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The Old New Way to Provide Cheap Housing

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Homelessness is an American tragedy, but it's not hopeless. In a recent column, I explored how Houston has become a national model by reducing homelessness by more than 60 percent.

One takeaway is that homelessness, above all, reflects a shortage of cheap housing. So I'm intrigued by an approach to providing such housing that's gaining ground around the country. It's an idea so old, it seems new: converting single-family houses to rooming houses.

Rooming houses, boardinghouses or single room occupancy (S.R.O.) hotels used to be ubiquitous. President Thomas Jefferson stayed in a boardinghouse for several months before moving into the White House. At the seedier end, S.R.O.s largely disappeared over the past half-century, partly because of zoning and economic development projects.

In Houston I dropped in on a home operated by PadSplit, a company that offers furnished bedrooms for working-class Americans. PadSplit, which is something like a long-term Airbnb for rooming houses, has housed 22,000 people so far and is growing fast.

The PadSplit model is to take a house that is near public transportation, convert the living room to a bedroom, put locks on each bedroom door and then rent out each room by the week. This typically means a shared bathroom and kitchen, and some tenants have complaints, but it's affordable for people who have few other options.

"It's reasonable!" said Gregory Walker, 46, a warehouse employee who takes home \$2,300 a month.

He pays \$150 a week, or a bit more than \$600 a month, for a furnished bedroom in the PadSplit I visited. He shares it with six others in a middle-class neighborhood. Utilities and Wi-Fi are included in the rent.

Previously, Walker was stuck in a "sleazy hotel," as he put it, for \$1,950 a month because he had a poor credit record that made it difficult to rent an apartment.

Rooming houses are quite different from the practice of young professionals having housemates in cities like New York and Boston. PadSplit rooms are often cheaper (partly because there aren't shared living areas), management is by a company rather than the residents, and payment is by the week to make it more workable for people living paycheck by paycheck. S.R.O.s were often squalid, but PadSplit is trying to elevate the experience.



Gregory Walker in front of his PadSplit home in Houston. Nicholas Kristof

PadSplit is the brainchild of an Atlanta real estate developer, Atticus LeBlanc, the company's chief executive. He studied architecture and urban studies at Yale but knew little of rooming houses. Then in 2009 he was renting out a home, and two men asked if they could rent individual rooms in it.

The men had only Social Security for income — \$685 per month for one man and \$735 for the other — and had been paying \$100 a week for rooms in a decrepit house with no heating or air conditioning, but that home had been foreclosed on, and they needed to find somewhere else to live.

LeBlanc realized that if he rented rooms out at \$100 a week, he could give people with low incomes comfortable accommodations and increase his income from the house.

"This was mind-blowing," LeBlanc told me.

He entered a competition for ideas to provide affordable housing and won foundation funding that allowed him to start PadSplit in 2017. It's a public benefit corporation, meaning that it is for profit but also aims to advance a social purpose.

Now operating in 18 cities, PadSplit provides an online platform for low-income workers to find furnished rooms offered by landlords. Sometimes the landlords rent out the entire house, room by room; others rent out just a room or two. PadSplit renters have an average age of 35 and earn a median of \$30,000 per year.

The S.R.O. model addresses a mismatch between our housing stock and household size. Some 28 percent of American households consist of a single person living alone, yet fewer than 1 percent of housing units are studios. Many large houses can be used much more efficiently if they're converted to rooming houses.

PadSplit hasn't received direct public subsidies, and the model has room to scale up; census data suggests that there are tens of millions of bedrooms in America that no one sleeps in. This can provide low-cost housing more quickly and cheaply than public efforts to build housing: San Francisco has built some housing units for people who are homeless for more than \$1 million each.

There's no one answer to America's housing crisis, but I'd like to see local governments experiment by rewarding landlords for creating basement flats, taking in boarders or creating rooming houses. A major impediment is local zoning regulations, which sometimes limit how many unrelated people can live together in a house.

I'm sure some readers will see this model as exploitative and think that people should have the right to their own home. Yes, that would be nice, but that sentiment doesn't actually get anyone housed. And while sharing a bathroom and kitchen isn't ideal, it's so much better than living in a car.

Millions of Americans working as teachers, firefighters or factory workers simply can't afford to rent apartments, or credit problems mean they can't get approved to rent. PadSplit takes people with eviction histories or weak credit but still makes it work with modern real estate management practices: It claims a 97.5 percent collection rate.

All this is a reminder that we used to have solutions to homelessness — like S.R.O.s — that we mostly eliminated half a century ago. This was a catastrophe of good intentions: We aimed to improve housing and neighborhoods and instead we got people sleeping in cars and on sidewalks.

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