

From Advocacy and Organizing to Development and Preservation: Single Room Occupancy Hotels in Chicago, IL

Lamont Burnett, ONE Northside

Jessica Nepomiachi, Michaels Organization

Kendra Stensven, NHP Foundation

Mary Tarullo, Chicago Coalition for the Homeless

Gilary Valenzuela, ONE Northside

LEADING THE WAY

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Context

What is a Single Room Occupancy ?

- ▷ Residential "rooming" hotel, began to appear in Chicago in the late nineteenth century, in response to a large transient workforce moving in and out of the city.
- ▷ Approx. 600,000 occupants in 1926. Initially housed mostly men at the turn of the century, but also newlyweds and working women during the war.
- ▷ Post war occupancy changed to poor, elderly, and mentally ill (after mainstreaming in the 1960s).
- ▷ Very small units without standard air and light requirements, no kitchens, and often shared baths. SRO also developed as a "cage hotel" with iron/metal cages separated sleeping quarters in large dorm like buildings.
- ▷ Typically overcrowded and unsafe living conditions.

What is a Single Room Occupancy ?

- ▶ Built to be transient housing for temporary workers, building design and amenities reflect inadequate living spaces.
- ▶ Due to market failures/forces, turned into permanent housing stock.
- ▶ Often considered the housing of “last resort” since many mgmt. companies/owners do not require credit checks, identification, security deposits.
- ▶ A critical housing option for vulnerable populations including the elderly, disabled, veterans, those at risk of homelessness and/or suffering from mental health conditions.
- ▶ Community activism around SROs is not new has they have always been a resource for housing those at-risk of homelessness.



The Lugo



Wilson Men's Hotel

Lawrence House



The Carling



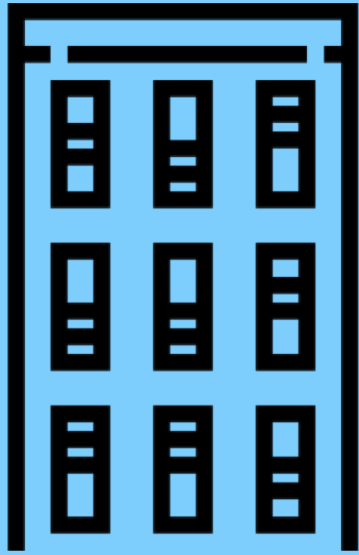


*The Leon
Covent Hotel*



*The Leon
Covent Hotel*





2011-2013, Chicago
lost 2,200 units of
SRO housing

Organizing and Advocacy

ONE Northside

Chicago Coalition for the Homeless

The Lawyers' Committee for Better Housing

The Shriver Center on Poverty Law

SRO Tenants



Chicago For All Coalition

Organizing and Advocacy

1. Building by Building – making SROs a key issue.
2. An Important Election Year – the Mayor was up for a tough re-election race.
3. Public Pressure and Aldermanic Support – tackling City Council members one by one to bring support on.
4. The Moratorium – a stop on sales until the ordinance was being figured out.
5. Maintaining a Seat at the Table – ensuring SRO tenants and community leaders were in negotiations.





“It took many meetings, actions, and persuasion to convince alderman and city officials that saving SROs was better for Chicago than getting rid of them. That preserving SROs for the senior citizens, people with disabilities, veterans, and working poor who lived in SROs, was better than increasing homelessness, increasing segregation, and increasing rents in Chicago's neighborhoods,” said Rohdenberg of the fight to save what is often described as the “housing of last resort” in the face of homelessness.” dnainfo.com

SRO Preservation Ordinance – 2014

- 1.** Negotiate in good faith for at least 180 days to try to find a buyer who would maintain the building's affordable status for 15 years.
- 2.** If that falls through, the owner has 120 days to sell the building to any buyer, and if no sale occurs, the owner must again try to sell the building to an owner who would maintain it as affordable.

Tenants receive the higher of three months' rent or \$2,000 in relocation assistance if purchased by a non-affordable developer.

- 3.** Or, an owner can bypass that entire process by depositing into an SRO preservation fund a sum that amounts to \$20,000 for each unit in the building.

Private developer to \$10,600 in relocation assistance to each displaced / renter who has lived in the building for 32 consecutive days or more



SRO Preservation Ordinance – Challenges

- Inconsistent funding of Ordinance – first year only.
- If there is state or local funding, it takes a year or more to close, putting the project in jeopardy.
- High acquisition costs for SROs located in high-income and/or rapidly changing neighborhoods.
- Higher appraised values than sources will finance.
- Aging buildings in disrepair pose challenges to development and rehab.
- Tax implications for affordable developers due to shift from hotel to multi-family, in addition to high transfer and sale taxes.
- Building configuration adds to higher rehab costs, increased costs due to historic status, loss of units.
- SROs are not necessary a City or State-wide priority when it comes to funding development and/or subsidies.
- Very high relocation costs.
- Lack of funding for social services.
- Ordinance Enforcement – Wilson Men's Hotel
- The Ordinance doesn't account for the thousands of units that were lost prior to the passage of the law.

Results Thus Far...

Ordinance in Action

According to the City of Chicago, the City as received 22 notices of intent to sell, with 11 preserved thus far, 1,500 units.

However, various SROs have either been sold, and many others are now free to sell in to a market rate developer without consequence.

- Wilson Men's Hotel (lost)
- The Hazelton (lost)
- The Darlington (at-risk)
- The Lorali (at-risk)

Mark Twain, the Carling, the Marshall, the Covent all preserved as affordable. All this happened, because there was public investment in the projects.



The Lorali

Ordinance in Action - Buildings Preserved

Building	Address	# Units (originally)	Status
Carling Hotel	1512 N. LaSalle	155	The Michaels Organization purchased the Carling and Marshall.
Marshall Hotel	1232 N. LaSalle	175	Same as above.
Mark Twain Hotel	111 W. Division	153	NHP purchased the Mark Twain in May 2016.
The Lugo	2008 S. Blue Island	53	Pilsen Alliance organized tenants and The Resurrection Project purchased the Lugo summer 2016.
Palmer Sawyer	2611 N. Sawyer	33	Somos Logan Square organized tenants and Full Circle Communities purchased the Palmer Sawyer in January 2016.
Covent Hotel	2653 N. Clark	66	NHP purchased the building.

Ordinance in Action –

SROs not sold and therefore preserved since the 10-month timeline is over as a result of the Ordinance

Glenn Hotel	4940 N. Winthrop	101	Owners gave notice on October 3, 2016. Did not get a deal with either market-rate or affordable housing developers. They need to enter into the Ordinance process again if they still want to sell. IHDC/Trilogy tried to buy it, but needed City commitment.
2001-03 N. California	2001-03 N. California	24	Owners gave notice in 2015, but no affordable housing developers stepped up. However, no market rate developers stepped up either, so they have to enter into the Ordinance process again if they still want to sell.
3022 S. Archer	3022 S. Archer	41	Pilsen Alliance and Metropolitan Tenants Organization are organizing tenants to continue to preserve.

Ordinance in Action – SROs that were Lost

Paid Fee instead of Negotiating

The Olympia Hotel	611 N. Wells	87	Owner opted out of the negotiation, resulted in a \$1.7 million fee to the City and \$10,600 to each tenant.
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Lost to Market-Rate Development

The Hazelton	851 W. Montrose	75	Owner notified the city of sale but no affordable housing developers were interested.
Wilson Men's Hotel	1124 W. Wilson	250	Owner notified the city of sale, but could not come to an agreement with the affordable housing developers who offered.

The Carling

Originally 157 rooms, now 80 studios with full kitchens and baths.

Available to folks earning 30% to 80% of AMI, utilizing Chicago Low Income Trust Fund, Chicago Housing Authority PRA, IHDA Section 811 subsidies.

Total development costs of \$27MM

- A donation from the City of Chicago in Seller Financing
- LIHTC Equity – 9%
- Illinois State Donation Tax Credit Equity
- Federal Historic Tax Credit Equity
- IHDA Perm. Loan

Computer lab, reading room, on-site mgmt. and maintenance, bike storage, laundry.

Furnished units with bed, night stand, book shelf, table, and welcome baskets.

Social services and coordination provided by Better Tomorrows and Thresholds.



The Carling

<https://chicago.suntimes.com/news/affordable-housing-advocates-have-reason-to-crow-over-sro-renovation/>





LOBBY RULES
SMOKING AND DRINKING
IS PROHIBITED IN THIS AREA
PLEASE BE RESPONSIBLE
AND ENJOY YOUR VISIT

NOTICE
SMOKING AND DRINKING
IS PROHIBITED IN THIS AREA
PLEASE BE RESPONSIBLE
AND ENJOY YOUR VISIT

RE-ENTRY AT ALL LEVELS

The Carling



The Carling



The Carling



The Carling



The Carling



The Carling



The Mark Twain

Overall Project

Updated apartments, add amenities, minimize displacement. Goal to bring as many people back to the renovated Mark Twain as possible.

Rental Subsidy

Section 8 rental support necessary to fund renovation, most residents will qualify. Available to renters up to 80% AMI, utilizing CHA vouchers on 95% of the units.

Financing

\$52MM investment with financial tools City of Chicago, Chicago Housing Authority, Enterprise. Additional support from Retail operations,

Timeframe

Closing & Construction Start: December 2018,
Residents start to return: October 2019,



Residential Units

Originally 152 rooms, will be converted to 148 rooms, meeting accessibility requirements. Units updated to include kitchen, renovated bathroom, new furniture and HVAC.

Amenities

Amenities to include historically restored lounge, larger faster elevator, updated common area laundry/bathroom, new roof deck, and onsite Resident Service Coordinator.



The Mark Twain



The Mark Twain



The Mark Twain



The Mark Twain



The Mark Twain



The Mark Twain



The Mark Twain



The Mark Twain



The Wilson Men's Hotel

▷ 250 units, about 150 were occupied.

▷ Sold to City Pads, LLC in June of 2017.

▷ The owner, Jay Bomberg, had waited out the 6 month period, as soon as the 4 month period hit, Andy Ahitow of City Pads bought the building.

▷ Trilogy and IHDC were trying to work together to buy and preserve during the 6 month period.

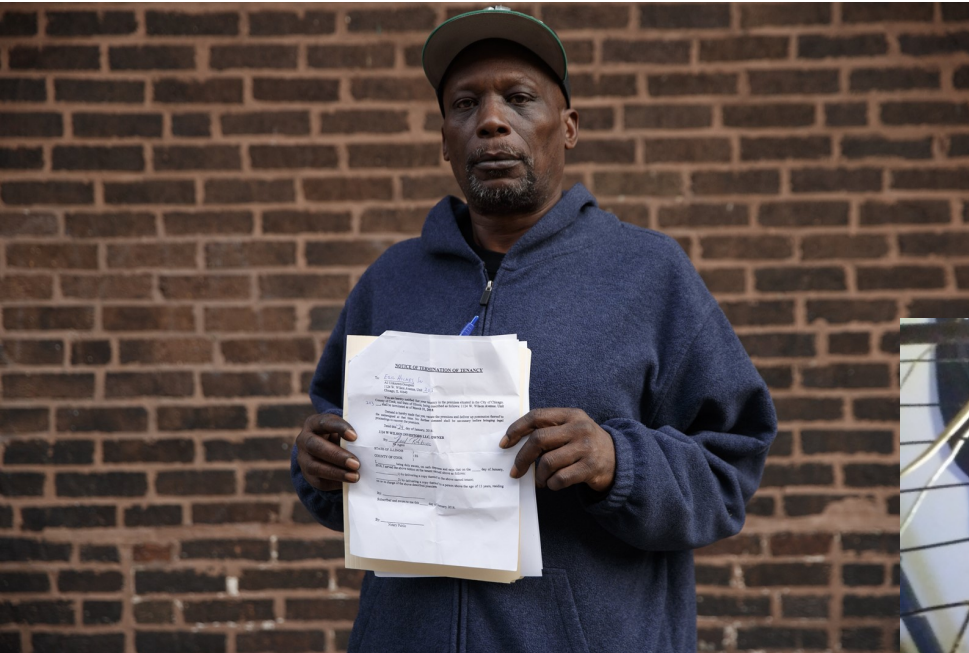
▷ Most tenants had lived there for years.

▷ Important transitional housing for others in the community

▷ Tenants came together to form an association to ensure dignified relocation and a "right to return"



Wilson Men's Hotel



Wilson Men's Hotel



The Wilson Men's Hotel

- ▷ Heat and water were turned off over the winter holiday.
- ▷ The City filed a lawsuit on City Pads for not complying with relocation requirements.

What did the tenants win?

- ▷ Ensured residents received the full relocation amount they are entitled to by law.
- ▷ Got an additional settlement payout.
- ▷ Held spots for “right to return” in 24 preserved affordable housing units when the building is redeveloped.
- ▷ Over 100 tenants were covered by this agreement.

But it shouldn't be this hard...

Now What?

Next Steps – Revising the Ordinance and Continued Advocacy

- ▶ Establish acquisition Fund of \$25M/year for 20 years dedicated to SRO Preservation, \$500 million total.
- ▶ Enhance property tax incentives for SRO properties preserved as affordable to further incentivize affordable housing developers to pursue these acquisitions.
- ▶ Leveraging the CHA's flexibility utilizing HUD's Moving to Work Demonstration Program to expand the use of project-based vouchers in SRO preservation projects.
- ▶ Support non-profits to recruit and sustain viable commercial tenants in SRO buildings; strengthen financial viability of these properties (rents at affordable SRO properties are restricted - commercial tenants could help increase revenues and off-set operating costs at SRO properties).

Lessons Learned

- ▷ Ordinance sets a precedent for future local affordable and preservation legislation for critical vanishing assets – NOAH, motels, etc.

- ▷ Critical lesson on compromise with various stakeholders – future legislation should be attached to funding mandates. There is no official language obligating the City to allocate funding into the fund.

- ▷ Ensure that organizers and tenants fully understand all that goes into development and preservation of affordable housing and vice versa:
 - Various funding pools, subsidies, resources that are all accessed and implemented differently.
 - Developers need to understand mission and goal of advocacy side is to keep folks in their homes.
 - Requirements around credit checks, income disclosures, providing ID, etc. can all be barriers when SRO tenants become regulated affordable housing tenants.

What Can You Do Today?

- ▷ Become an affordable housing advocate in your community and be vocal!
- ▷ Learn about the housing organizers and advocates in your community and support the work they do.
- ▷ Understand your local housing stock and what is at-risk of losing it's affordability.
- ▷ Organize around local tax issues – this can impact affordable housing development and put buildings at risk.
- ▷ Bring Chicago Home Campaign and Endorsement

Contact us

Gilary Valenzuela and Lamont Burnett

Community Organizer and Community Leader, ONE Northside

gvalenzuela@onenorthside.org

Jessica Nepomiachi

Vice President of Development, The Michaels Organization

jnepomiachi@tmo.com

Kendra Stensven

Assistant Vice President, Development, The NHP Foundation

KStensven@nhpfoundation.org

Mary Tarullo

Associate Director of Policy and Strategy, Chicago Coalition for the Homeless

mary@chicagohomeless.org

Thanks!

Any questions?

Credits

Special thanks to all the people who made and released these awesome resources for free:

- ▷ Presentation template by [SlidesCarnival](#)
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- ▷ DNA Info
- ▷ Curbed
- ▷ Chicago Tribune
- ▷ WBEZ