

Single-Room Occupancy (SRO) Preservation

Single Room Occupancy hotels (SROs) are a unique form of housing that does not exist in all communities. Composed of a single room for residents, they are distinguished from studio or efficiency units in that they typically do not include a private bathroom or kitchen in the room. SROs do not typically require a security deposit, credit references, proof of income or long-term lease agreement. For these reasons, SROs have provided housing for vulnerable populations with unstable finances or little access to credit. SRO Preservation refers to policies or programs that discourage or limit the conversion or demolition of SRO units, provide support to displaced SRO tenants and create processes and incentives that support long-term preservation of SROs as affordable housing.

At-A-Glance

POTENTIAL FUNDING SOURCES

General Fund

COST

Low

ADMINISTRATIVE BURDEN

 Low

Staff capacity needed to design the program, lead public and legislative processes and monitor SRO properties.

WHICH P?

Preservation

POTENTIAL PARTNERS

Tenant Advocacy Organizations



OPTION FOR TOC POLICY COMPLIANCE?

Yes!

Program Design, Implementation and Evaluation Considerations

The callout box below labeled “TOC Policy Requirements” describes the policy features necessary for a jurisdiction to receive credit toward TOC Policy compliance. All other policy features discussed in this document represent details found in existing policies on the subject and a jurisdiction may want to consider them when adopting or implementing a policy, but nothing is required for TOC Policy compliance unless noted as a requirement in the “TOC Policy Requirements” callout box or the [TOC Policy Administrative Guidance](#).

Elements of the Program

- Restrictions on conversion and demolition
- Replacement requirements
- Protections for current tenants, including relocation assistance

Program Design Considerations

Jurisdictions may want to consider the following:

RESTRICTING THE CONVERSION OR DEMOLITION OF SRO UNITS: Requiring that a developer demonstrate that the same or greater number of equivalent housing units have been built nearby within a specified time frame (often a year) before issuing a use permit to demolish or convert SROs-essentially a no net loss policy for SRO units. Jurisdictions can also limit conversions based on current market conditions (i.e., if the vacancy rate is lower than 5% for nearby rental units



of similar size and cost, no conversion or demolition is allowed).

COMPARABLE HOUSING UNITS: Defining what qualifies as a comparable housing unit. Definitions can include physical attributes of a unit or be limited to the affordability level.

PROTECTING CURRENT TENANTS: Requiring that developers who intend to convert SRO units provide advanced notice of at least six months to the jurisdiction and the tenants. They can also be required to provide displaced tenants with moving expenses, assistance with finding a new residence and rental subsidies for a defined period of time.

RELOCATION IN THE CASE OF UNSAFE CONDITIONS: If the jurisdiction or a court orders that an SRO be vacated due to unsafe building conditions, the owner can be required to provide tenants with additional relocation assistance.

OPPORTUNITY TO PURCHASE: In addition to requiring a six month notification in advance of an intended conversion, sale or demolition, jurisdictions can require that owners provide an opportunity for the tenants or eligible mission-driven nonprofits to make a purchase offer (similar to a TOPA/COPA policy).

REPLACEMENT HOUSING PLAN: If SRO units are going to be demolished, the jurisdiction can require the owner to provide a replacement housing plan that offers equivalent or better housing for displaced tenants. Failure to implement the plan could result in the denial of permits for future developments or penalties.

TENANT RELOCATION ASSISTANCE PLAN: Requiring owners provide a Tenant Relocation Assistance Plan that outlines tenant protections and relocation payments for any temporarily or permanently displaced residents.

LOW-INTEREST LOANS: Providing low-interest loans or other forms of financial support to encourage SRO owners to preserve units and maintain affordability.

Program Implementation, Administration and Enforcement

SRO Preservation programs are often implemented by ordinance, which defines which buildings they apply to, restrictions on conversion and demolition (and exemptions to the restrictions) and replacement requirements, among other requirements.

Jurisdictions can also implement permit application processes for conversions and demolitions that require public notification.

Jurisdiction staff can consider working closely with building department inspectors and enforcement officers to develop workable implementation and enforcement mechanisms. If violations related to the conversion or demolition of SROs are detected, the jurisdiction can conduct inspections and issue fines or stop-work orders. The jurisdiction can also put in place enforcement mechanisms such as fines for unauthorized conversion or demolition. In the case of a permitted demolition or conversion, if the owner does not provide a replacement housing plan, the jurisdiction can deny permits for future developments or impose additional penalties.

Jurisdictions can consider partnering with community-based organizations, particularly SRO Collaboratives, non-profit organizations that organize SRO tenants. These groups can help ensure SRO tenants' access to information about their rights and about city and state building and health codes.

Program Evaluation

To evaluate program effectiveness, jurisdictions can analyze:

- Increases or decreases in the SRO stock
- SROs' adherence to safety and building codes and general building condition
- Unit affordability (for example, by looking at rent-to-income ratios)
- Building occupancy rates
- Tenant retention



TOC Policy Requirements: To comply with the TOC Policy, an SRO preservation policy must limit the number of SRO units approved to be converted in a given calendar year to no more than the number of equivalent rental units completed the previous calendar year. Exemptions to the conversion restrictions can be made for conversion of SRO buildings to 100% affordable units for tenants at 50% of AMI or less. However, affordable housing developers need to provide existing tenants with a first right of refusal for new units. Rents for these tenants must be based on their incomes, though rents for their units could reset at 50% of AMI upon turnover. Developers also need to produce a Tenant Relocation Assistance Plan for any temporarily or permanently displaced tenants.

“Equivalent rental units” shall be defined as low-cost SRO units or any income-restricted housing affordable to households with incomes at 30% of AMI or less.

At the time of application for conversion of units, require applicants to produce a Tenant Relocation Assistance Plan spelling out tenant protections, benefits and required relocation payments for any temporarily or permanently displaced residents.

Other Resources

EXAMPLES*

[City and County of San Francisco - Residential Hotel Unit Conversion and Demolition Ordinance](#)

OTHER RESOURCES

[Metropolitan Transportation Commission - Preservation Policy 3: Single-Room Occupancy \(SRO\) Preservation](#)

**Note that examples have not been vetted for full TOC Compliance.*

Complementary Policies

TENANT OPPORTUNITY TO PURCHASE/COMMUNITY OPPORTUNITY TO PURCHASE: TOPA/COPA policies provide tenants or community organizations the first right to purchase a building when it is put up for sale, allowing them to acquire and maintain the property as affordable housing.

PUBLIC/COMMUNITY LAND TRUSTS: Public/Community Land Trusts can acquire affordable housing, create community ownership and ensure long-term affordability.

This document is intended to provide general information and does not constitute legal advice. Additional facts, facts specific to a particular situation, or future developments may affect the subjects discussed in this document. Seek the advice of your jurisdiction’s legal counsel before acting or relying upon this information. For specific questions regarding TOC compliance, please reach out to TOCpolicy@bayareametro.gov.