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## Real Estate

### Renting by the Room, Revived



GABRIELA HERMAN FOR THE NEW YORK TIMES

It's the return of the S.R.O., with a twist, as markets create new ways to counter rental prices that for many are out of reach.

BT KIM VELSEY

When Benny Ventura, a 25-year-old visual designer from Austin, Tex., moved to New York last September, he knew he would not be making enough to live alone, but he did not know anyone he could split an apartment with. Like countless other freshly minted New Yorkers, he set about looking for a room.

He found an apartment easily enough: a newly renovated three-bedroom in the Bushwick section of Brooklyn, with rent just shy of \$3,000 a month. But to move in, he needed to find two roommates within a month. Such situations have become so common that Nooklyn, the Brooklyn-based brokerage that Mr. Ventura found his

apartment through, has built a version of Match.com for roommates into its apartment-hunting app.

"It took almost the entire month," he said. "I think I met 15 people for coffee. It was like speed dating. I'd done shares before in Austin, but I knew all my roommates. I didn't have to scout for them."

While brokers have been urging budget-constrained renters to get roommates for decades, only recently have they started to take a more proactive role in the process, actively offering matching services or posting Craigslist ads for rooms in larger apartments. The practice is just one of many ways that New York City's rental market is moving toward a rent-by-the-room model — a response to the imbalance between New York's large single population and the prohibitively high cost of living

Marine Berardan, left, and Elesia McCray on the patio of their co-living building in Bushwick, Brooklyn, a property owned and managed by Node, a start-up company.





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Elesia McCray, left, and Marine Berardan in a communal lounge where they live in Brooklyn. Ms. Berardan said of her apartment: “I saw this and it felt like home right away. I was like, ‘Give me the papers!’”



KATE OWEN

Many co-living operators aim to create a lived-in look in their common spaces. At Node’s building on Eldert Street in Bushwick, Flavor Paper’s Brooklyn Toile wallpaper, old photos of Eldert Street and antiques fill the space.

alone, and, perhaps not coincidentally, a model that thrived in the last century.

Although only buildings zoned for single room occupancy, or S.R.O.s, can rent by the room, the market has increasingly found ways to legally — and not so legally — accommodate those seeking rooms rather than apartments. Alternatives range from relatively low-cost apartment shares, wherein brokers represent apartments with multiple bedrooms and help renters find roommates to bring the cost per person down to as low as \$650 a month, to luxurious, all-inclusive shared suites in co-living developments, where rooms are priced at as much as \$2,900 a month.

Shawn Hindes, a teacher who runs the brokerage TeacherSpace NY, said that even

teachers working at better-paying charter schools usually can’t afford a studio on their own. He keeps an Excel spreadsheet to help match renters with similar needs.

“The bad part is it makes them kind of transient, because how long can you live with three people?” he said. “About two years. Then I get a phone call, ‘Hey, me and this other person want to move out.’”

Ali Irwin, a fourth-grade teacher at a charter school in the South Bronx, found her first apartment, a two-bedroom in Yorkville, in Manhattan, through Mr. Hindes when she moved to New York five years ago. She lived with a teacher she had just met at Teach for America’s training institute, paying \$1,100 a month.

Two years and two roommates later, “I’d gotten a big fat raise and more responsibility at work and I decided, ‘I’m going to spend that money on rent,’” said Ms. Irwin, now 27, who moved on her own into a \$2,050-a-month one-bedroom on 74th Street and First Avenue.

She had some unexpected medical expenses recently and also ended up owing thousands in back taxes after her accountant misfiled a teaching grant. When she accepted an offer for her dream job as a program coordinator at the American Museum of Natural History, which will mean a \$20,000-a-year pay cut, it was almost a relief to realize she wouldn’t be able to keep the apartment.

“I’ve learned a lesson, though moving in with a roommate feels like a step down, to be honest,” said Ms. Irwin, who is looking for a two-bedroom to share with another teacher from her school. “But I have friends in their 30s who still live with roommates. In New York, it’s just a way of life.”

In April, the average price for a Manhattan studio was \$2,688 a month, according to the Douglas Elliman market report, and while studios can be found for roughly \$1,000 less in northern Manhattan and many parts of Brooklyn, that is still too high for many.

“The first question I ask people is, ‘Do you want roommates?’” said Harley Courts, a co-founder and chief executive of Nooklyn. “And they’re like, ‘No, I need them.’”

Mr. Courts, a native New Yorker who started working as a broker after his skateboarding company failed, quickly found he could move large apartments in Brooklyn that were languishing on the market by holding open houses with pizza and beer.

“The way people are living is transitioning,” he said. “Housing was built for two generations ago,” he added, when people married at younger ages and spent less time living on their own.

Mr. Court said he would love to see renting facilitated by room and not by apartment, but he thinks landlords, and the law, are a long way from accepting that.

In many ways, matchmaking brokers are reinventing a once popular, expansive housing concept in the city. “Boarding and rooming houses stretch back to the founding of the country,” said Alex Armlovich, a fellow at the Manhattan Institute, a policy research group.

Not only was renting by the room common, it also was not isolated to the low end of the market. There were middle-income and even some very high-end residential hotels, both transient and longer term. The Barbizon Hotel for Women, on East 63rd Street, for example, received landmark status largely because of residents who went on to become household names, including Grace Kelly, Liza Minnelli and Joan Didion. At the end of World War II, rooms-for-rent hit a peak with about 200,000 available units.

“That sort of semi-communal living has always been a feature of life in New York City, and there’s always been a market,” said Brian Sullivan, a senior staff lawyer with MFY Legal Services, which represents many S.R.O. tenants. “But through a combination of government effort and market forces, it has totally collapsed.”

At last official count, the city had some 35,000 S.R.O. units left, but researchers believe



there may now be as little as half that. While the number of such units swelled during the Great Depression, several factors led to their disappearance, among them the deinstitutionalization of the mentally ill, which flooded rooming houses with often-troubled tenants, driving out those with the means to live elsewhere. The shift led to bans on the creation of new S.R.O. units starting in the late 1950s and tax incentives to convert existing ones to traditional apartments. By the late 1980s, the city started to implement policies to preserve existing S.R.O. units, because their loss was strongly correlated to homelessness.

Sarah Watson, deputy director at the nonprofit Citizens Housing and Planning Council, noted that while S.R.O.s remain highly stigmatized, “there’s absolutely nothing wrong with the layout of an S.R.O.,” where residents have their own rooms but share bathrooms.

“The problem was management and money and a whole lot of people in poverty put together,” she said. “It wasn’t design. That’s what’s such a shame about it.”

Today, while brokers help renters at the low end of the market find one another to fill large apartments, co-living purveyors target the higher end, offering shared suites in new or newly renovated buildings with extensive shared amenities. Rooms often come with perks like weekly house-keeping, West Elm furnishings, roof decks and social coordinators to help residents acclimate to their neighborhoods.

Brad Hargreaves, the founder and chief executive of Common, a co-living operator, which now has six locations in New York, said that the company was “targeting the underserved middle-class market, people making \$40,000 to \$120,000 a year.”

Renters pay a premium for such attentions; most rooms exceed \$1,500. At Common’s Boerum Hill location, which opened this February, one room in a shared two-bedroom suite is going for \$2,900 a month.

“We’re not trying to reinvent how people live,” he said. “This is already the way people are living. We’re trying to create a more convenient, comfortable version of it.”

Such models can resemble a friendlier, hipper version of extended stay or executive housing aimed at those with some financial resources, but little local knowledge, or furniture.

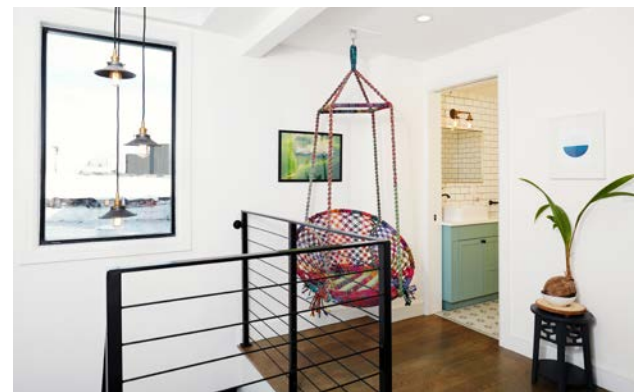
Dorothea Donelan-Avery, the co-founder of the co-living start-up Node, which opened its first New York City location in Bushwick in April, said that some professionals show up with just a few suitcases.

Marine Berardan, 25, had just arrived from France and was shuttling between Airbnbs when she found her room on a Facebook room-sharing page, posted by Elesia McCray, who is now her roommate. “I had just agreed to signing a lease somewhere that was not the best, but was the least worst I could find,” Ms. Berardan said. “But then I saw this and it felt like home right away. I was like, ‘Give me the papers!’”

Ms. McCray, 22, who had been living in a furnished one-bedroom in Murray Hill since starting a job at Bank-Mobile in January, found the apartment by Googling “fully-furnished apartments.”

Ms. Berardan and Ms. McCray, who pay \$1,300 and \$1,400 a month, moved in before finding a third roommate. (Node agreed to cover the rent on the other bedroom for a month.)

Ms. Watson said that while she could see the appeal of co-living models for recent arrivals, it was unfortunate that “selling the idea of people all eating around a recycled Brooklyn table rather than just offering well-designed shared housing” had become the driving force of such companies.



PHOTOGRAPHS BY KATE OWEN

Top, the roommates’ three-bedroom duplex came furnished and decorated. Middle, A chair from the designer Michele Varian’s shop hangs in an upstairs nook of the roommates’ apartment. Bottom, the kitchens at the Eldert Street building come with Smeg refrigerators — each apartment has a different color — and an assortment of dishes and glassware.

“The hope is that these aspirational models filter down through the housing market and show you can do this legally,” she said.

Certainly, the demand for renting by the room is there. Hiro Matsui, an agent at Citi Habitats, usually rents apartments in the \$3,000-and-up range, but this winter a landlord contacted him about renting an S.R.O. unit in a well-maintained Theater District building of mostly standard rentals. The room, Mr. Matsui recalled, had high ceilings, hardwood floors and a decent window, with a shared bathroom in the hall. Rent was \$800 a month.

“Basically the whole city was calling me,” Mr. Matsui said.

The first man who managed to hustle himself and his paperwork to a showing a few hours later declared he would

**‘Do you want roommates?’ A common response is: ‘No, I need them.’**





PHOTOGRAPHS BY GABRIELA HERMAN FOR THE NEW YORK TIMES

As newcomers to the city, Ms. McCray and Ms. Berardan both considered looking for an apartment on Craigslist, but found it too daunting. Below, the roof deck of Node's first New York City location, in Bushwick, Brooklyn.



KATE OWEN

take it within minutes of walking in the door. "He was like: 'I like it!' What do I have to do?" Mr. Matsui said. "It was off to the races."

Matthew and Seth Weissman, brothers who run Weissman Equities, are perhaps the only developers in the city who can speak to what a middle-class S.R.O. might look like. A few years ago, they bought a half-vacant 20-unit S.R.O. building in Harlem. As the vacancies were by floor, they decided to do standard renovations on the floors with existing tenants and gut renovations on the empty floors, installing kitchenettes, Murphy beds and other space-saving furniture. Rooms, which range from 180 to 280 square feet, rent for \$1,200 to \$1,600 a month, with all utilities included, and have

shared bathrooms in the hall, which are professionally cleaned twice a week.

"We've had basically no vacancy since the units came on line," Matthew Weissman said. "We don't have a lot of competition where our price point is. We get a lot of students, restaurant managers, nurses, waiters — people who are budget-conscious and need a well-kept, clean place."

Ms. Watson, of the citizens council, pointed out that it was clear from a quick Craigslist scan that "rooms have become their own market and that completely changes the value of the unit." Creating legal channels would not only protect tenants in that market, but it could also help create options more reflective of the overall needs of the city.

While the existing and emergent rent-by-room markets are overwhelmingly geared toward the young and newly arrived, the demand for such units is far more diverse.

Jim Georgiou, 59, moved to New York in 1996, wanting to start a record label that would help showcase jazz artists. He never started the company, but sold records and taught Qi-gong, making just enough to get by.

He was living in a loft on Chambers Street during Sept. 11, with his dog, Teddy. In the months that followed, he developed serious health problems — despite having never been a smoker, he now breathes with the deep wheeze of someone with a two-pack-a-day habit. He later moved into a \$1,600-a-month studio at the Chelsea Hotel.

He lived there for a decade, but when he was sick he would fall behind on his rent for months at a time. He was forced out not long after the Chelsea's manager, Stanley Bard, lost control of the building. Mr. Georgiou and Teddy ended up living on the street, sleeping on a ledge in the flower district and selling records on the corner of Seventh Avenue and 23rd Street.

He had been homeless for two years when someone from the neighborhood told him that a room where he lived, an S.R.O. on 20th Street, was opening up. "It was a miracle I got in," said Mr. Georgiou, who pays less than \$700 a month for a room with a shared bath in the hall.

While to some the distinction between a room in someone else's apartment and one in an S.R.O. might seem minor — a matter, perhaps, of 40 or 50 square feet — Mr. Georgiou argued that it was, in fact, a critical one: the difference between living alone, or living at the mercy of another person's moods and habits.

"At my age, to go into a house with someone else? And to have to be on eggshells all the time?" he asked. "No way. Right now I live in my own house."