

How a Hotel Was Converted into Housing for Formerly Homeless People

Though Mayor Eric Adams estimated that 25,000 hotel rooms could be turned into supportive and affordable housing, only one building has been converted so far. And it was in the works before the plan.



By Stefanos Chen

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8 MIN READ

George Karatzidis stood in his new high-rise studio apartment overlooking the city skyline and spread his arms wide.

“This is why I’m alive,” he said, pointing to a spartan metal bed frame with a mattress wrapped in a gray sheet.

Mr. Karatzidis, 41, is one of the first residents of the 30-story renovated tower in Dumbo, Brooklyn, one of the richest neighborhoods in the city. Before November, he was homeless.

His building — with nearly 500 units, a gym, computer lab, bike room and a rooftop terrace with panoramic views of Manhattan and the East River — is one of the nation’s largest supportive housing developments. In supportive housing, formerly homeless tenants get permanent housing and access to on-site mental health and support services.

Once a hotel for Jehovah’s Witnesses, the converted building on Sands Street will have 305 formerly homeless tenants, who pay no more than 30 percent of their income, which often includes social security and other entitlements. Another 185 rent-restricted tenants will pay between \$537 and \$2,132 a month for studio and one-bedroom apartments. So far, more than 160 tenants have moved in. The median rent in the neighborhood is nearly \$5,800 a month, according to StreetEasy.

The most unusual thing about the project is that it happened at all: The former Jehovah’s Witness hotel is the only hotel that has been converted into supportive housing in the city since the start of the pandemic, though Mayor Eric Adams estimated last year that 25,000 hotel rooms could be transformed into supportive and affordable units. Plans to convert the building started before the pandemic and before Mr. Adams was elected.

Zoning restrictions and regulations, as well as opposition from a major hotel and gaming union, have blocked similar projects across the city, land-use consultants and affordable housing developers said.



George Karatzidis, who has been homeless since 2009, moved into a studio apartment in November. “It’s like I’m reborn,” he said about the opportunity to have a place of his own. Clark Hodgkin for The New York Times

The need is urgent. An estimated 68,358 people were homeless in New York City when an annual survey was done in 2021, according to the U.S. Department of Housing and Urban Development. Several advocacy groups for people experiencing homelessness consider the figure an undercount. In November, the mayor authorized the involuntary hospitalization of homeless people with severe mental illness, to address growing concern about violent street crime.

During the height of the pandemic's economic disruption, in late January 2021, at least 13,440 homeless single adults slept in hotel beds that were converted to temporary shelters, according to city data analyzed by the Coalition for the Homeless. Earlier this month, the number of hotel beds used fell to roughly 4,560, but homelessness citywide is at a record high, said Jacquelyn Simone, the group's policy director.

"We're at the highest number of homeless people in New York City since the dawn of modern homelessness in the late 1970s," said Craig Hughes, a senior social worker at the Urban Justice Center, a nonprofit law firm for the indigent.

A growing majority of affordable housing groups and social service providers say stable housing is fundamental to not only reducing street homelessness, but also critical in the city's approach to mental health care.

The Times spoke with affordable housing experts, developers and residents of 90 Sands to explain the model's appeal and the challenges it faces.

How It Works

In essence, supportive housing is rent-stabilized, affordable housing, with voluntary, on-site services designed for formerly homeless tenants. Proponents of the model believe residents should be persuaded, not forced, to accept social services.

"This is not an institution," said Brenda Rosen, the president and chief executive of Breaking Ground, the developer of 90 Sands. "This is an apartment building with a lease and a key."

There are several public agencies involved in supportive housing and units can have different criteria, but qualified applicants generally have serious mental illness, substance abuse issues or both. Even so, supportive housing is less expensive than operating temporary shelters, said Eric Rosenbaum, the president and chief executive of Project Renewal, a homeless services group. It cost Project Renewal almost \$52,000 last year to keep a single adult in a shelter, but only about \$26,000 for an individual in supportive housing, he said.

The city has around 35,000 supportive housing units, most of which are in Manhattan and the Bronx, said Pascale Leone, the executive director of the Supportive Housing Network of New York. In 2016, the city and state committed to creating another 35,000 units statewide over 15 years. But demand far exceeds supply: Only one in five qualified applicants will find an available unit, she said.

For Mr. Karatzidis, who has been homeless since 2009, the year his father died, his studio apartment has been life changing.

"It's like I'm reborn," he said, still in the process of unpacking belongings that once stretched several yards across a city sidewalk — discarded electronics that he has found and repaired; a small teddy bear collection; a Greek Orthodox icon of St. George slaying a dragon. He keeps a storage locker for many of his items in Astoria, Queens, where he grew up, and still attends church there every weekend.



Mr. Karatzidis has begun to decorate his studio with his personal effects, gathered over years of living in shelters. He is a hobbyist tinkerer, who attends church every weekend in Astoria, Queens. Clark Hodgkin for The New York Times

Mr. Karatzidis, who said he has obsessive compulsive disorder and other challenges, at first felt overwhelmed by the freedom of his new home, because he no longer had to worry about his safety, or where he would sleep at night. It is a common refrain among shelter residents whose lives are circumscribed by curfews and other restrictions.

But his odds of success are high, according to Breaking Ground's tenancy records. Over 98 percent of the nonprofit's supportive housing tenants were still living in their apartment after one year, Ms. Rosen said. And at two of their older supportive housing projects — former hotels in Manhattan converted in the 1990s — the average length of tenancy is over 12 years.

Challenges

Turning the hotel in Brooklyn into supportive housing almost didn't happen.

In 2015, a group of investors, including Ian Schrager, the Studio 54 co-founder, planned to renovate the Jehovah's Witness tower into a luxury hotel. But a glut of other hotel development sidelined the project, allowing Breaking Ground to buy the property from the owner, RFR Realty, for \$170 million in 2018.

The deal was only possible because of a tangle of public and private funding sources, including selling the unused development rights above another of Breaking Ground's supportive housing projects in Manhattan for \$6.7 million — a bargaining chip few other nonprofits have. The existing hotel also had plumbing and other infrastructure that was conducive to conversion.

Other projects did not pan out. Plans to buy and convert another aging hotel, the Paramount in Midtown, failed because Breaking Ground could not reach a deal with the hotel's union, whose approval was required to close the deal, Ms. Rosen said. The site, which could have had more than 500 supportive and affordable housing units, would have been a "game changer," she said, because of its central location and nearby transit.

The disconnect between where supportive housing is most needed, and where conversions are possible, is a problem for the industry. While much of the opportunity to convert large hotels into housing is in Manhattan, the mayor's office has emphasized development in the other boroughs, where many are unsuitable for conversion under current zoning and building code regulations, according to an industry report by the New York University Furman Center. The mayor announced a plan on Thursday to streamline rules that slow down residential building, and signaled earlier this year that he will ease zoning restrictions to encourage more supportive housing development.

For Lina Gilmartin, a disabled woman with schizo-affective disorder, who grew up in Westchester, one of the few complaints she has about her apartment is the long commute to her psychiatrist in Upper Manhattan. Ms. Gilmartin said she pays for an access-a-ride once a month to visit doctors in Harlem, but would go more often if she lived closer. Given the choice, she said she would rather live in Long Island City, Queens, where her last shelter was located, because it's familiar and the area feels more like a neighborhood.



Lina Gilmartin in her new studio apartment at 90 Sands. Brittainy Newman for The New York Times



Ms. Gilmartin, a transgender woman, could not express herself as freely in shelter, where there were limits on decoration. "It's nice to be independent," she said. Brittainy Newman for The New York Times

Who Gets an Apartment?

Another problem that plagues the industry is matching people to available units. David, who lived in the Bronx but requested not to use his last name for privacy concerns, said he was homeless for six years and spent nearly as long applying for supportive housing, before being selected for 90 Sands.

He said he became homeless after a difficult divorce, and was living in a shelter while working on and off as an administrative assistant at legal and investment banking firms, then at a restaurant in Midtown.

The application process for supportive housing is overly bureaucratic and opaque, said Mr. Hughes, the senior social worker at the Urban Justice Center.

"It's not just a question of needing more supportive housing," he said. "It is as much a question of fairness and equity, and who gets into supportive housing."

Mr. Hughes has criticized supportive housing providers for "creaming," or selectively screening applicants who require the least services, leaving many others to restart the arduous review process. The selection criteria can also vary from one unit to another, further creating a bottleneck.

A spokeswoman for Breaking Ground said the group has "long focused on the most vulnerable people," and that they work to "screen people *into* services and housing, not out."

Last month, nearly 2,600 supportive housing units were vacant, despite surging demand, according to city data obtained by the Safety Net Project of the Urban Justice Center.

The city has tried to ease the backlog with a pilot program that will move 80 formerly homeless New Yorkers off the streets and into apartments sooner, by cutting some red tape. But the scope of the effort remains small, despite ample evidence that the approach works, said Ms. Simone, the policy director at the Coalition for the Homeless.

New Neighbors

In addition to formerly homeless tenants, nearly 40 percent of residents at 90 Sands will be low- and moderate-income renters who applied through an affordable-housing lottery.

Candice Greene, 26, a video producer for a consumer tech website, moved into a \$1,706 one-bedroom apartment on a high floor of the building in October.



Candice Greene, 26, was selected for a one-bedroom apartment at 90 Sands through an affordable housing lottery. Clark Hodgkin for The New York Times

“It was just a sigh of relief,” said Ms. Greene, who moved from Roebuck, S.C., for her job, and was living with nine roommates in a co-living space in Clinton Hill, when she got the call.

She was luckier than she realized. There were more than 61,000 applications for just 185 units, according to Breaking Ground. Apartments were reserved for individuals making between roughly \$28,000 and \$121,000 a year, but most units were pegged to renters making up to 100 percent of the area median income, or about \$93,400 for a single person.

When she realized the apartment was in a supportive housing development, she admits she had trepidations.

“Because there’s so much stigma around mental illness and people who were homeless, there’s this kind of thing on your mind of ‘Do I really want to do this? Will I be safe?’”

But Ms. Greene said those worries were unfounded, after speaking with staff and other residents. “I just feel lucky to live in a really nice area, with beautiful views, in a clean, affordable apartment in New York,” she said. “I’m not thinking about it being supportive.”

For Keith Mosby, 59, who spent two years in a shelter, and several more living on the streets, the apartment has also meant finding a new community.

After struggling with heroin addiction, he now attends group counseling sessions five days a week at a substance abuse recovery center in Midtown, and regularly meets with friends who are dealing with similar struggles.



Keith Mosby, 59, recently moved into a supportive housing unit at 90 Sands, where he is already making friends with others in the building. Stefanos Chen/The New York Times

“I’m tired of surviving,” he said from his studio apartment. “I’m trying to live.”

He said he was looking forward to a reunion with his three adult children, and cooking a family meal on his new stovetop. As he walked out of the building on a recent afternoon he ran into a familiar face: a tenant who attends the same group counseling sessions.

They shook hands and the man asked if Mr. Mosby could buy him some eggs from a local store. Mr. Mosby obliged and smiled. “I’ll see you at dinner!”

