

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

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It was created as part of the Parkdale Rooming House Stabilization, Eviction Prevention and Preservation Strategy: an initiative of four collaborating agencies that are working together with tenants to preserve and protect Parkdale's affordable rooming house stock.

Our hope is that this jurisdictional scan on dwelling room protection policy can inform policy development, advocacy and organizing in Toronto.

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For more information about the strategy, contact: [info@pnlt.ca](mailto:info@pnlt.ca).

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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.<sup>1</sup>

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](http://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.

# 1. Introduction

*“[I]f you look at those hotels, people who lived in them understood diversity in a much broader – and I’m going to say a more holistic – fashion than we understand the word today. They knew that the one thing they all had in common – they were poor, they were financially strapped.”<sup>1</sup>*

According to historian Marie Wong, Seattle’s Single-Room Occupancy hotels (SROs) at the turn of the twentieth century were highly diverse in terms of their residents’ gender, race, ethnic origin, ability, and livelihood. Their residents had one thing in common: poverty.

The same holds true to this day in the SROs and rooming houses across Canada’s cities.<sup>2</sup> A 2006 CMHC profile<sup>3</sup> suggests that the average rooming house resident in Montréal, Toronto, and Vancouver is male, white or Indigenous, in their 30s or 40s, and with an income well below the poverty line – but the report also acknowledges that residents include students, newcomers, single women, older adults, persons with disabilities, and other groups facing barriers to accessing most forms of housing. What dwelling room residents share is the need for housing that is affordable and accessible to people with very low incomes.

Now, the lively, diverse, holistic, low-barrier, and accessible communities housed for decades in this poorly-maintained stock are being dispersed and displaced, as unrestrained market-driven development in cities across Canada and the U.S. transforms city cores into economically- and socially-homogeneous consumption zones.

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.

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1 Black, D. (2015). Historic South Downtown oral histories: Marie Wong discusses her research on Seattle’s SRO hotels and the men and women who lived in them. Retrieved from <http://www.historylink.org/File/11135>

2 The built form and typology of single room housing differs from city to city; Canada’s cities include single-room occupancy hotels, rooming houses, and other forms. In this review, the terms SRO, hotel, rooming house, and dwelling room building will all be used.

3 Canada Mortgage and Housing Corporation - CMHC. (2006). Profile of rooming house residents. Retrieved from <https://www.cmhc-schl.gc.ca/odpub/pdf/65235.pdf>

In the face of the housing and homelessness crisis precipitated by these trends, communities are taking action to hold on to dwelling rooms and other forms of “naturally-occurring” affordable housing, while municipal governments are implementing policies and programs to protect and expand this stock and protect dwelling room tenants.

Here in Parkdale, the Parkdale Neighbourhood Land Trust, in partnership with the Parkdale Activity-Recreation Centre (PARC), Parkdale Community Legal Services (PCLS), and Woodgreen, has initiated a Rooming House Eviction Prevention and Preservation Strategy with funding from Ontario’s Local Poverty Reduction Fund. The three-year project combines tenant legal education and organizing, non-profit acquisition of dwelling room buildings, and policy advocacy to protect and improve rooming houses at risk.

This report provides an overview of community initiatives and municipal policies for dwelling room preservation from four case study cities: Montreal, Toronto, Vancouver, and the San Francisco Bay Area. It demonstrates that municipal initiatives to replace lost dwelling rooms are just one component of an effective policy framework. Toronto has a range of other tools at its disposal for the preservation of dwelling room stock. A comprehensive approach is both needed and possible.

### **1.1. Dwelling rooms as an urban form**

The built form of single room housing differs from city to city, from single-room occupancy hotels (SROs), to rooming houses, to other forms. The terms SRO, rooming house, and dwelling room all refer to small units, usually with some shared amenities (kitchen, toilet, and / or bathing facilities). In Parkdale, the “rooming house” category includes very small studio units called bachelorettes with their own bathroom and kitchen facilities, and some houses divided into larger self-contained units that are licensed as rooming houses by the City.

Dwelling rooms have played a vital role in the development of cities, meeting the need for housing that is affordable, low-barrier, and sometimes temporary. They reflect their cities’ history, built form, and economy. In Pacific port cities like Vancouver, Seattle, and San Francisco, for example, large SROs provided seasonal lodging for sailors, resource sector workers, and migrant labourers, while in Chicago, they proliferated to house rural migrants coming into the city for work, especially African Americans arriving from the South during the Great Migration.

Parkdale's huge Victorian mansions – originally home to elite residents of the “flowery suburb” – became unsustainable for families to heat and maintain during the Great Depression and were divided into rooming houses.<sup>4</sup> In the first half of the 20<sup>th</sup> century, Parkdale's rooming houses provided affordable congregate lodging for single women working in the city, new immigrants, and labourers. In the 1970s, they became an important resource of low-barrier housing for psychiatric survivors deinstitutionalized from the nearby Lakeshore and Queen Street hospitals. The neighbourhood was also one of the first in Toronto to permit the development of low-rise rental apartment buildings, many of which continue to offer bachelorette suites.

Across cities, dwelling rooms are subject to different regulatory regimes. Here in Toronto, the former municipalities of Scarborough, North York, East York, Toronto, and York that amalgamated in 1998 each had different rooming house by-laws. The old City of Toronto implemented a licensing system incentivized by a favourable tax regime for rooming houses, while North York, East York, and Scarborough prohibited the form altogether.<sup>5</sup> Those differing regulations remain in force today, driving rooming houses in some parts of the city underground and leaving tenants to fear that their homes will be shut down if they report code violations.

Rooming house tenants in Ontario are protected by the Residential Tenancies Act, while hotels are governed by the Innkeepers' Act; unless SRO tenants can prove long-term tenancy, they have no rights to security of tenure or rent stabilization. While Toronto requires replacement of self-contained rental units in cases of conversion or redevelopment of buildings with six or more units, this protection is not extended to dwelling rooms. This complexity of regulatory and licensing frameworks adds to the challenge of protecting dwelling room buildings and their tenants.

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4 Whitzman, C. (2002). *Suburb, Slum, Urban Village: Transformations in Toronto's Parkdale Neighbourhood*. Vancouver: UBC Press.

5 Campsie, P. (2018). *Rooming Houses in Toronto, 1997-2018*. Research Paper 242. Toronto: Neighbourhood Change Research Partnership. Retrieved from <http://neighbourhoodchange.ca/documents/2018/04/campsie-toronto-rooming-houses.pdf>

## 2. Loss of dwelling room stock

A 2006 CMHC report<sup>6</sup> warned that market pressures pose threats to the sustainability of dwelling room stock in Canada's largest cities. Just over a decade later, those pressures are leading to rapid loss of this critical resource of "naturally-occurring" private market affordable housing<sup>7</sup> in cities across North America.

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.<sup>8</sup>

Parkdale is certainly not alone: dwelling rooms are being lost in cities across Canada and the U.S., particularly in central neighbourhoods.

In Halifax, recent research at Dalhousie University<sup>9</sup> found that, of 151 addresses that operated as licensed rooming houses between 1995 and 2016, at least 97 have been lost. Only 17 were active and licensed, while another 11 operated as rooming houses but without a license. Only 3 had been converted to social housing, while at least 65 had been converted to more profitable uses, most of these into apartments. At the same time, student congregate houses that the authors refer to as "quasi rooming houses" proliferate adjacent to university campuses. Various landlord-tenant arrangements (including rental of a whole house to a

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6 CMHC. (2006). Above at note 3.

7 This is the terminology used by Cook County's Preservation Compact to describe SROs. See <http://www.preservationcompact.org/>

8 Parkdale Neighbourhood Land Trust. (2017). *No room for unkept promises: Parkdale rooming house study*. Toronto: PNLT. Retrieved from [http://www.pnlt.ca/wp-content/uploads/2017/05/Parkdale-Rooming-House-Study-Full-Report\\_V1.pdf](http://www.pnlt.ca/wp-content/uploads/2017/05/Parkdale-Rooming-House-Study-Full-Report_V1.pdf)

9 Lee, U. (2016). *Are rooming houses disappearing in Halifax?* Halifax: Neighbourhood Change Research Partnership, School of Planning, Dalhousie University. Retrieved from [http://theoryandpractice.planning.dal.ca/\\_pdf/neighbourhood\\_change/ulee\\_2016.pdf](http://theoryandpractice.planning.dal.ca/_pdf/neighbourhood_change/ulee_2016.pdf)

group who pay rent together, and rental of individual rooms in an apartment) enable landlords to avoid licensing requirements.

In Montréal, a 1987 report determined that 40% of the city's private rooming houses had disappeared.<sup>10</sup> Twenty years later, in 2006, the City found that only 180 houses with 2,915 rooms remained. Houses were being lost to demolition, sale, closure for standards violations, and conversion into residences for students or tourists. By 2017, the number had dropped to 170 private houses, totaling 2,800 rooms.<sup>11</sup>

While most boroughs' rooming house stock has remained relatively stable in the past decade, there were significant losses in the central city borough of Ville-Marie, where the number of houses declined from 48 in 2006 to 35 in 2016.<sup>12</sup> A recent report by the public health department<sup>13</sup> identified serious health and safety problems in the private rooming house stock and a high rate of vulnerability among tenants: more than half had been homeless in the past, and serious problems with mental and physical health were common.

In Toronto, the number of licensed rooming houses remained relatively stable from 1998 to 2008, ranging between 483 and 500 each year; but between 2008 and 2012, the stock rapidly declined to 412 licensed houses; the number of unlicensed houses is unknown.<sup>14</sup> Toronto's residential hotels, too, are disappearing. A recent report following the sale and closure of the Broadview Hotel notes that the form, once common on commercial avenues throughout the city, is now dwindling.<sup>15</sup>

10 Gagné, J. & Despars, M. (2011). Participation citoyenne et intervention communautaire: la Commission populaire pour la sauvegarde des maisons de chambres. *Nouvelles pratiques sociales*, 23 (2), 65-82.

11 Léouzon, R. (2016, October 5). Maisons de chambres en peril dans le centre-ville de Montréal. *Métro*. Retrieved from <http://journalmetro.com/actualites/montreal/1031520/maisons-de-chambre-en-peril-dans-le-centre-ville-de-montreal/>.

12 Direction de l'habitation, Ville de Montréal. (2017). Les maisons de chambres privées à Montréal: Résultats du recensement de 2016. Copy on file with author.

13 Tessier, S. et al. (2018). Les chambreurs montréalais - 2017: Une enquête de la Direction régionale de santé publique de Montréal et de la Direction de l'habitation de la Ville de Montréal. Retrieved from [https://publications.santemontreal.qc.ca/uploads/tx\\_asssmpublications/978-2-550-81412-2.pdf](https://publications.santemontreal.qc.ca/uploads/tx_asssmpublications/978-2-550-81412-2.pdf)

14 Freeman, L. (2014). *Toronto's suburban rooming houses: Just a spin on a downtown "problem"?* Toronto: Wellesley Institute. Retrieved from <http://www.wellesleyinstitute.com/wp-content/uploads/2014/10/Suburban-Rooming-Houses-FINAL-Sept-24.pdf>

15 Connelly, J. & Keatinge, B. (2015). *When hotels are homes: Lessons from the Broadview Hotel relocations*. Unpublished report on file with author.

A 2014 study by University of Winnipeg's Institute of Urban Studies examined the loss of rooming houses in the city's Spence and West Broadway neighbourhoods.<sup>16</sup> In total, the study identified 184 houses containing 1,817 units in the two areas; this represents a total decline of up to 141 houses since 2002, a loss of between 930 and 1,410 units. The report attributes the losses to changing market conditions, potential gentrification or community renewal, aging stock, and fires. A large number of unlicensed houses have also been closed down by the City for infractions.

While Vancouver's rooming houses are located throughout the city in residential areas, 94% of its SROs are found in the Downtown Eastside, a neighbourhood of long-standing deep poverty.<sup>17</sup> Between 1970 and 2007, more than half of the city's SRO units were lost, declining from 13,300 to 6,079 through demolition and conversion to other uses.<sup>18</sup> Between 2006 and 2007 alone, more than 22 SRO buildings with more than 1,000 rooms were sold.<sup>19</sup> By 2013, there were 109 privately owned residential hotels: 17 of these operated by non-profits, and 46 non-profit or government-owned, most of these purchased in the period surrounding the 2010 Olympics.<sup>20</sup>

Current trends affecting SROs include gentrification, rent increases, and speculation in which buildings are held vacant. According to Carnegie Community Action Project's annual hotel survey, the average lowest SRO rent has increased from \$398 in 2009 to \$548 in 2016, an increase of 37% in just seven years.<sup>21</sup>

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16 Kaufman, A. & Distasio, J. (2014). *Winnipeg's vanishing rooming houses: Change in the West Broadway and Spence neighbourhoods*. Winnipeg: University of Winnipeg Institute of Urban Studies. Retrieved from <http://neighbourhoodchange.ca/documents/2014/05/winnipegs-vanishing-rooming-houses.pdf>

17 Housing Vancouver. (2017). Homelessness and SRO Update. City of Vancouver. Presentation. Retrieved from <http://council.vancouver.ca/20170411/documents/rr1presentation.pdf>

18 Keatinge, B. (2015). *Vancouver's residential hotels: Case study #1 of a jurisdictional review of municipal regulation of residential hotels in North America*. Unpublished report on file with author.

19 Durning, A. (2012). Rooming houses: History's affordable quarters. [Blog post]. Retrieved from <http://www.sightline.org/2012/11/14/rooming-houses-historys-affordable-quarters/>

20 Keatinge, B. (2015). Above at note 18.

21 Carnegie Community Action Project. (2016). *Out of control rents and the rate of change in the Downtown Eastside: CCAP 2016 Hotel Survey and Housing Report*. Retrieved from <http://www.carnegieaction.org/wp-content/uploads/2017/03/CCAP-SRO-HOTEL-REPORT-2016.pdf>

Dwelling room loss has long affected U.S. cities as well. In San Francisco, SROs were once the predominant housing form, with as many as 90,000 rooms in the city at the beginning of the 1930s; by the 1990s, the number of rooms was down to approximately 20,000.<sup>22</sup> In Seattle, more than 5,000 SRO units were lost in the 1970s following the introduction of expensive fire safety standards.<sup>23</sup>

Researchers estimate that across the U.S., 1 million dwelling rooms were lost between the mid-1970s and 2000.<sup>24</sup> In many cities, the loss continues: in Chicago, 30 of the city's licensed SROs closed between 2008 and 2014, leaving only 73 licensed buildings with between 5,000 and 6,000 units.

The loss of dwelling rooms in major city centres across North America is part of a global trend of market-driven urban development and labour market polarization that is creating new landscapes of deep inequality and segregation. In rapidly-growing cities like Toronto and Vancouver, development-induced displacement pushes lower-income populations out of newly-desirable city cores, and often to the peripheries of cities.

At the same time, new and unsanctioned forms of subdivided housing are emerging in the private market to meet the needs of low- and moderate-income households in the context of low vacancy rates and lack of affordable housing: from tech sector workers in San Francisco and Seattle sharing bunk beds in condos, to Halifax's new quasi-rooming houses, to apartments divided into vertical rooming houses in Toronto's aging inner suburban high-rises,<sup>25</sup> to illegally subdivided suburban "monster houses" in Scarborough<sup>26</sup> and York Region.<sup>27</sup> Without state intervention to regulate development, preserve affordable housing in the city core, prevent displacement, and build new affordable housing throughout the city, these trends will continue.

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22 Central City SRO Collaborative. (n.d.). History of SRO residential hotels in San Francisco. Retrieved from <http://www.ccsroc.net/s-r-o-hotels-in-san-francisco/>

23 Durning, A. (2012). Above at note 19.

24 Ibid.

25 Paradis, E., Wilson, R., & Logan, J. (2014). *Nowhere else to go: Inadequate housing and risk of homelessness among families in Toronto's aging rental buildings*. Toronto: Neighbourhood Change Research Partnership. Retrieved from <http://neighbourhoodchange.ca/homepage/inadequate-housing-toronto-rental-buildings/>

26 Freeman, L. (2014.) Above at note 14.

27 Ahmed, I., Araf, M. & Wilson, B. (2016). *Private-sector rental housing in Greater Toronto: Towards a research agenda*. Toronto: Social Planning Toronto. Retrieved from <http://neighbourhoodchange.ca/documents/2016/04/private-sector-rental-housing-in-toronto-research-agenda.pdf>

### 3. Community action & municipal policy

Communities haven't been idle in the face of the loss of dwelling rooms and other forms of affordable housing. Throughout the crisis, tenants have worked with legal clinics, community development organizations, cultural associations, health centres, and neighbourhood groups to protect their homes and demand change. In part through the pressure exerted by communities, some municipal governments have come to recognize that loss of SRO stock contributes to increasing rates of homelessness.

In spite of cities' vested interest in enabling private development, even market-focused administrations are growing concerned about the impacts of gentrification and displacement on cities' ability to attract and retain workers in low- and moderate-income sectors such as the service industry. Market deregulation and, in Canada, withdrawal of higher orders of government from social housing provision in the 1980s and '90s, have left municipalities to meet deepening levels of need with limited resources.

Cities are now looking to their own narrow regulatory, zoning, and fiscal powers to address the housing and homelessness crisis. Often, the programs and policies city governments put in place are built on evidence gathered by communities and proposals formulated by tenants and their allies. Successful strategies are disseminated through activist and policy networks and are adapted for use in other locations.

The innovative – and in many cases, recent – initiatives to protect dwelling rooms in Montréal, Vancouver, Chicago, and San Francisco offer models to consider in Toronto.

#### 3.1 Montréal

##### *Community action: People's Commission for the Preservation of Rooming Houses*

Community action on rooming houses in Montréal is led by RAPSIM, a 45-year-old network of more than 100 organizations serving people facing homelessness and isolation. During Montréal's 2010 municipal election campaign, RAPSIM held a People's Commission for the Preservation of Rooming Houses to position rooming houses as an election issue.<sup>28</sup> The Commission conducted focus groups at drop-in centres and other social service locations, followed by a day-long public hearing in which tenants and service providers made oral and written submissions. About 200 people, most of them rooming house tenants and front-line workers, provided information.

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<sup>28</sup> Gagné, J. & Despars, M. (2011.) Above at note 11.

The Commission heard many concerns about privately-owned houses: extremely poor conditions, small units, rents higher than tenants can afford, conflict between tenants, precarious tenure, violence against women, and lack of access to justice and rights for tenants. Tenants of non-profit houses, on the other hand, paid affordable rent and lived in better conditions, but were concerned about the very small size of units and lack of common space (both of which non-profits said were a result of funding requirements to maximize space).

In response to the Commission's report, the City of Montréal launched a pilot project in 2011 to improve conditions in private rooming houses and subsequently announced funding for non-profits to purchase and renovate 320 rooming house units.<sup>29</sup> In 2013, the City issued an action plan on unhealthy housing conditions, including proactive inspections and increased fines, as well as protection measures for tenants displaced from buildings deemed unsafe.<sup>30</sup>

#### *Municipal policy: Non-profit acquisition and operation*

Since the 1980s, drawing on a range of grant programs from all orders of government, Montréal has transferred much of its private rooming house stock into municipal or non-profit ownership.

Between 1989 and 1992, the City purchased and renovated houses containing 436 dwelling room units through the Programme d'achat des maisons de chambres or PAMAC, administered by the Société d'habitation et de développement de Montréal (SHDM), an arm's-length agency of the municipal government.<sup>31</sup> Through PAMAC, the City provided an annual contribution for 20 years to subsidize projects, keeping rents low, while a municipal-provincial subvention covered 90% of renovation costs.<sup>32</sup> The City has maintained ownership of about 300 units acquired through PAMAC, while the rest have been transferred to non-profits.

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29 Commission permanente sur le développement social et la diversité montréalaise. (2012). *Les maisons de chambres à Montréal : Rapport et recommandations*. Montréal: Ville de Montréal. Retrieved from [http://ville.montreal.qc.ca/pls/portal/docs/PAGE/COMMISSIONS\\_PERM\\_V2\\_FR/MEDIA/DOCUMENTS/RAPP\\_MAISONSDECHAMBRES\\_20120820.PDF](http://ville.montreal.qc.ca/pls/portal/docs/PAGE/COMMISSIONS_PERM_V2_FR/MEDIA/DOCUMENTS/RAPP_MAISONSDECHAMBRES_20120820.PDF)

30 Ville de Montréal. (2013). Bilan de l'action municipale pour l'amélioration de la salubrité des logements 2008-2012. Retrieved from [http://ville.montreal.qc.ca/pls/portal/docs/PAGE/COMMISSIONS\\_PERM\\_V2\\_FR/MEDIA/DOCUMENTS/PR%C9SENTATION\\_20130509.PDF](http://ville.montreal.qc.ca/pls/portal/docs/PAGE/COMMISSIONS_PERM_V2_FR/MEDIA/DOCUMENTS/PR%C9SENTATION_20130509.PDF)

31 Information sheet on PALL and PAMAC, with content drawn from Bilan et perspectives en habitation 1990-1999 (pp.143-146), Ville de Montréal, Service de l'habitation, Octobre 1999. On file with author.

32 Ibid.

AccesLogis, a provincial housing development fund, includes dedicated funding for rent-geared-to-income social housing with supports for vulnerable groups and people facing homelessness. This program has continued to support the purchase and renovation of rooming houses by non-profits.

Government-mandated technical resource groups (Groupes de ressources techniques) provide expert guidance to non-profits undertaking the construction, acquisition, and renovation of rooming houses with funding from AccesLogis. This assistance is a key factor in projects' success, particularly in enabling acquisition by non-profits in the context of competitive real estate markets.<sup>33</sup>

The City of Montréal has a long-standing program of research focused on rooming houses. Rooming house audits were conducted in 2002, 2006, 2012, and 2016 in the boroughs where most houses are located. Drawing on tax rolls, fire department records, other administrative data, and reports from neighbourhood front-line organizations, these audits enable the city and advocacy organizations to track trends and changes in the rooming house stock.

A City count conducted in 2006 showed 67 houses totaling 1,337 rooms in non-profit operation.<sup>34</sup> A later report suggests that almost half of the city's rooming houses are non-profit-owned or operated.<sup>35</sup> Research with tenants shows that non-profit homes are more stable, with more affordable rents and in better physical condition than those in the private market; many also offer on-site supports.<sup>36</sup>

In spite of these measures, private rooming houses continue to disappear. In 2016, RAPSIM raised the alarm about the conversion of rooming houses into condos and tourist hotels in connection with redevelopment of Montréal's core as the "Cartier des spectacles," with owners using tactics such as withholding services to push tenants out. Non-profit purchase and renovation of houses since 2014, totaling 104 rooms, has not been enough to keep up with the loss.<sup>37</sup>

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33 Alice LePetit, RAPSIM. Personal interview, 26 July 2018.

34 Scott, M. (2015, February 12). Rooming houses are last stop before the street. *Montréal Gazette*. <http://montrealgazette.com/news/local-news/rooming-houses-are-last-stop-before-the-street>

35 Gagné, J. & Despars, M. (2011).

36 Ibid.

37 Léouzon. (2016). Above at note 11.

### *Recent developments*

The most recent study of Montréal's rooming houses was a first-time collaboration between the City's housing department, the regional department of public health, and community-based organizations including RAPSIM.<sup>38</sup> It examined the housing conditions and health of a representative sample of tenants and, like previous studies, it found poor conditions in many rooming houses, including serious problems with mould, dampness, and bedbugs.

In recent discussions,<sup>39</sup> community advocates and government officials alike point to the complexities of enforcing fire, building, and health codes in rooming houses. A City pilot project in 2011 demonstrated that even City subsidies, combined with elongated timelines and non-adversarial inspection processes, were not sufficient to induce owners to bring their properties to code, and in fact, increased the risk of sale.

Activists and civil servants are also beginning to examine the unintended consequences of bringing private market houses into non-profit ownership. Sitting tenants may be temporarily or permanently displaced during renovations to bring houses to code and by the lower capacity that results from legal room sizes and single occupancy standards. Housing providers' population-specific missions and the imposition of house rules prohibiting drug use and sex work may also make non-profit houses inaccessible to the most vulnerable tenants. Stakeholders are now working together to address these challenges and frame a model for low-barrier non-profit rooming houses.

Meanwhile, Montréal's new 2018-2020 housing action plan has set ambitious targets to deliver 12,000 units of housing. Administration of the provincially-funded AccesLogis program has been transferred to the municipality, opening up new possibilities to tailor it to the City's rooming house protection agenda. The municipality is also considering a reboot of the PAMAC program, which would be strengthened by a newly-granted City power giving it right of first refusal to purchase rental properties.<sup>40</sup>

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<sup>38</sup> Tessier et al (2018). Above at note 14.

<sup>39</sup> These points are drawn from key informant interviews conducted 26 July 2018 with Alice LePetit (RAPSIM), David Kaiser (Direction régionale de santé publique), and Suzanne Laferrière (Direction de l'habitation, Ville de Montréal).

<sup>40</sup> Suzanne Laferrière, Ville de Montréal. Personal interview. 26 July 2018.

## 3.2 Vancouver

### *Community action: Community-based research and planning*

Vancouver's Carnegie Community Action Project (CCAP) brings together low-income residents of the Downtown Eastside (DTES) to work on issues of income, housing, and land use. CCAP's mission is to keep the DTES accessible to long-term residents living in poverty, including many urban Indigenous people, people with disabilities, Chinese seniors, drug users and people engaged in sex work. In addition to supporting direct action approaches including marches and occupations, CCAP uses community-based planning and research to keep low-income residents' perspectives on the agenda in the City's planning and policy processes.

Between 2007 and 2010, during a period of rapid change in the DTES leading up to the Olympics, CCAP conducted an extensive community visioning process which engaged a majority of the area's low-income residents through consultations, asset mapping, and planning workshops.<sup>41</sup> These processes informed the City of Vancouver's Downtown Eastside Local Area Plan, released in 2014.

Since 2008, CCAP has conducted an annual hotel survey to track the loss of dwelling rooms in the neighbourhood's large stock of SROs, assess the condition of the remaining units, and measure their affordability to local residents.<sup>42</sup> CCAP volunteers, posing as prospective tenants, visit each private SRO in the neighbourhood to assess rental rates, number of rooms, vacancy rates, and conditions. Data from the visits is combined with information from online rental sites and current SRO tenants to provide a current on-the-ground portrait of the neighbourhood's SRO stock.

### *Municipal policy: Fees & fines for conversion of dwelling rooms*

Because of the importance of Vancouver's SRO stock as an affordable housing resource and its concentration in the Downtown Eastside, the City has long-standing policies and programs that address this stock specifically.

The City established a Single-Room Accommodation (SRA) by-law in 2003 that covers both hotels and rooming houses. A recent case study of Vancouver's policy and legal framework for SROs<sup>43</sup> describes the elements of this by-law: a regular City survey identifies and registers units protected by the by-law. Conversions

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41 See reports from this process at Carnegie Community Action Project website: <http://www.carnegieaction.org/community-vision/>

42 See 2008-2016 annual reports here: <http://www.carnegieaction.org/housing-reports/>

43 Keatinge, B. (2015).

(including changes in form of occupancy, such as to daily hotel use) and demolitions of such units require a permit, although renovations do not. Owners are required to pay a fee for each unit converted.

The by-law also sets out a fine for illegal conversions, and requirements that owners cover tenant relocation costs. The regulation allows temporary and seasonal rental of vacant units to tourists on condition that long-term tenants are not displaced. Rents, however, are not protected, so rent increases are not controlled by the by-law.

As the case study report notes, even with these protections, 919 units have been converted legally since 2003. In 2015, the by-law was revised, with stricter provisions for tenant relocation, and an increase of the fee per converted unit from \$15,000 to \$125,000.

Other legal and policy measures reviewed in the case study include:

- Inclusion of dwelling room buildings in the City's Standards requirements;
- Provisions in the Residential Tenancies Act which recognize and protect dwelling room tenants; and
- A 2005 Downtown Eastside Housing Plan which set an objective of "revitalization without displacement," with a requirement of one-to-one replacement of affordable rental units.

The report concludes that Vancouver's legal and policy measures have had limited effectiveness in protecting SRO stock because the combination of renovation, option for legal conversion, and vacancy decontrol in the context of gentrification incentivizes "renovictions" and the upscaling of units. A 2016 report by CCAP underscores this by demonstrating the loss of units that rent at welfare rate and the overall increase in average rents across the SRO stock.<sup>44</sup>

Large investments from the Province have contributed to the City's SRO preservation efforts. In 2007, during the lead-up to the Vancouver Olympics, the BC government initiated a project to acquire 24 private SROs and convert them to social housing.<sup>45</sup> Through an open proposal process, non-profit housing providers were selected to manage and operate buildings purchased by the Province, or owned by the City.<sup>46</sup> In 2011, BC Housing announced the SRO Renewal Initiative (SRI) to renew and restore 13 of these buildings through a partnership with a

44 Carnegie Community Action Project. (2016). Above at note 21.

45 BC Housing. (2013). *Project report: SRO Renewal Initiative*. Retrieved from [http://www.partnershipsbcc.ca/files-4/documents/PBC\\_SRO.pdf](http://www.partnershipsbcc.ca/files-4/documents/PBC_SRO.pdf)

46 BC Housing. (2007). Non-profit operators selected for SRO hotel buildings. Retrieved from <https://www.bchousing.org/news?newsId=1479147723768>

private entity, Habitat Housing Initiative; Habitat would design, build, partially finance, and maintain the project over a term of 18 years, while the buildings would continue to be operated by non-profits.<sup>47</sup>

Intensification and new development, though, pose a threat to the neighbourhood's affordability and accessibility for dwelling room tenants. In spite of extensive community involvement, the DTES Local Area Plan's end results have been mixed in terms of meeting community priorities.<sup>48</sup> Critics suggest that the Plan's goals of income mix and economic development threaten the neighbourhood's traditional deep affordability.<sup>49</sup>

Though the Local Area Plan requires that a minimum of one-third of all new development be social housing, the majority of "affordable" development through the Plan will be affordable homeownership, and another large component will be market rental that meets the City's designated "affordable" rental rates – which are currently set at \$1,496 for a studio apartment in East Vancouver, a rate which is not at all affordable for residents earning minimum wage or those whose sole source of income is social assistance or government pensions.<sup>50</sup>

### *Recent developments*

In response to community concerns about ongoing loss and gentrification of SROs in the DTES, local organizations working with tenants launched the SRO Collaborative.<sup>51</sup> This coalition of tenants, legal clinics, and social service organizations carries out tenant organizing within privately-owned residential hotels, and trains tenants to organize their own buildings. The Collaborative also hosted a Tenant Convention in 2015, and has supported tenants in launching a class action lawsuit against a landlord.

The Collaborative advocated for the establishment of the City of Vancouver's SRO Task Force in 2016, a 23-member group which included SRO tenants. The Task Force conducted engagement with tenants and owners/managers of SROs. In

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47 BC Housing. (2013). Above at note 45.

48 Jean Swanson. Personal communication. Oct. 2015.

49 Keatinge, B. (2015).

50 City of Vancouver. (2018). *Rental Incentive Guidelines*. Retrieved from <http://vancouver.ca/files/cov/rental-incentive-guidelines.pdf>; Pablo, C. (2018, March 1). City of Vancouver now defines \$3702 rent as "affordable" housing." *Georgia Straight*. <https://www.straight.com/news/1039161/city-vancouver-now-defines-3702-rent-affordable-housing>

51 See SRO Collaborative website: <https://dtescollaborative.org/>

April 2017, the City announced a number of initiatives emerging from the work of the Task Force<sup>52</sup>:

- \$1.3 million in upgrade grants for non-profit SRO operators;
- \$2 million to support non-profits in purchasing or leasing SRO buildings;
- A plan to target specific segments of private stock with different interventions: escalating proactive enforcement and incentivizing non-profit management in low-rent, high-violation buildings, and mitigating loss of affordability in better-maintained but less-affordable buildings;
- Expanded and ongoing support for peer-based tenant advocacy and legal education;
- Capacity-building and education for private owners.

In November 2017, the City built on these plans with its Housing Vancouver Strategy<sup>53</sup>. The Strategy sets out a number of key strategies for SROs in 2018-2020:

- Accelerate SRO replacement, aiming to replace 50% of remaining SROs with self-contained social housing in next 10 years;
- Work with other orders of government to establish an SRO Revitalization Fund;
- Implement a proactive enforcement and regulatory approach;
- Strengthen regulatory powers, including increasing the SRA unit replacement fee to \$180,000;
- Build tenant capacity and create a city-wide peer-led advocacy network;
- Collect data on impacts of renovations on tenants of purpose-built rental buildings;
- Enhance the City's Tenant Relocation and Protection Policy; and
- Advocate for changes to the Province's Residential Tenancies Act, including the creation of a specific category for SRA-designated properties and the implementation of vacancy control for SRAs.

Funding for these measures comes in part from the SRO unit replacement fees. Other important sources of funding include a range of City planning mechanisms, development charges, and inclusionary zoning provisions that recapture the value created when the City re-zones an area for increased

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52 City of Vancouver. (2017, April 11). Our next steps to address homelessness, help SRO tenants. Retrieved from <http://vancouver.ca/news-calendar/our-next-steps-to-address-homelessness-help-sro-tenants.aspx>

53 City of Vancouver. (2017). *Housing Vancouver 3 Year Action Plan 2018-2020*. Retrieved from <http://council.vancouver.ca/20171128/documents/rr1appendixb.pdf>

height and density. Through these mechanisms, Vancouver recaptures 75% of the development value created by re-zoning, a much higher percentage than that captured by Toronto.<sup>54</sup> This is ploughed back in to the development and preservation of affordable housing.

### 3.3 Chicago

#### *Community action: Preventing foreclosure and displacement*

Chicago's economy and growth were hit hard by the global financial crisis and the foreclosure epidemic that drove it. In the period following the crisis, the City focused on attracting investment, and community development organizations worked hard to prevent families from losing their homes to foreclosure, and to improve conditions in disinvested and blighted neighbourhoods.<sup>55</sup>

But as the economic tide turned and growth re-emerged, real estate speculation and development began rapidly consuming the remaining affordable housing in newly-desirable neighbourhoods. Of particular interest to investors was Chicago's stock of large and often architecturally-significant SROs, built in the late 19<sup>th</sup> and early 20<sup>th</sup> centuries to house successive waves of workers migrating into the growing city. Thirty of the city's SROs were redeveloped between 2008 and 2014; by 2014, only 73 licensed SROs remained, with 5,000-6,000 units in total.

Chicago for All, a coalition of tenant advocates, social service agencies, and legal clinics, led a campaign for stronger SRO protections. Evidence to support the campaign came from a 2013 report by Chicago for All member group Lawyers' Committee for Better Housing, which documented numerous examples of SRO sales followed by renovictions of tenants.<sup>56</sup> That report describes a trend similar to the one witnessed in recent years in Toronto:

“One scenario that has played out frequently over the past few years is the purchase of low-income buildings and single room occupancy buildings or hotels (SROs) by investors hoping to cash in on the growth in the rental market. Investors buy buildings, rehab units, and increase rent, virtually

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54 Richard Drdla Associates. (2016). National Housing Strategy: Inclusionary Zoning: Domestic and International Practices. Retrieved from <http://inclusionaryhousing.ca/wp-content/uploads/sites/2/2014/10/CMHC6-FinRep5-20Dec2016.pdf>

55 Lawyers Committee for Better Housing - LCBH. (2014). Chicago's foreclosure crisis: Community solutions to the loss of affordable rental housing. Chicago, IL: Lawyers Committee for Better Housing. Retrieved from <http://lcbh.org/sites/default/files/resources/2013-LCBH-Foreclosure-Report.pdf>

56 Ibid.

ensuring that former residents cannot return ... Upon taking ownership of these once affordable buildings, investors began mass eviction proceedings. In an effort to halt evictions, renters joined tenant advocates to bring this to the attention of the media but to no avail; renters were forced out, and many faced homelessness as a result.” (p. 6)

#### *Municipal policy: SRO Preservation Initiative*

In 2014, in response to the evidence of SRO loss and pressure from Chicago for All, the City introduced a 6-month moratorium on SRO conversions, pending passage of a new law.<sup>57</sup> Later that year, Chicago City Council passed an ordinance that set out the regulatory framework for the City’s ambitious SRO Preservation Initiative. The Mayor jointly announced the ordinance with Chicago for All. The preamble to the legislation places the initiative in the context of affordable housing loss and displacement:

“This chapter ... shall be liberally construed and applied to achieve its purpose, which is to promote the public welfare by preserving single-room occupancy buildings, thereby sustaining the availability of affordable housing in neighborhoods throughout Chicago. The legislative intent of this chapter is to advance the City’s vital interests in reducing homelessness and maintaining an economically diverse population.”<sup>58</sup>

The SRO Preservation Initiative<sup>59</sup> aims to invest City resources, including forgivable loans and subsidies, to preserve 700 SRO units over 5 years. SROs are defined as any building with five or more units in which at least 90% are single-room occupancy.

The legislation places restrictions on the sale, conversion, merging, or demolition of units. It also requires that owners planning to sell notify both the planning department and tenants at least six months before the proposed sale, and allow

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57 City of Chicago. (2014, July 25). *Mayor Emanuel, Alderman Burnett, Alderman Pawar And The Chicago For All Coalition Introduce Moratorium On SRO And Residential Hotel Conversions*. [Press release]. Retrieved from <https://www.cityofchicago.org/city/en/depts/bldgs/provdrs/inspect/news/2014/jun/mayor-emanuel—alderman-burnett—alderman-pawar-and-the-chicago-.html>

58 Chicago Municipal Code. Title 5 Housing and Economic Development. Chapter 5-15 Single-Room Occupancy Preservation Ordinance. Viewed at [http://library.amlegal.com/nxt/gateway.dll/Illinois/chicago\\_il/municipalcodeofchicago?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:chicago\\_il](http://library.amlegal.com/nxt/gateway.dll/Illinois/chicago_il/municipalcodeofchicago?f=templates$fn=default.htm$3.0$vid=amlegal:chicago_il)

59 City of Chicago Department of Planning and Development. (2014). *SRO Preservation Initiative*. Chicago: City of Chicago. Retrieved from [https://www.cityofchicago.org/content/dam/city/depts/dcd/Housing%20Programs/SRO\\_Preservation\\_Initiative.pdf](https://www.cityofchicago.org/content/dam/city/depts/dcd/Housing%20Programs/SRO_Preservation_Initiative.pdf)

six months to receive offers from buyers intending to maintain property as affordable housing, including current residents as potential purchasers.

The City, in turn, notifies non-profit housing providers of planned sales, and provides loan financing to purchasers or current owners of buildings to help create or preserve affordable housing, including financing to cover the difference between the offer of an affordable housing provider and the offer of a for-profit purchaser. While requiring that sellers “negotiate in good faith” with prospective purchasers intending to maintain the building as affordable housing, the legislation stops short of requiring that such offers be accepted.

The legislation’s anti-displacement and relocation provisions apply to anyone in the building who has resided there for more than one month at the time that the sale or conversion process begins. The owner must provide a list of affected tenants to the City. Residents are entitled to the right to return to affordable units and are provided temporary accommodation and moving expenses, if required. If the number of current residents exceeds the number of intended new affordable units, the owner is permitted to select who can return, or selection is made by lottery. Any residents not invited to return receive 3 months’ rent and can be put on a waiting list for new units.

Owners can pay a fee of \$20,000 per unit to circumvent these obligations. If owners opt to pay the fee and sell to a purchaser who will not provide affordable housing, they must pay \$8,600 to each displaced resident. If the property is vacated because of unsafe conditions, owners must pay residents \$10,600 and are prohibited from selling the building for any use other than affordable housing.

Fees collected through the provisions of the ordinance are used for SRO preservation, including grants to purchasers intending to preserve buildings as affordable. Purchase agreements must include a clause maintaining the site as rent-g geared-to-income housing for a minimum of 15 years, with a requirement that half the units be set aside for extremely low-income households earning 30% or less of area median income (AMI).

The Initiative also facilitates access to special property tax classes for SROs and a range of dedicated resources at the City, including an SRO specialist in the planning department. Cook County’s Preservation Compact<sup>60</sup> – a partnership of private market and non-profit developers, building owners, and municipal, state, and federal agencies, formed in 2007 to preserve Chicago’s “naturally-occurring” (private market, unassisted) affordable housing – had input into shaping the

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60 See Preservation Compact website: <http://www.preservationcompact.org/>

ordinance and acts as a resource for building owners and developers on the regulations and resources available.

Since the ordinance, more than 1,250 units in 10 buildings have been preserved. The City stacks a range of funding and financing tools to enable preservation and improvement. For example, a recently-announced \$31.8 million project to rehabilitate the Marshall Hotel and maintain it as affordable housing for households earning up to 60% of the area median income, is funded through Multi-Family Loans from the City, City-delivered project-based housing vouchers to keep rents affordable, Low Income Housing Tax Credits from the State of Illinois, a loan from the Illinois Housing Development Authority, and tax credits for historic buildings, along with private mortgage financing.<sup>61</sup>

### *Recent developments*

Unfortunately, the SRO ordinance has not succeeded in protecting all SROs from conversion. According to a recent *Chicago Tribune* feature, the number of licensed SROs in Chicago has dropped from 81 to 66 in the time since the ordinance passed.<sup>62</sup> In addition, renovations to improve SRO buildings – even those that will be preserved as affordable housing – typically reduce the total number of units.

The story features the case of the Wilson Men’s Hotel, recently purchased by a for-profit developer. The Wilson’s 246 units will be turned into 80 or 90 apartments, only 20-30% of which will be affordable. The building’s current residents will only have the right to return via lottery: those who don’t win will receive relocation assistance but are unlikely to be able to remain in their rapidly-gentrifying Uptown neighbourhood, which has lost half of its SROs since 2008.

Though a non-profit affordable housing provider had been interested in purchasing the building, it was unable to assemble the financing needed to compete with a much higher private sector offer within the required timeframe. And even the non-profit’s plans for the building would have entailed a 50% decrease in the number of units. An example of Chicago’s turn-of-the century “cage hotels” for low-waged industrial workers, the Wilson’s rooms are currently

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61 City of Chicago, Department of Planning and Development. (2017, July 26). *City support will preserve Marshall Hotel as affordable housing*. [News release]. Retrieved from [https://www.cityofchicago.org/city/en/depts/dcd/provdrs/afford\\_hous/news/2017/june/city-support-would-preserve-marshall-hotel-as-affordable-sro-hou.html](https://www.cityofchicago.org/city/en/depts/dcd/provdrs/afford_hous/news/2017/june/city-support-would-preserve-marshall-hotel-as-affordable-sro-hou.html)

62 Malagon, E. & Richards, J. (2018, 15 January). As Wilson Men’s Hotel prepares to close for renovations, a look at shrinking number of SROs in Chicago. *Chicago Tribune*. Retrieved from <http://www.chicagotribune.com/news/local/breaking/ct-met-sro-wilson-men-hotel-20180111-story.html>

windowless 7-by-7 foot cubicles whose walls are joined to the ceiling by wire mesh for ventilation. The building's new units will have full walls, private washrooms, and kitchenettes.

Community organization ONE Northside, the convenor of the Chicago for All coalition, has been supporting tenants of the Wilson Men's Hotel who are facing unauthorized demolition and retaliatory evictions after the sale of their building.<sup>63</sup> Housing advocates are urging the City to address regulatory and financing gaps that allow for the continued loss of SROs, and to provide stronger protections for tenants.

### 3.5 San Francisco Bay Area

#### *Community action: Direct action, SRO Collaboratives, and Community Land Trusts*

Like Montréal, San Francisco has long been a city of renters, its steep streets lined with low-rise purpose-built rental apartments. It has also traditionally had strong protections for renters and rental housing, including protections of SRO hotels dating back to 1981.<sup>64</sup>

But these protections have proven inadequate in the face of the city's rapid transformation and redevelopment, driven by its economic ascendance as the centre of the tech industry. As in New York City, real estate speculation spurred by San Francisco's economic growth has spread beyond the city's boundaries, causing land values and rents to spiral throughout the Bay Area, especially in Oakland, a working-class suburb that is accessible from San Francisco by rapid transit.

San Francisco's skyrocketing housing prices are out of reach even for upper-middle-income professionals; a family of four making \$117,400 is now considered "low-income" for the purposes of assessing eligibility for affordable housing programs.<sup>65</sup> An extensive study of gentrification and displacement in the Bay Area found that the region saw a net gain of more than 94,000 low-income

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63 ONE Northside. (n.d.) Wilson Men's Hotel Residents Demand Developer Cease Retaliatory Evictions. [Blog post]. Retrieved from <http://onenorthside.org/wilson-mens-hotel-residents-demand-developer-cease-retaliatory-evictions/>

64 Central City SRO Collaborative. (n.d.). History of SRO residential hotels in San Francisco. Retrieved from <http://www.ccsroc.net/s-r-o-hotels-in-san-francisco/>

65 Kandil, C. Y. (2018, July 10). San Francisco's housing crisis puts pressure on historic Asian enclaves. *NBC News*. Retrieved from <https://www.nbcnews.com/news/asia/san-francisco-s-housing-crisis-puts-pressure-historic-asian-enclaves-n888626>

households between 2001 and 2013; during the same period, it lost 106,000 naturally-occurring affordable housing units in the private market.<sup>66</sup>

Low- and moderate-income tenants are being pushed out of their neighbourhoods as the city's small rental buildings, including rooming houses, are converted to ownership tenure, and its numerous SROs are transformed into high-priced dormitories for university students and tech sector workers. Asian and Latino communities are hardest-hit by displacement. A 2015 report found that the number of families with children living in SROs had increased by 55% between 2001 and 2014; 62% of the families surveyed came from China or Hong Kong.<sup>67</sup>

The strong tradition of activism and community organizing in San Francisco has always come to the fore in response to the housing and homelessness crisis. Following a wave of SRO closures in the 1970s, tenant organizing led to the 1981 passage of Chapter 41 of San Francisco's Administrative Code that requires one-for-one replacement of SRO units demolished or converted from residential to tourist use.<sup>68</sup> As a result of this early legislative protection, San Francisco retains a large stock of 518 SROs, which house more than 30,000 tenants – five percent of the city's population.<sup>69</sup>

More recently, groups like Eviction Free SF support tenants facing eviction by protesting at the corporate offices and homes of landlords, winning the reversal of a number of unjust evictions<sup>70</sup>. Meanwhile, the Anti-Eviction Mapping Project<sup>71</sup> uses city data to create maps and stories tracking the causes and consequences of the eviction epidemic, and academic projects like the Urban Displacement Project<sup>72</sup> analyze the risk of displacement in Bay Area neighbourhoods.

The Central City SRO Collaborative, formed in 2001, is a partnership of tenant activists working with housing, legal, health, and mental health organizations.

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66 Zuk, M. & Chapple, K. (2015). Urban Displacement Project Executive Summary. Retrieved from [http://www.urbandisplacement.org/sites/default/files/images/urban\\_displacement\\_project\\_-\\_executive\\_summary.pdf](http://www.urbandisplacement.org/sites/default/files/images/urban_displacement_project_-_executive_summary.pdf)

67 SRO Families United Collaborative. (2015). *2015 SRO Families Report: Living in the Margins: An analysis and census of San Francisco families living in SROs*. Retrieved from [http://www.chinatowncdc.org/images/stories/NewsEvents/Newsletters/sro\\_families\\_report\\_2015\\_.pdf](http://www.chinatowncdc.org/images/stories/NewsEvents/Newsletters/sro_families_report_2015_.pdf)

68 San Francisco Administrative Code Chapter 41, Residential Hotel Unit Conversion and Demolition. Retrieved from <https://sfdbi.org/sites/default/files/Chapter%2041.pdf>

69 Central City SRO Collaborative. (n.d.). Above at note 64.

70 See Eviction Free SF website: <https://evictionfreesf.org/>

71 See Anti-Eviction Mapping Project website: <https://www.antievictionmap.com/>

72 Zuk, M. & Chapple, K. (2015). Above at note 67.

The Collaborative organizes with SRO tenants to improve the security, conditions, and safety of their homes, and to maintain and increase low-income housing.<sup>73</sup>

It, and two other large SRO collaboratives San Francisco receive municipal funding that comes from landlord fines paid to the City's robust municipal SRO inspection and enforcement regime, which yields more than US \$600,000 in fines and civil penalties each year.<sup>74</sup> Collaboratives use the funds to hire full-time community organizers and dozens of tenant organizers, who provide legal education, advocacy, and support to SRO residents.

The San Francisco Community Land Trust's (SF CLT) mission is to create permanently affordable, resident-controlled housing for low- to moderate-income people in San Francisco via community ownership of land.<sup>75</sup> SF CLT buys small buildings, converts them to resident-operated collectively-owned co-ops, and retains ownership of the land, thereby taking the land out of the market and keeping costs low for residents. In return, units' owners forego the equity gains that the market would provide; when they sell their share, the equity they retain is calculated based on cost of living increases.

Tenant education and organizing is a key part of SF CLT's strategy; they support tenants to resist Ellis Act eviction<sup>76</sup> and other threats, purchase the building, and become a self-managed co-op in which tenants' payments are pegged to their incomes and remain affordable in perpetuity. Their first project began in 2009 when they worked with the Asian Law Caucus and Chinatown Community Development Center to support tenants organizing against the demolition of their building; they now own 13 small buildings, some of them congregate housing like rooming houses.

The Bay Area now has at least seven CLTs, which operate with funding from municipalities and foundations; their projects are financed by Community

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73 Central City SRO Collaborative. (n.d.)

74 Colebourn, J. (2016, July 11). San Francisco SROs a model for North America, experts say. Vancouver Sun. Retrieved from <https://vancouversun.com/news/local-news/san-francisco-sros-a-model-for-north-america-experts-say>

75 See San Francisco Community Land Trust website: <https://sfclt.org/>

76 California's Ellis Act allows for unconditional evictions when landlords are "going out of business," including when selling or converting a rental property. See San Francisco Tenants Union website: <https://www.sftu.org/ellis/>

Development Financial Institutions.<sup>77</sup> One of these, the Oakland CLT, has created a new model called a “Resident-Owned Non-Profit,” through which buildings acquired through the CLT become accessible for low-income households who may not qualify for ownership. The Oakland CLT emerged when residents organized with the Urban Strategies Council in the wake of the foreclosure crisis; its earliest projects were foreclosed homes.<sup>78</sup>

### *Municipal policy: Small Sites Acquisition Program*

In 2014, San Francisco initiated the Small Sites Acquisition Program (SSP) to support the acquisition and rehabilitation of properties facing Ellis Act evictions and maintain them as affordable housing for current and future tenants by removing them from the speculative market.<sup>79</sup> Through the program, the City acts as a gap lender, offering a second mortgage at a very low interest rate so that borrowers are able to cover costs of a first, competitive-rate mortgage, with below-market rents.

SSP funding can be used for acquisition, rehabilitation, reserves, and soft costs. To qualify for funding through the SSP, small buildings of five to twenty-five units must be at imminent risk due to Ellis Act eviction or other threats; the average income of the sitting tenants must not exceed 80% of AMI (with allowance for a minority of tenants to earn as much as 120% of AMI); and the purchaser must maintain the building as affordable housing in perpetuity, with housing costs not to exceed 30% of households’ income.

A City presentation on the program describes it as “A win-win-win: The seller gets market value, tenants stay in place, the City increases the supply of affordable housing, owners have a feasible project that meets their organizational mission.”<sup>80</sup> The City worked closely with CLTs to develop the program and most sites are acquired and operated by CLTs. The program allocated a total of US \$75

77 Kendall, M. (2018, July 30). A home you can afford: How land trusts are changing Bay Area homeownership. *The Mercury News*. Retrieved from <https://www.mercurynews.com/2018/07/30/a-home-you-can-afford-how-land-trusts-are-changing-bay-area-home-ownership/>

78 Paris, R. (2017). From San Francisco to Boston to Paris: Community land trusts in the United States. [Blog post]. Retrieved from <http://www.gmfus.org/blog/2017/10/18/san-francisco-boston-paris-community-land-trusts-united-states>

79 Notice of Funding Availability – Acquisition and Rehabilitation Financing for Small Sites Program Properties. (2014). Retrieved from <http://sfmohcd.org/sites/default/files/FileCenter/Documents/8103-Small%20Sites%20NOFA%207-24-14.pdf>

80 Harris, R., Feng, K. & Macmillan, T. (2017). San Francisco Small Sites Program– Small Sites, Big Impact. Presentation, San Francisco. Retrieved from [https://www.spur.org/sites/default/files/events\\_pdfs/2017.01.31%20Small%20Sites%20Big%20Impact.pdf](https://www.spur.org/sites/default/files/events_pdfs/2017.01.31%20Small%20Sites%20Big%20Impact.pdf)

Million between 2014 and 2017 from sources including a housing trust fund, in-lieu fees from the City's inclusionary zoning program, fees for expedited condo conversions, a state housing bond, and funds from repaid SSP loans. Since the program began, it has expanded to include rooming houses and small SROs, which are eligible for a subsidy of up to \$150,000 per unit.

Buildings acquired through the program are no longer governed by rent control regulations and instead are subject to the City's affordable housing restrictions, which base housing payments on tenants' incomes. As a result, at times, rents for sitting tenants increase when their buildings are acquired through the SSP; they may also face temporary relocation to allow for rehabilitation of buildings with long-term maintenance backlogs. Purchasers and the City work with tenants to ensure they are on board with the transition of their building and to support them in the collective self-management of their homes.

Working with CLTs and tenants, the program takes a proactive eviction prevention approach, aiming to identify buildings at risk before they come on the market or evictions are initiated. The SF CLT website offers a form tenants can complete if they believe their building is at risk and they want the CLT to consider acquiring it.

### *Recent developments*

In spite of these measures, loss of small buildings and SROs continues in the Bay Area.

Unlike San Francisco, Oakland lacks long-term protections for SROs. As a result, numerous sites have been lost in the past three decades: 800 units were demolished in the 1980s for the construction of the city's convention centre, while hundreds of others have been more recently converted to tourist hotels by Oakland's growing tourism industry.<sup>81</sup>

The loss of residential hotels in Oakland has been paralleled by an increase in homeless encampments throughout the city. In 2016, Oakland City Council enacted an emergency ordinance for a temporary Residential Hotel Conversion Moratorium to the end of 2018, but apparent conversions continue, including that of the Sutter Hotel, whose recent advertising on tourism sites has been documented by local activist groups. State legislation tabled in May 2017 would have exempted SROs from the Ellis Act, but it was defeated in the face of lobbying by landlords.

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81 Anti-Eviction Mapping Project. (n.d.) Precarious housing: The loss of SRO Hotels in Oakland. Retrieved from <https://www.antievictionmap.com/precarious-housing/>

Meanwhile, the San Francisco Housing Accelerator Fund (SFHAF), a new public-private partnership launched in April 2017, will act as a single site for all kinds of investments pointed to affordable housing: private and corporate donations, foundation funding, and the municipal Small Sites Acquisition Program, for which it will act as the new home. It is hoped that the Accelerator will make non-profits more competitive in the hot real estate market by providing short-term capital to bridge long-term funding.<sup>82</sup>

Ironically, the SFHAF includes the same kinds of corporate players that generate global real estate speculation: law firms focused on real estate and finance, fund management firms, auditors, accounting firms, and banks. But Bay Area activists have not relented in their resistance to corporate practices that generate housing instability and homelessness.

In 2015, a coalition of community organizations led a successful campaign to stop banks from providing what they called “displacement mortgages”: commercial mortgages to developers to buy buildings with the expectation that they will increase revenues by evicting low-income tenants. First Republic Bank responded with a new policy of declining mortgages if the borrower plans to evict, and even included provisions to withdraw mortgages if borrowers later file to evict under the Ellis Act.<sup>83</sup>

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82 See San Francisco Housing Accelerator Fund website: <https://www.sfhaf.org/>

83 California Reinvestment Coalition. (2015). Community organizations respond to First Republic Bank’s new policy to stop financing displacement mortgages. Retrieved from <http://www.calreinvest.org/news/community-organizations-respond-to-first-republic-banks-new-policy-to-stop-financing-displacement-mortgages>

## 4. Lessons for Parkdale & Toronto

A number of common themes from the above 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's SRO stock has been protected through successive waves of urban redevelopment by a forward-thinking 1981 law limiting conversion of residential hotels for tourist use. Chicago and Vancouver have more recently implemented significant regulations to protect dwelling rooms from redevelopment, demolition, and conversion. In Chicago's case, these regulations apply to buildings as small as five units, and employ an expansive definition of "conversion" and "demolition" to prevent renovations of tenants. The requirement for planning permissions alerts the City to impending changes, and owners who opt out of providing affordable housing must pay large fees. After discovering that lower fees did not impede owners from converting their buildings, Vancouver raised its opt-out fees to \$180,000 per unit, equivalent to the cost of replacing the unit. While not sufficient, these measures have proven critical to preserving this stock in the context of intense market pressure; fees imposed 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 affordable housing. In Montréal, acquisition of rooming houses by non-profits has been supported through significant funding programs from the municipality and province. San Francisco's new Small Sites Acquisition Program has invested \$75 Million in three years to enable acquisition of at-risk sites to keep them affordable. In Vancouver and Chicago, fees collected through the SRO regulatory processes are held in an affordable housing fund, and municipal funds are used to leverage contributions from higher orders of government and other sources. By stacking funding from multiple sources, Chicago is able to achieve deep affordability in rehabilitated SROs, reserving a majority of units for households earning less than 30% of Area Median Income.

### *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. In Montréal, non-profit rooming houses account for almost half of the city's remaining stock; these offer more affordable rents and

better conditions than privately-owned rooming houses. Vancouver's ambitious SRO acquisition strategy in partnership with BC Housing transformed some of the city's most deplorable housing into safe, affordable, stable, and permanent homes for the city's most vulnerable residents. San Francisco's Community Land Trusts remove land from the speculative market and maintain homes as permanently affordable. 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. While it guarantees affordable rents and improved conditions, non-profit acquisition and operation can affect the low-barrier nature of dwelling rooms, excluding some of the most vulnerable tenants.

#### *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. In Montréal, the People's Commission for the Preservation of Rooming Houses led to a City task force which produced a report and conducted an inventory of the rooming house stock. In Chicago, the SRO Preservation Ordinance was planned and announced in collaboration with Chicago For All, a grassroots advocacy coalition. Preservation initiatives in the Bay Area have been driven by tenant organizing since the 1970s. In Vancouver, tenants joined with social agencies and legal clinics to form the SRO Collaborative, which successfully advocated for the city's SRO Task Force. Through participation in the Task Force, the SRO Collaborative and SRO tenants contributed to shaping the measures to protect the stock in the city's 2017 Housing Vancouver Strategy. That strategy, in turn, includes 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. In Vancouver and Chicago, civil society organizations Carnegie Community Action Project and Lawyers' Committee for Better Housing led the way with community-based research and mapping that provided evidence upon which the city programs were built. San Francisco's Anti-Eviction Mapping Project and university-led studies like the Urban Displacement Project bring increased attention to the housing crisis, and use data to reveal current and future trends. Montréal's periodic rooming house audits combine data from tax rolls, fire inspections, and other administrative sources with information from community organizations working on the ground in the neighbourhoods where rooming houses are most concentrated.

vi. *The importance of a comprehensive framework*

The example of Chicago is sobering: since the passage of the SRO Preservation Ordinance in 2014, the number of licensed SROs has declined from 81 to 66. Even in buildings that have been preserved as deeply affordable housing, the number of units typically decreases with redevelopment. The right to return guaranteed to SRO residents does not apply if there are not enough units to house them all. In Vancouver and the San Francisco Bay Area, in spite of concerted investments in affordable housing, rents have continued to skyrocket and rates of homelessness have increased. In Montréal, a program of vigorous non-profit acquisition has had unintended consequences of displacing some of the most 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
- Implementation of low-barrier models in non-profit rooming houses and hotels.

In the Toronto context, such a framework will require coordination among 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. In the Bay Area, for example, Community Land Trusts provide direct support to tenants to resist Ellis Act evictions, as a first step in the process of acquiring the property. A Bay Area coalition also led a successful recent campaign to stop banks from issuing “displacement mortgages” that rely on

eviction of low-income tenants to increase revenues from rental properties. In Montréal, RAPSIM, a network of front-line service providers, has identified the displacement that sometimes results from non-profit acquisition of private rooming houses. They are now working with tenants and the City to develop innovative models to address these unintended consequences.

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.<sup>84</sup> 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 holding private actors and policy-makers accountable through direct action, public campaigns, tenant organizing, and the development of new models.

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84 This point was underscored in a November 6, 2018 keynote address by Canadian housing advocate and United Nations Special Rapporteur on the Right to Adequate Housing Leilani Farha, at the Canadian Alliance to End Homelessness Conference, Hamilton.