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Renters and Rental Market Crisis Working Group





Short-term Costs of Projected COVID-19 Evictions and Homelessness

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The COVID crisis has a waterfall of effects . . .

Tenants lose their income and cannot pay rent



Property Owners/Landlords can't cover operating costs and pay lenders, city services and taxes



Landlords evict tenants

This waterfall is happening in the context of **people** (tenants, landlords)



This waterfall is happening in the context of **local systems** (homeless assistance, public services, municipal budgets)



Costs accrued as result of waterfall

Tenants cannot pay rent and are evicted

Tenants lose belongings and income

Landlords must pay fees to serve eviction

Costs of homelessness for subset of those evicted

Costs of disruptions to education of children

Landlords accrue lost rent and damages

Cost of police time to enforce homeless ordinances

Increased involvement in the criminal justice system

Property Owners/Landlords struggle to pay utilities and property taxes

Cost of sheltered and unsheltered people

Cost to rehouse people

Cities lose income at a time of increased demand for public services

The COVID crisis has a waterfall of effects ...

Tenants cannot pay rent and are evicted

Tenants lose belongings and income

Landlords must pay fees to serve eviction

Shaded boxes are the short-term costs of the eviction waterfall

Costs of homelessness for subset of those evicted

Costs of disruptions to education of children

Landlords accrue lost rent and damages

Cost of police time to enforce homeless ordinances

Costs to public systems, including health, child welfare, and criminal legal

Property Owners/Landlords struggle to pay utilities and property taxes

Cost of managing unsheltered homelessness

Costs to rehouse people

Cities lose income at a time of increased demand for public services

**Projected Evictions:
2.4 – 5 Million Households**

Cost to Landlords

- Evictions are costly to landlords who must pay for court filing fees, lawyer fees, and cleaning and repairs.
- Landlords also have the potential to lose several months of rent.

	Per Eviction Cost	2.4 M evicted	5 M evicted
Cost to Serve Eviction	\$626 - \$1,098	\$1.5 - \$2.6 B	\$ 3.1 – \$5.5 B
Cost of Repairs	\$1,650 - \$8,900	\$4 - \$21.4 B	\$8.3 - \$44.5 B
Cost of Lost Rent	\$266 - \$3,000	\$638 M - \$7.2 B	\$1.3 - \$15 B
Total	\$2,542 - \$12,998	\$6.1 - \$31.2 B	\$12.7 - \$65 B

1. “How Much Does it Cost to Evict a Tenant?,” William Mazur, Accessed September 22, 2020. <http://williammazurlaw.com/flat-fee-services/practice-itemtenant-evictions/how-much-does-it-cost-to-evict-a-tenant/>.
2. Lucas Hall, “The True Cost of Eviction Is More Than \$5,000.” Landlordology, December 3, 2019. <https://www.landlordology.com/cost-to-evict-a-tenant/>.
3. “Facing Eviction: Homelessness Prevention for Low-Income Tenant Households.” Federal Reserve Bank of Boston, December 1, 2014. <https://www.bostonfed.org/publications/communities-and-banking/2015/winter/facing-eviction-homelessness-prevention-for-low-income-tenant-households.aspx>.

NOTE: These are cost estimates for only those who are expected to be at immediate risk of eviction in January and would be accrued in quarters 1-3 of 2021. It does not account for people who may become at-risk and evicted in the following months.

NOTE: Costs are for the span of the entire eviction process, which can last from two weeks to three or more months depending on the type of property and state. High estimate of lost rent is based on 3 months of lost rent.

Cost to Tenants

- Evictions have wide-ranging negative impacts on tenants, including their financial well-being.
 - Costs to tenants include lost earnings and increased debts.

	Per Eviction Cost	2.4 M evicted	5 M evicted
Increased Debts	\$1,200	\$2.9 B	\$6 B
Lost Earnings	\$1,500	\$3.6 B	\$7.5 B
Total	\$1,700	\$6.5 B	\$13.5 B

1. Humphries, John Eric, Nicholas Mader, Daniel Tannenbaum, and Winnie Van Dijk. "Does Eviction Cause Poverty? Quasi-Experimental Evidence from Cook County, IL," 2019. <https://doi.org/10.3386/w26139>.
2. Collinson, Robert, and David Reed, "The Effects of Evictions on Low-Income Households," December, 2018, https://www.law.nyu.edu/sites/default/files/upload_documents/evictions_collinson_reed.pdf

NOTE: These are cost estimates for only those who are expected to be at immediate risk of eviction in January and would be accrued in quarters 1-3 of 2021. It does not account for people who may become at-risk and evicted in the following months.
NOTE: Financial costs for the tenant shown here are estimates for that accrued during 1-2 years after the eviction filing. It is not clear when these financial changes occur in that 1-2 year period.

Homelessness

Not everyone who is evicted becomes homeless, but...

National Estimates of Increases

250,000 people to 1.25 million households

And, the homeless assistance system has diminished capacity...

Estimated Losses of Congregate Shelter in Communities

40 – 50%

¹ <https://community.solutions/analysis-on-unemployment-projects-40-45-increase-in-homelessness-this-year/>

²

Cost of pre-pandemic homelessness episode

- Costs associated with first-time homelessness are unique from chronic homelessness and how they use homeless and mainstream service
- Costs accrue primarily to the homeless assistance system:
 - \$1,634 to \$2,308 for people experiencing homelessness as individuals
 - \$3,184 to \$20,031 for families experiencing homelessness
- Minimal use of other systems during homelessness episode

**Projected
National Cost**
\$409 M – \$25 B

1. Khadduri, Jill, Josh Leopold, Brian Sokol, and Brooke Spellman. "Costs Associated with First-Time Homelessness for Families and Individuals." *SSRN Electronic Journal*, 2010. <https://doi.org/10.2139/ssrn.1581492>.

*The average first-time homelessness stay for an individual is 56 days

Costs of large-scale unsheltered homelessness

- Communities would be required to create large sanctioned encampment sites—this is already starting—or manage large scale unsheltered homelessness with households in cars and tents.
- Cost estimates from sanctioned encampments and encampment management range greatly and are not well documented. Some include:
 - Seattle sanctioned encampment: approximately \$193 per person per month
 - Denver ordinance enforcement: estimated \$93 per person per month

**Projected 6-month
National Cost**

\$140 M - \$1.5B

<https://www.urban.org/sites/default/files/publication/103301/unsheltered-homelessness.pdf>

Costs to re-house everyone who potentially becomes homeless

- The goal is for everyone who enters homelessness to exit as soon as possible
- Community-based rapid rehousing is an important tool for accomplishing this.
 - One month of rapid re-housing assistance for one family household is approximately \$880
 - Providing rapid re-housing to everyone currently experiencing homelessness for 6 months would cost approximately \$3B

**Projected National
Cost**

\$1.3 - \$6.6 B

1. "The Family Options Study: HUD USER." The Family Options Study . U.S. Department of Housing and Urban Development , 2016. https://www.huduser.gov/portal/family_options_study.html.