hotels, but other small lodging houses were converted from single-family homes to capitalize on the growing demand for inexpensive living spaces. Many were built with nondescript architectural features, so as to allow for flexible use of the space. Some, especially those meant for the lowest-income workers, would simultaneously contain hotel rooms and small offices, depending on what use was most profitable for the landowner at a given time.

Soon, clusters of these hotels formed in neighborhoods adjacent to the central city, and entire “rooming districts” would be created, such as San Francisco’s Western Addition and South of Market, Minneapolis’ Gateway District, or the Bowery in New York. In the early 20th century, these neighborhoods proved popular among transient workers and young, single middle-class workers alike due to their proximity to downtown amenities such as entertainment and employment. As more hotels were built, some formerly upscale hotels would drop some services and amenities to accommodate a lower-income clientele, further adding to these neighborhoods’ affordable housing stock and concentrating the lower-income population in these areas.

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7 Pearson, 4.
8 Groth, 20.
9 Pearson, 4.
10 Groth, 188.
12 Groth, 183-5.
As soon as these neighborhoods were built, they came under attack from numerous Progressive Era thinkers, including housing experts, health advocates, architects, professors, and social workers. Seeing hotel life as antithetical to the newly conceived American ideal of single-family homes in single-use neighborhoods far from the squalor and crime of the urban core, advocates fought to have SROs demolished. They argued that hotel living was not only inadequate for hotel residents, but could also spread contagious diseases as well as immoral behaviors among the populace. Despite the fact that many people of all socioeconomic classes had lived in hotels for years, these experts now felt that hotel living would harm families, individuals, and society at large by challenging the prevailing housing trends of the time.

The Progressive opinion of hotels would soon be codified by a number of court decisions and federal programs. In 1926, the landmark U.S. Supreme Court case *Euclid v. Ambler* defined industrial uses as nuisances to residential living, and allowed for local governments to use zoning to keep them separate. The ruling grouped hotels with these nuisance uses, claiming that both residential hotels and steel mills represented hazards to single-family residential uses. In effect, this ruling gave local governments the necessary tools to justify the systematic destruction of SRO units in their communities, and many of them chose to do just that.

Next, the federal Committee on Housing and the Community decided in a 1932 meeting that a suitable unit for a family must include a private kitchen and bathroom, thereby classifying an SRO unit as a “substandard” dwelling not fit for habitation. This new classification guided the National Housing Acts of 1934 and 1949, which sought to make mortgages on single-family homes more affordable and provide federal funding for the clearance of so-called “slums,” which included SRO units. The National Housing Act of 1934 would also forbid the government from building any further SRO units in the

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13 Ibid, 205.
14 Ibid.
15 Ibid, 207.
16 Ibid, 252.
17 Ibid, 254.
future, even in the face of increasing poverty as a result of the Great Depression.\textsuperscript{18} The federal government began to focus on housing larger families rather than single renters, as was more politically acceptable at the time.\textsuperscript{19} While the goal of providing a kitchen and bathroom for all was admirable, the government essentially banned the SRO before it had any means of replacing it with a similarly affordable alternative.\textsuperscript{20}

Federal policies written in these years would contribute to the further deterioration of the central city (and the SRO) by encouraging suburban growth. The Serviceman’s Readjustment Act of 1944 (the so-called “GI Bill”), along with the aforementioned National Housing Act and the Federal-Aid Highway Act of 1956 would make suburban living more affordable and attractive to young families by providing federal aid and easier transportation. This began an era of urban decay as Americans fled to single-family homes in the suburbs, leaving multifamily housing types like SROs behind. Once these neighborhoods began to deteriorate, the government could even more easily justify demolition, and so many hotels were destroyed in the name of urban renewal. Pressure to build new office buildings and increase parking downtown would also lead to rising property values that prompted many SRO owners to sell.\textsuperscript{21}

Because government agencies did not classify hotels as a form of permanent housing, they could claim that no permanent residents were displaced as a result of their “slum clearance” measures. Though hundreds of low-income hotel residents were forced to relocate, often only able to find a more expensive hotel with fewer amenities, they could claim that their actions had no consequences.\textsuperscript{22} The Housing Act of 1961 would “correct” this mistake by providing five dollars for single individuals displaced by federal urban renewal projects (enough for cab fare), compared to the two hundred dollars provided for a family.\textsuperscript{23} This further incentivized their displacement, as it was

\textsuperscript{18} Ibid, 276.  
\textsuperscript{19} Ibid, 281.  
\textsuperscript{21} Pearson, 6.  
\textsuperscript{22} Groth, 281-3.  
\textsuperscript{23} Ibid, 282.
more cost-effective to displace single residents in hotels than to displace families. In effect, SRO residents were made invisible.

Unfortunately, as SROs were demolished or converted to other uses, the need for this type of dwelling grew. Widespread deinstitutionalization of mental patients in the 1960s coupled with a lack of funding for new halfway houses sent many people suffering from mental illness to rundown downtown hotels in which they could not be cared for properly.\(^{24}\) The scale of this deinstitutionalization was unprecedented: while roughly 550,000 mentally ill Americans lived in mental hospitals in 1955, less than a quarter of that number did in 1981.\(^{25}\) This new influx of needy residents increased already heightened competition for a rapidly shrinking supply of SRO units. The loss of SRO units may have contributed to rising homelessness in the 1980s, as those who did not qualify for special programs and could not find suitable housing often found themselves on the streets.\(^{26}\)

There was no comprehensive count of the SRO units lost during the mid-20\(^{th}\) century, but there were likely millions of units lost nationwide.\(^{27}\) In New York, over 30,000 units were lost between 1976 and 1981 (a loss of 60% of their SRO stock); in Seattle, 15,000 units were lost between 1961 and 1980; 42% of Cincinnati’s SROs were lost during the 1970s, and 18 percent of San Francisco’s were lost in the last half of the 1970s alone.\(^{28}\) By the 1980s, SROs were an endangered species in an increasingly expensive housing market.

It was only after SROs had vanished from many cities that advocates of SRO housing finally won political support for preserving these units. In 1970, the Uniform Relocation Act officially recognized hotel residents as residents of their city and forced federally funded developers of future projects to offer cash compensation and relocation

\(^{24}\) Ibid, 272-3.


\(^{26}\) Fodor and Grossman, 214.

\(^{27}\) Groth, 283.

assistance to any future hotel residents displaced. While a strong victory for a population that was once seemingly invisible, this was an unpopular decision among SRO owners. Seeking to make their property more attractive to redevelopment and cash in on the rapidly rising cost of downtown land, some owners would harass residents, take away or fail to repair amenities, and/or generally mismanage the property to encourage residents to move out.

Despite these setbacks, political support continued to grow. The public was made aware of the plight of SRO residents from numerous newspaper articles written throughout the 1980s. Finally, the U.S. Department of Housing and Urban Development (HUD) began to offer funding for the rehabilitation of SRO units as part of the 1987 McKinney-Vento Homeless Assistance Act, a program that endures today as part of the newly formed Continuum of Care. At last, SROs came to be viewed as a cost-effective solution for bringing new affordable units into the market, as during the 1980s, an SRO unit could be rehabilitated at roughly 10 percent of the cost of building a new studio unit in the inner city.

However, even this support cannot stop all nationwide efforts to convert SROs to other uses. Central city land values continue to rise as migration to urban areas increases, and this puts significant development pressure on remaining SRO buildings. Some cities have put policies in place to safeguard SROs, but most have not, and so what few SRO units still exist continue to be lost.

29 Groth, 285.
30 Ibid, 287.
31 Ibid, 288.
32 Ibid, 289.
A History of the Hotel Randolph

The lifecycle of the Hotel Randolph is typical of the history of many SRO complexes nationwide. The Randolph was built in 1912 in what was then the primary commercial center of Des Moines. The eight-story hotel was constructed by the H. L. Stevens Co. of Chicago, who introduced fireproof concrete construction methods to the city. These new methods made the Randolph the first “absolutely fireproof” hotel in Des Moines.\(^{34}\) As economic activity downtown shifted north and west over the years, the Court Avenue area became a warehouse district, and the formerly high-end Randolph began to accommodate a more working-class clientele, until finally beginning to meet the definition of an SRO.\(^{35}\)

Today, the hotel faces an uncertain future. While the Randolph survived the urban renewal efforts of the mid-20\(^{th}\) century, the building has been the target of numerous redevelopment plans since the late 1990s. In 1999, the hotel was slated to be sold, but the deal eventually fell through.\(^{36}\) Talk of redevelopment began anew in 2005 when local businessman John Ruan III proposed restoring the Randolph to its original use as a high-end hotel to promote growth in the Court Avenue area.\(^{37}\) Again, talks with Ruan and proposed developer Sherman and Associates had cooled by the next year.\(^{38}\) In 2007, developer Harry Bookey began work to put the property on the National Register of Historic Places and to redevelop the site into 50 apartments.\(^{39}\) The site did achieve historic status, but this project also failed to gain traction.

Now, six years after the last proposal, Sherman and Associates has made another proposal to convert the property into apartments. Unlike previous plans, efforts

\(^{35}\) Ibid.
\(^{36}\) Lynn Okamoto and Anne Carothers-Kay, “Downtowners fear the future if hotel closes; They need housing at low cost,” Des Moines Register, May 9, 1999.
have been suggested to assist residents in finding alternate arrangements. (Tellingly, the Register’s coverage of the 2005 plan was supplemented with a mere 80-word article in which the Randolph’s owner opined that current residents would simply move to other subsidized housing.\(^4^0\)) A census of the current residents has been completed in order to determine residents’ housing needs and their potential eligibility for other types of housing.

The SRO as Housing of Last Resort

HUD’s inclusion of funding for SRO rehabilitation in the McKinney-Vento Act came as an acknowledgement of the SRO’s newly acquired status as a home for the chronically homeless. While hotel living was once common for people of all socioeconomic classes, by the 1980s, it had become a refuge for those with barriers to accessing traditional housing. The hotel has fallen out of favor as a suitable place for those of higher incomes to live, but it still offers a place to live for those with no other options. As policy researcher Howard Husock puts it, “The appeal of the SRO for the poor, lower working class, single person is the appeal of having one's own place, where possessions can be kept and the door locked—even if the room is tiny and dingy, even if the bathroom is down the hall.”\(^4^1\)

The types of residents who live in SROs vary. A 2004 study of SRO housing in Central Oakland, California found an ethnically diverse group of primarily single, majority male residents who had generally lived in SROs for extended periods of time. Hotel managers identified them as a group with some barriers to housing, estimating that 15 percent of the residents were physically disabled, 30 percent were mentally or emotionally disabled, and 20 percent were substance abusers. Nearly half were

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employed, and over half received some form of public assistance.\textsuperscript{42}

The Hotel Randolph is also home to many people with considerable barriers to housing, as demonstrated by a recently released census of Hotel Randolph residents completed by local provider Primary Health Care, Inc.\textsuperscript{43} The census revealed an older population with a mean age of 49. As in Oakland, most (82\%) were single, and the majority (57\%) had stayed for over a year. 23 percent of Randolph residents surveyed had no income, and 76 percent earned less than 30 percent of Polk County’s area median income. In addition to the apparent income barriers, 44 percent had a criminal record (6\% were sex offenders), 20 percent had previously been evicted, and 22 percent owed utility arrears. 41 percent were mentally and/or physically disabled. Altogether, the Randolph’s residents represent a particularly vulnerable group, facing multiple barriers to accessing traditional housing. While some, such as older residents or those with disabilities, may qualify for other programs, many would likely face homelessness if the Randolph were to close. 12 percent of the Randolph’s residents are “chronically homeless” already, meaning that they have some type of disability and have either been homeless for a year, or have been homeless on four or more occasions over the past three years.\textsuperscript{44}

While not all SRO residents are chronically homeless, and not all face substantial barriers to housing, many do. Existing providers of services for the homeless will feel additional strain as more SRO units are taken off the market and residents are left to fend for themselves. It is important that cities take proactive measures to rehouse residents of these hotels as they are converted to other uses if their conversion to other uses cannot be stopped altogether. While the SRO may not represent an ideal housing unit, it is likely the only option for some residents. As Fodor and Grossman state, “Until such time as communities can provide full baths and kitchens as a minimal housing

\textsuperscript{42} City of Oakland, California, “Residential Hotels in Central Oakland” (report, Community and Economic Development Agency, 2004), ii.
\textsuperscript{43} Primary Health Care, Inc., “Randolph Hotel Intake Summary Data” (unpublished, 2013), 1-2.
standard for all, we must respond appropriately by encouraging SROs as an acceptable form of low-income housing."45

**Combining SROs With Supportive Services**

While SRO housing alone can be useful as a way to provide housing for difficult-to-house populations, studies have shown that it can be even more effective when combined with supportive services. Once a person’s homelessness crisis is resolved by accessing a stable housing unit, such as an SRO, they can then begin to address their other needs. Housing can be combined with a number of services, such as job training, case management, and/or rehabilitation programs, that can help the formerly homeless live a more stable life and possibly even begin to overcome their barriers to independent housing.

A 1997 study of a federal demonstration program by the U.S. Department of Health and Human Services that provided on-site supportive services to residents of an SRO in Duluth, Minnesota, found that program participants had better outcomes on a number of measures than similar people who had not participated in the program. The program, called the Growth and Achievement Program (GAP), aimed to “reduce individual and system barriers facing low-income single adults who are at risk of becoming homeless by strengthening their sense of self-determination and helping them progress toward more self-sufficient lifestyles.”46 To this end, a county social worker and a job counselor worked together to provide case management, individual and job counseling, financial aid for incidental expenses, and training to participating residents, and made more intensive health and social services available by referral to other agencies. After only one year in the program, the 53 participants had gained an average

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of $131 in income per month, causing a 29% drop in reliance on public assistance.\(^\text{47}\) Participants were also more likely to have gains in employment status, and staff felt that clients had gained self-esteem and social skills.\(^\text{48}\) Maintaining a staff presence on site made staff members easily accessible to clients and fostered a sense of trust that may not exist in a non-integrated supportive service system.\(^\text{49}\) While it is still difficult for this population to gain employment in a competitive job market, programs like GAP can give those with barriers the tools they need to compete and help them move toward self-sufficiency.

Interestingly, these supportive services seem to be more effective when combined with a housing program for some populations. In a study of programs serving mentally ill homeless people in the Tampa Bay area of Florida, people suffering from mental illness and high levels of substance abuse generally found more stable housing in a combined housing and supportive services program than with case management alone.\(^\text{50}\) During a 180-day follow-up period, these participants increased their time in stable housing by 106 days with the combined program, compared to 52 days with case management alone.\(^\text{51}\) The integration of these services was less important for those with lower levels of impairment, who showed roughly equal outcomes between the two programs.\(^\text{52}\) This illustrates the fact that housing programs must be catered to their participants. What works well for one population may not be as effective for another, so a flexible program that allows for varied treatments may serve a wider population.

Another study examining Washington, DC area programs serving mentally ill homeless people corroborates the findings of the Tampa study, stressing the importance of the integration of housing and supportive services for the mentally ill homeless population. Comparing a program in which a single agency operated mental

\(^{47}\) Ibid, 589.
\(^{48}\) Ibid, 589-90.
\(^{49}\) Ibid, 591.
\(^{51}\) Ibid.
\(^{52}\) Ibid.
health services, case management, and housing services in one site with another that provided treatment teams but allowed residents to live in scattered-site homes in the community, participants in the former program “spent less time functionally homeless and had lower levels of psychiatric symptom severity” than those in the latter.\textsuperscript{53} While both groups showed greater stability in housing, 86 percent of participants in the former program remained stably housed after 18 months, compared to 68 percent of those in the latter group.\textsuperscript{54} This result may be influenced by better medication compliance among those in the more supervised program, and because these programs were less likely than community landlords to evict participants who relapsed into substance abuse or who were hospitalized for an extended period of time.\textsuperscript{55}

Studies have also shown that providing supportive housing can actually yield cost savings to some institutions by greatly reducing the need for hospital care and residential mental health programs. The population served by supportive housing is a particularly expensive group for social service systems and health care operations. The 10 percent of people who use homeless services the most incur up to 83 percent of the total cost to the system.\textsuperscript{56} For these individuals, permanent supportive housing represents an opportunity to provide more comprehensive care at a lower cost than providing transitional housing and an array of health and social services.\textsuperscript{57}

A study of San Francisco supportive housing projects by the Coalition of Supportive Housing found that within 12 months of accessing supportive housing, residents’ use of emergency rooms dropped by 58 percent, their use of hospital inpatient beds dropped by 57 percent, and their use of residential mental health care dropped to zero.\textsuperscript{58} These findings were supported by another study of mentally ill

\textsuperscript{54} Ibid, 976.
\textsuperscript{55} Ibid, 979.
\textsuperscript{57} Ibid.
\textsuperscript{58} Tony Proscio, “Supportive Housing and Its Impact on the Public Health Crisis of Homelessness,” (Coalition for Supportive Housing, New York, 2000), ii.
supportive housing residents in the New York/New York (NY/NY) program in New York City. Residents in NY/NY housing cost the system on average $12,146 less annually after placement, with cost savings coming from reduced time in hospitals, correctional facilities, and homeless shelters.\textsuperscript{59} Overall, these savings compensated for 95 percent of the cost of supportive housing (estimated at $17,277 annually in New York), such that each unit had a total cost to the system of $995 per year.\textsuperscript{60} While the cost savings cannot make up for the total cost of providing such housing, it can free up space in correctional facilities in hospitals while allowing for these formerly homeless individuals to have a higher quality of life, all at relatively minimal cost to the overall service provider system.

The New York/New York program is also effective at keeping formerly homeless individuals with mental illness stably housed, a challenging task in the face of the numerous barriers these individuals face. A separate study found that 75 percent of participants in the NY/NY supportive housing program remained housed one year after entering the program, and 50 percent remained housed five years after entering.\textsuperscript{61} This program suggests that supportive housing cannot only keep hard-to-house individuals out of shelters, hospitals, and correctional facilities, but it can also keep them in housing.

\textbf{Supportive SRO Case Studies}

SRO properties nationwide are managed by various public, nonprofit, and private agencies. Due to their varied ownership, the services and units they provide also vary to meet the philosophy of the organization and the specific needs of their clients. Though these facilities are operated very differently, they have one thing in common: they have shown promising results in helping formerly homeless individuals, some with


\textsuperscript{60} Ibid, 138.

mental illness or a history of substance abuse, achieve stability and a better quality of life. While there are numerous supportive housing facilities operating outside of SROs, the following programs are partially or fully made up of SRO units.

Portland, Oregon: Central City Concern

Perhaps one of the country’s longest-lasting and most well known SRO operators is Central City Concern, based in Portland, Oregon. Founded in 1979, Central City Concern (CCC) is a nonprofit organization that started as a provider of low-barrier SRO housing, but has expanded considerably to operate detoxification facilities, employment programs, and various supportive housing facilities targeted at varied hard-to-house populations. Today, CCC serves over 13,000 people each year, providing 1,560 units of supportive housing (many of which are SROs), as well as primary and mental healthcare, addiction treatment, case management, and employment services.62

CCC operates its supportive housing by allowing for a wide range of choices, each catered to a different population. Some properties are geared toward those with HIV/AIDS, others are geared toward substance abusers, and still others are geared toward those with a criminal history. One of their earliest programs set aside a floor of an SRO building as drug- and alcohol-free housing for those exiting detoxification treatment. The program continues today with a wider audience, as 62 percent of CCC’s units are drug- and alcohol-free. Though the facility was billed as a “zero-tolerance” facility, substantial efforts were made to keep residents in housing, even if they had setbacks in treatment.63 Even though the units shared a building with a large alcohol vendor (making alcohol very easy to access), with the support of recovering drug users hired as mentors, the program caused a 95 percent reduction in illegal drug use among its clients, and a 93 percent reduction in committing crimes.64 Even a year after leaving

62 Carole Romm et al., “Designing Urban Spaces to Foster Recovery, Housing, and Community” (Central City Concern, Portland, 2012), 3.
63 Ibid, 5.
64 Heidi Herinckx, “Criminal Activity and Substance Abuse Study, Central City Concern: Mentor and ADFC Housing Programs” (Central City Concern, Portland, 2008), 5.
the program, 87 percent of clients are stably housed and sober.\textsuperscript{65} This program illustrates the potential of a supportive housing program for those who are active substance abusers. Not only are these individuals now living drug-free, but the program has also reduced the incidence of crime in Portland’s downtown core, creating a better community for all Portlanders to enjoy.

CCC also operates a “housing first” program, called the Community Engagement Program (CEP) in which housing is provided to those in need without any requirements. Clients entering this program have choices as to where they will live, both in terms of setting and location. Scattered site housing is available through community landlord partners, and permanent or temporary supportive housing (both drug-free and not) is available at various sites through CCC. After one year in the program, 90 percent of clients in this program are still housed in permanent housing.\textsuperscript{66} The program has also created cost savings: reductions in health care provision for these clients saved roughly 35.7 percent in funding over treatment options outside of the program, a total of $4.4 million annually.\textsuperscript{67} The CEP program has been so successful that it was named one of six “exemplary programs” serving the homeless nationwide by the U.S. Department of Health & Human Services.\textsuperscript{68}

Another of CCC’s many accomplishments is the establishment of a successful employment program, called the Employment Access Center (EAC). The EAC combines federal and local funding sources to offer a number of programs designed to help clients find and keep jobs. The success rate of this operation is remarkable: in a study of 319 formerly homeless individuals with substance addiction diagnoses, 70 percent of whom had felony convictions, 71 percent achieved employment with an average wage of nearly $10 per hour.\textsuperscript{69} CCC has also created its own enterprises to

\textsuperscript{65} Romm et al., 7.  
\textsuperscript{66} Ibid, 9.  
\textsuperscript{67} Thomas L. Moore, “Estimated Cost Savings Following Enrollment in the Community Engagement Program: Findings From a Pilot Study of Homeless Dually Diagnosed Adults” (Central City Concern, Portland, 2006), 3.  
\textsuperscript{68} Romm et al., 9.  
\textsuperscript{69} Heidi Herinckx, “Employment Outcomes 2007-2009” (Central City Concern, Portland, 2010), 3.
hire formerly homeless clients in fields such as public sanitation (through a partnership with a local chamber of commerce), janitorial work, painting, and housing maintenance, allowing clients to get job experience while helping maintain CCC properties and the neighborhoods in which they are located. For those who do not participate in this program, CCC also offers partnerships that allow clients to volunteer for local nonprofits, helping them gain job skills and to make a difference in their community.  

Overall, CCC helps difficult-to-house people in a number of ways to help them along their journey to increased independence. They offer crisis management and provide housing to the homeless, and offer them health and supportive services until such a time as they can begin to gain job skills necessary to access employment, either through CCC itself or one of its partners. Once they can gain stable employment, they can support themselves and find housing in the community to suit their needs. Unlike some agencies, CCC stresses the importance of self-sufficiency as an end goal, and has generally been successful at helping individuals reach this milestone.

San Francisco, California: Direct Access to Housing

Central City Concern’s self-sufficiency-based philosophy differs significantly from that of the San Francisco Department of Public Health (DPH), an agency that provides permanent supportive housing for formerly homeless individuals as part of its Direct Access to Housing (DAH) program. DAH targets high users of the public health system through a number of referral agencies to participate, and as such many of its clients have chronic medical conditions, substance addictions, and/or mental and physical disabilities.  

DAH provides 483 units of housing, primarily SROs, through a process called “master leasing.” The DPH signs triple net leases (meaning that they pay taxes and maintenance costs) with private landlords for vacant buildings in exchange for the

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70 Romm et al., 12.
71 San Francisco Department of Public Health, “Direct Access to Housing” (San Francisco Department of Public Health, 2004), 1.
landlord making substantial capital improvements to the property. Master leasing properties allows DAH to bring new units into the system quickly if needed and evades neighborhood opposition to a new purpose-built facility. It also allows for more choice for residents in terms of location. However, this arrangement can be more costly for service providers who must travel from site to site, and can also leave some residents feeling isolated.72

Once the landlord has renovated the property, DPH takes over and contracts with local service providers to operate the facility as a supportive housing complex. This represents a different model than CCC, who offers its own supportive services in-house. DAH offers permanent housing for its residents, in addition to counseling, health care, and eviction prevention services.73

Nearly two-thirds of DAH residents had remained housed in the program after six years, and another 16 percent moved into other permanent housing.74 DAH clients have also reduced their use of emergency medical care by 58 percent, and their use of inpatient medical care by 57 percent, as well as shortening the average length of their stays when inpatient care is necessary.75 While this program is expensive, the DPH receives funding from city, state, and federal sources, as well as residents (who pay 50% of their income in rent), and some of this expense is recouped by savings created for the department in terms of medical care reductions for this needy population.

*Chicago, Illinois: Life Skills Intervention*

While the comprehensiveness of the services provided in Portland and San Francisco yielded clear benefits for clients, a smaller program can still be successful. In Chicago, a program that provided supportive social services to 583 SRO residents experimented with a life skills intervention that sought to teach mentally ill formerly

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73 San Francisco Department of Public Health, 1.
74 Ibid, 3.
75 Ibid.
homeless clients basic skills and to help them understand how their disabilities may
hinder their efforts. Clients attended hour-long group sessions with subjects including
room maintenance, self-care, food management, money management, and personal
safety. These participants were tested at the time of the course, as well as three and
six months later, and a study showed that their skills improved over time, especially in
the areas of room and self-care.76 A similar program could be a useful supplement to
supportive SRO housing, or a supportive housing provider may want to consider adding
a similar educational component to provide further aid to their residents in becoming
more self-sufficient.

**SROs on the Free Market**

Instead of offering governmental funding for supportive SRO housing, the city of
San Diego established special policies governing the construction of new SRO units
(without supportive services) in an attempt to encourage private developers to build
them subsidy-free. These relaxed building codes led to the construction of 2,400 new
SRO units throughout the late 1980s and early 1990s, nearly doubling the city’s SRO
housing stock with only minimal city expense.77 Only half of the 17 projects were
constructed with any public funding, illustrating the profitability of these measures.78

The city of San Diego created a policy that could be applied to new SRO projects
at their discretion, allowing them control over where these buildings could be located
and thus minimizing potential conflict with neighborhoods where this type of
development may not be welcomed. They facilitated construction by redefining the SRO
as they saw fit for the purposes of certain city codes. For example, SROs were named
a commercial use, allowing developers to build on cheaper commercially zoned land on

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76 Christine A. Helfrich and Louis F. Fogg, “Outcomes of a Life Skills Intervention for Homeless Adults with
77 Husock, 30.
78 Pearson, 36.
the edge of San Diego’s downtown.\textsuperscript{79} They were classified as hotels under handicap access laws, because hotels faced less stringent laws than did residential apartments, but not classified as hotels for taxing purposes in order to avoid a 7% transient occupancy tax.\textsuperscript{80}

They also reduced the state-mandated minimum room size, allowing developers to build units as small as 150 square feet and to build only partial walls separating bathrooms in order to maximize occupancy and cut costs per unit.\textsuperscript{81} To minimize the effect of costly safety requirements, they allowed the use of sprinklers instead of fire escapes.\textsuperscript{82} They allowed developers to build on smaller lots by requiring only 0.5 parking spaces per room (instead of 1).\textsuperscript{83} All of this allowed developers to reduce their expenses and thus offer housing at lower rents, making an SRO building a profitable enterprise even without receipt of government subsidies.

### Barriers to Developing SRO Housing

Though some SRO housing continues to exist in many North American cities, new construction of SRO units is rare. Market and institutional factors continue to create numerous hurdles for a would-be SRO developer, some of which are insurmountable. Even in San Diego, where SRO construction was booming in the early 1990s, new city policies have made SROs unprofitable once more.\textsuperscript{84} A number of institutional and logistical barriers must be addressed before any new SRO projects can move forward.

\textsuperscript{79} Husock, 28.
\textsuperscript{80} Ibid, 29.
\textsuperscript{81} Ibid, 28.
\textsuperscript{82} Ibid.
\textsuperscript{83} Ibid, 29.
\textsuperscript{84} Pearson, 36.
As illustrated by the San Diego case study, land use regulations can greatly restrict (or even forbid) the development of new SROs. To facilitate the construction of new SRO units, cities must follow San Diego’s example and designate an SRO-specific policy to regulate this unique land use. Policies that apply to typical residential developments are unsuitable for SROs as the residents of these units have different needs and expectations about their housing.

A common restriction that can make SRO housing impossible to build is minimum unit size. Many cities dictate that a unit must be larger than a certain size, and this size is often larger than the typical SRO unit. Polk County uses the International Building Code to regulate construction, which dictates a minimum gross floor area of 220 square feet (at the larger end of the definition of an SRO) for an efficiency apartment, and requires a separate closet and kitchen and bathroom facilities for each unit. This restriction is often not easy to change: San Diego had to pass legislation at the state level to adjust the state-defined minimum allowable size for a housing unit. Because SRO units often share cooking and bathroom facilities, but are not always staffed facilities, they could be considered apartments, residential care facilities, hotels, or homeless shelters. Each of these uses is managed by different codes, and this puts SROs in a regulatory grey area. Since an SRO is a distinct type of unit, a single code addressing SROs is needed to appropriately govern their development.

Other less obvious restrictions can also make SRO projects difficult to build. Parking restrictions that dictate a number of spaces per unit (often one parking space per bedroom or efficiency apartment) may not suit SRO housing, where many residents do not own their own vehicles. Des Moines’ ordinances require 1.5 parking spaces per dwelling unit, which would provide more parking than is needed for an SRO building. This restriction can make a potential SRO development impossible, as developers may not be able to afford the additional land needed for parking.

85 Ibid, 35.
The city of Charlottesville, Virginia is one of several U.S. cities to establish an SRO-specific city ordinance. Like San Diego, Charlottesville allows SROs by special use permit only, allowing the city control over the location and features of SRO buildings. The city included a requirement that the site’s proximity to transportation and other life-supporting amenities be considered as part of the permit review process. The city addressed parking concerns by establishing the same parking regulations as were used for fraternity houses: 1 space per 3 units.\(^6\) Overall, Charlottesville’s zoning code addresses many of the common roadblocks that face SRO developments, and allows for the city to approve such developments at their discretion. This type of ordinance is a good example of how a city can retain control over the development of SROs (thus allaying fears of those who may not wish to see them in their neighborhood) while still facilitating their development.

Other cities have regulated SROs more strictly. The central California city of Hollister has also created an SRO-specific zoning ordinance, but has incorporated elements of a typical building code as well. The city establishes parking regulations and location restrictions as in Charlottesville, but also dictates minimum facilities to be provided in each room (including unit size, fire exits, and bathroom facilities), security provisions, fire protection systems, hallway lighting, occupancy rules, and unit management. A code like this sets clear expectations for SRO developers and may serve to streamline SRO development in the city.

Site Selection and Suitability

A key component of SRO ordinances in both Charlottesville and Hollister is their focus on site suitability. It is important to build SRO units in locations that allow residents to easily access suitable employment, public transportation, health care, and social services, as many residents do not drive. However, other people living in areas with these features may not welcome an SRO development. Cities must carefully

navigate the political landscape when addressing the needs of this population. NIMBYism (“Not In My Back Yard”, describing those who fight development near their home) is a powerful force in most cities, and residents of neighborhoods near a proposed SRO development will often fight its construction, fearing loss of property value or an increase in crime, among other concerns. Giving the city some control over the location of these developments can help, allowing cities to guide developments toward locations where resistance will be less active, but the city must insist on siting SROs in locations that best serve their residents.

An SRO project in Albany, New York illustrates the conflict between site suitability and community opposition. When Albany’s Homeless Action Committee (HAC) proposed an SRO for mentally ill substance abusers in an industrial area in the city, residents of a nearby neighborhood fought back (even though the site was ½ mile from the nearest residential area), and the necessary zoning variance was denied.\textsuperscript{87} The City of Albany offered three sites as alternatives, but none of these sites met HUD’s requirements for funding that were necessary to operate the facility. With some assistance from HUD, HAC eventually resorted to legal action against the city, and won their use variance by citing Fair Housing Act regulations.\textsuperscript{88} This case illustrates that housing for hard-to-house populations can proceed even in the face of community opposition, even when this opposition comes from institutional sources. While legal action is undesirable, it is occasionally necessary for these projects to move forward.

\textit{Funding}

Even with appropriate city policy governing the development of SROs, there is no guarantee that developers can access enough funding to build and operate a new SRO project. Most SRO projects, especially supportive housing, piece together funding from a number of nonprofit and government sources to start and sustain their programs. The number of funding sources vary from project to project, depending on the types of

\textsuperscript{88} Ibid, 112.
services offered. Some funding sources may be tied to a specific type of service: for example funding for housing subsidies may come from one source, employment training may come from another, and health care may come from yet another.

The Seneca Heights supportive SRO in Montgomery County, Maryland collected funding from only a handful of sources, including their local housing trust fund, the federal HOME Investment Partnership program, two Maryland state programs, and a few HUD programs through the McKinney-Vento Act. By contrast, the Lakefront SRO South Loop Apartments project in Chicago gathered funding from seventeen sources, including private funding as well as funding from local, state, and federal governmental entities. The project includes a variety of services for a number of different at-risk populations, maximizing its potential funding sources. For example, the Lakefront project was able to receive funding from the Housing Opportunities for People with AIDS (HOPWA) funding by including ten units designated for individuals with HIV/AIDS among its 207 SRO units. By catering to a wider range of people, projects can gain more funding, but caring for new groups also increases the responsibilities (and likely, the costs) of the service providers.

**Protecting the SRO**

In addition to enacting policies to encourage new SROs, cities that still have remaining SRO units must take action to protect these buildings from increasing market pressure. Maintaining existing units minimizes the displacement of hard-to-house populations, for whom being forced to move may represent a significant challenge. Incentives to renovate existing units as SROs may also improve quality of life for hotel residents and help preserve the historic character of older SRO structures.

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89 Fairfax County, Virginia, “An Affordable Housing Solution for Low Income Single Residents: Single Resident Occupancy Housing in Fairfax County, Virginia” (Final report, Fairfax County SRO Task Force, 2005), D-2.
90 Ibid, D-10.
91 Ibid.
San Francisco passed one of the nation’s earliest SRO protection ordinances, placing a moratorium on any conversion or demolition of SRO units in 1979.\textsuperscript{92} In 1981, an ordinance was passed to require the replacement of SRO units lost in future construction projects, as long as hotel owners could verify that no more than 25% of their units were rented for tourist or transient use.\textsuperscript{93} Under this ordinance, lost SRO units must be replaced one-for-one, either by construction of new units, conversion of non-SRO units to SRO units, or payment of 80% of construction and land acquisition costs for a replacement building.\textsuperscript{94} Developers may also choose to build special needs housing for the disabled, elderly, or homeless as replacement units at a ratio less than one-to-one.\textsuperscript{95} Developers have largely chosen to pay the city’s fine, and this money enters a fund dedicated to residential hotel preservation.\textsuperscript{96} When hotels are converted, residents must be notified of eviction 60 days in advance, and developers must reimburse moving costs at a cost of up to $300 per person displaced.\textsuperscript{97} The city levies steep fines against those converting units illegally to encourage adherence to city code.\textsuperscript{98}

San Diego has created similar ordinances to protect its SRO housing stock. Their Hotel Preservation Ordinance, passed in 1986, also requires one-for-one replacement of lost SRO units. As in San Francisco, developers may build new units or convert vacant units (or non-residential structures) to SRO units, or they may pay a less strict 50% of the replacement cost for lost units.\textsuperscript{99} Replacement units must be located in the same neighborhood as units lost, and must charge rents equal or less than 30 percent of household income.\textsuperscript{100} If an SRO building is converted, tenants are similarly offered 60 days notice of eviction, and the San Diego Housing Commission provides

\textsuperscript{92} Pearson, 23.
\textsuperscript{93} Ibid.
\textsuperscript{94} Ibid, 24.
\textsuperscript{95} Ibid.
\textsuperscript{96} Ibid, 25.
\textsuperscript{97} Ibid.
\textsuperscript{98} Ibid.
\textsuperscript{99} Ibid, 32.
\textsuperscript{100} Ibid.
relocation assistance.\textsuperscript{101} Developers must pay compensation to any tenant who had lived in the SRO for longer than 90 days of $10 per month of occupancy (up to $210) and payment of one to two times the average monthly rent.\textsuperscript{102}

In Toronto, all rental housing, including SRO housing, is protected from conversion to condominium units unless the unit being converted charges higher-than-average rents or the rental vacancy rate in the city has been greater than 2.5\% for the past two years.\textsuperscript{103} The city will only consider redevelopment applications if the new building will contain units of the same type, size, and number offered at the same rent as the existing building, if rents will not be raised for 10 years at a rate greater than a provincially-defined guideline, and if right of first refusal and/or alternative accommodation is offered to current residents.\textsuperscript{104}

Enacting and enforcing policies that will raise the cost of converting SRO units will discourage developers from pursuing these projects and protect the existing SRO stock. In cases where market pressure is great enough to make these projects viable despite the added costs, developers must provide replacement units. To further protect current residents, it can be stipulated that these units must be located in the same community, as in San Diego, or residents can be given right of first refusal for redeveloped units, as in Toronto. Cities can also require the provision of relocation expenses to displaced low-income residents. These policies are critical for cities hoping to preserve SRO units and to provide displaced low-income residents with options to remain stably housed.

\textsuperscript{101} Ibid, 34.  
\textsuperscript{102} Ibid.  
\textsuperscript{103} Ibid, 46.  
\textsuperscript{104} Ibid.
Conclusion

If the conversion of Des Moines’ Hotel Randolph goes as planned, it may be too late to enact measures to protect the city’s two remaining SROs. However, if the current deal falls through (as several past efforts have), the City may be able to enact affordable housing preservation policies to help hotel residents in future conversion projects. Regardless of the fate of Des Moines’ remaining SROs, such policies could be put in place to protect other forms of low-cost housing and ensure that displaced residents have a home. Other cities have successfully used a one-for-one replacement policy that allows developers to either build new affordable units or pay for them to be built.

Though all low-income households could benefit from protective measures, it is especially important to protect displaced SRO residents because many of them face substantial barriers to entering the traditional housing market. Many owe utility arrears or have a history of crime or evictions that effectively bar them from most rental units, even public housing. The SRO represents for these difficult to house populations the best chance of remaining in stable housing, and as such, local governments should encourage the development of SRO projects.

The SRO can be combined with supportive services to help residents move toward self-sufficiency and to improve the quality of life for those who cannot live on their own. Providing permanent housing for those in crisis can help them stabilize such that they can address their other challenges, accessing services like employment training, life skills courses, and/or health care. Facilities across the country have shown promising results in keeping those with multiple disabilities permanently housed, and/or helping them move toward independent living. These facilities even provide a cost benefit to the homeless service system by reducing use of homeless shelters and emergency medical care. Though some Des Moines area providers already offer permanent supportive housing, more units are needed to accommodate the residents of the Randolph. Providers must also ensure that additional units are added to house
disabled populations displaced by future projects, possibly by accessing funding from a citywide replacement policy.

Permanent supportive housing is a key part of any strategy to end homelessness, but not all SRO residents need this type of supervision. SROs or efficiency apartments in the form of “micro-apartments” could also be provided to offer individuals with lower incomes an affordable, independent place to live. Offering both supportive and traditional housing allows individuals to choose which type of housing best suits their needs, and to move if their needs change. Local governments could encourage this type of development by defining their expectations in an SRO-specific building code. In absence of such a code, at least offering special use permits to ease parking restrictions and allow for smaller units would suffice.

Allowing the SRO to vanish now would only put further strain on public and nonprofit resources, and would cast hotel residents into a housing crisis from which it would be difficult to recover. Despite decades of opposition from government programs and reformers, the SRO has endured as a viable form of “housing of last resort.” While the SRO may not be the ideal housing unit, it is a housing unit, and for many people, that alone can make a difference. As Frank Landerville of San Diego’s Regional Task Force on the Homeless has said: “While you won’t solve your homeless problem just by building SROs, you can’t solve your homeless problem without them.”

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