Saving room: Community action and municipal policy to protect dwelling room stock in North American cities

Emily Paradis, Ph.D.

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Parkdale Activity-Recreation Centre (PARC)

- Victor Willis - Executive Director
- Monica Melanson - Director of Housing
- Paulina Vivanco - Manager of Housing
- Teresa Portillo - Rooming House Outreach Worker

Parkdale Community Legal Services (PCLS)

- Johanna MacDonald - Clinic Director
- Vic Natola - Community Legal Worker
- Kolin Davidson - Community Legal Worker
- Phyllis Abrahams - Staff Lawyer

Parkdale Neighbourhood Land Trust (PNLT)

- Joshua Barndt - Executive Director
- Raven Williams - Development Assistant
- Melissa Goldstein - Rooming House Policy Researcher & Organizer
- Lynne Sky - Member Organizer
- Jim Hanson - Member Organizer

Woodgreen Community Services (Woodgreen)

- Mwarigha M.S - VP Housing & Homelessness
- Tracy Murdoch - Manager Housing & Homelessness Help
- Diane Dyson - Research & Public Policy

Parkdale Neighbourhood Land Trust

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Executive Summary

For years, North American cities have been experiencing the loss of single-room occupancy (SRO) units to conversion, demolition, and renovation. As real estate values climb in the gentrifying neighbourhoods of cities in the midst of housing affordability crises, the loss of SRO units has quickly escalated. SRO buildings are demolished to make room for condos; converted into tourist accommodations; turned back into expensive single-family homes; and "upscaled" into more expensive housing for more affluent tenants.

Toronto is seeing the consequences of these trends. In 2017, the Parkdale Neighbourhood Land Trust conducted an audit of rooming houses in the Parkdale neighbourhood, which has a large and long-standing stock of licensed and unlicensed dwelling rooms in its converted Victorian mansions and low-rise buildings. The door-to-door inventory discovered 198 rooming houses in Parkdale with an estimated 2,715 dwelling rooms; only 112 of these houses were known to and licensed by the City.

The previous decade had seen the loss of 28 of Parkdale's rooming houses, accounting for 347 rooms; 59 of the remaining houses, with 818 rooms, were deemed to be at imminent risk of loss. Alongside sale and deconversion into single-family homes, the study identified a new trend of "upscaling," in which houses retain their existing small rental units but these are renovated and rented out at much higher prices to more affluent tenants. This may happen unit-by-unit or wholesale after a house has been sold.[1]

Across North America, communities are taking action to hold on to dwelling rooms and other forms of "naturally-occurring" low-barrier affordable housing, while municipal governments are implementing policies and programs to protect and expand this stock and to protect dwelling room tenants.

This report reviews examples of community action and municipal policy for dwelling room preservation from four case study cities: Montréal, Vancouver, Chicago, and the San Francisco Bay Area. Toronto can draw on the lessons from these jurisdictions as it develops policies and community initiatives to address dwelling room loss.

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1   Parkdale Neighbourhood Land Trust. (2017). *No room for unkept promises: Parkdale rooming house study*. Toronto: PNLT. www.pnlt.ca/wp-content/uploads/2017/05/Parkdale-Rooming-House-Study_Full-Report_V1.pdf

In Montréal, a long-standing program funded by the City and Province has enabled the transfer of about half of the city's rooming houses into non-profit operation in the past three decades. However, poor conditions in private rooming houses and unintended displacement of vulnerable tenants from non-profit houses are ongoing challenges. In 2010, a coalition of front-line organizations held a People's Commission on Rooming Houses to put rooming houses back on Montréal's policy agenda.

Vancouver's large stock of SRO hotels (SROs), concentrated in the Downtown Eastside (DTES), declined from 13,300 in 1970 to 6,079 in 2007, while average rents increased by 37% between 2009 and 2016. In response to community concerns about ongoing loss and gentrification of SROs in the DTES, local organizations and tenants worked with the City to conduct an SRO Task Force whose findings led to a number of City initiatives, including strengthened regulatory powers, unit replacement requirements, increased fees for SRO conversions, and funding to support non-profit acquisition and improvement of SROs.

In Chicago, thirty of the City's 103 licensed SRO hotels were converted between 2008 and 2014. Chicago for All, a coalition of tenant advocates, social service agencies, and legal clinics, led a campaign for stronger SRO protections. In response, the City introduced a 6-month moratorium on SRO conversions, pending passage of a new law. Later that year, Chicago City Council passed an ordinance that set out the regulatory framework for the City's ambitious SRO Preservation Initiative. Provisions include restrictions on the sale, conversion, merging, or demolition of units; mandatory notification of intended sale and extended timelines to enable public or non-profit purchasers to secure financing; City funding to leverage funds and financing from other sources; and anti-displacement and relocation provisions for tenants.

San Francisco's SRO hotels have benefited from municipal protection since 1981, but its rooming house stock has faced significant pressure in the city's current real estate boom. Community Land Trusts have worked with the City to establish the Small Sites Acquisition Program to support the acquisition and rehabilitation of private buildings and maintain them as affordable housing for current and future tenants by removing them from the speculative market.

Common themes from these examples point to important considerations for Toronto's response to the loss of dwelling room buildings.

i.   *Legal and regulatory protection for dwelling room buildings*

San Francisco, Chicago and Vancouver have implemented significant regulations to protect dwelling rooms from redevelopment, demolition, and conversion. While not sufficient to halt dwelling room loss, these measures have proven critical to preserving this stock in the context of intense market pressure. Monetary penalties and fees also provide a source of funding for preservation efforts.

ii.   *Dedicated funds from multiple sources for affordable housing preservation*

The successful models provide significant, dedicated City funding for the preservation of dwelling rooms. This funding has proven critical in enabling non-profit acquisition and preservation of dwelling rooms as permanently affordable housing. Municipal support also leverages funds and financing from other orders of government and from private sources.

iii.   *City and non-profit acquisition and operation of dwelling room buildings*

In Montréal, Vancouver, San Francisco and Chicago, the best results come from the transfer of privately-owned dwelling room buildings into public or non-profit ownership and operation. Transfer of buildings to non-market forms of ownership is the only option that guarantees long-term protection from intense market pressures faced by rapidly-growing cities like Toronto.

iv.   *Leadership from tenants and civil society*

In all four cities, recent changes to municipal policies and programs were driven by community-based research and advocacy. Cities' strategies, in turn, often include expanded support for tenant organizing and education.

v.   *Data-driven strategies*

The most successful strategies rely on high-quality, regularly-updated data about the size, location, condition, and cost of the dwelling-room building stock. While often initiated as community-based research, cities like Montréal have implemented ongoing municipal programs to track changes in the dwelling room stock.

vi.   *The importance of a comprehensive framework*

In spite of significant efforts, the cities surveyed have continued to face dwelling room loss and the displacement of vulnerable tenants. This suggests the necessity of a robust, multi-part policy framework, with several key elements:

- Protection and preservation of both buildings and units;

- Replacement of lost affordable units;

- Funding and zoning rules to facilitate the development of new deeply affordable housing, especially by non-profits;

- Compensation and relocation for displaced tenants;

- Rent control on vacant units;

- Support for civil society advocacy and tenant organizing;

- Large penalties for unauthorized conversions or sales, improper evictions, holding buildings or units vacant, and other violations of City regulations;

- Measures to predict and mitigate the impacts of market-driven development on the dwelling room stock in nearby neighbourhoods; and

- Implementation of low-barrier models in non-profit rooming houses and hotels.

In the Toronto context, such a framework will require coordination among government departments and levels of government; collaboration between the public, non-profit, and private sectors; and the leadership of tenants and housing advocates.

vii. *Ongoing community action*

Recent developments in the case study cities demonstrate that ongoing community action is necessary even once comprehensive frameworks are in place.

Dwelling room loss is driven by sweeping trends of real estate speculation and financialization that are re-making cities across the globe and generating escalating levels of homelessness and housing precarity. Municipalities are implicated in these trends as facilitators and beneficiaries of development for economic growth.

Tenants and community organizations experience the direct consequences of these trends. Community-based knowledge and action are indispensable in identifying the impacts of these trends as they emerge and in holding private actors and policy-makers accountable through direct action, public campaigns, tenant organizing, and the development of new models.