THE RETURN ON INVESTMENT OF PANDEMIC RENTAL ASSISTANCE: MODELING A RARE WIN-WIN-WIN*

SAM GILMAN**

ABSTRACT

We are facing an eviction crisis. The COVID-19 pandemic has sent our economy into a tailspin, forcing countless Americans to choose between feeding their families or having a roof over their heads. Many low-income people, especially low-income people of color, are facing an unprecedented economic crisis with tremendous rates of wage reductions and job loss. This has resulted in millions of Americans being unable to pay their full rents, creating the legal grounds for their landlords to evict them.[1] Scholars, policymakers, and advocates have increasingly focused on a number of solutions to the eviction crisis (including eviction moratoria and rental assistance), concluding that these solutions can stabilize households, especially when combined. Yet, a counter narrative almost always offers that investing in national rental assistance programs will be expensive. Indeed, advocates have estimated that more than $100 billion in funding may be needed.[2] However, few analysts have emphasized the financial costs of inaction. This Article aims to fill that gap by estimating the Return on Investment ("ROI") of pandemic-related rental assistance programs by

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 This Article requires an enormous number of thank yous to the village of people who contributed. I owe deep gratitude to Jac Woo. She painstakingly checked my eviction risk model. She provided heroic efforts to strengthen the model, account for differentials in job and wage losses, and help evaluate rental debt shortfalls. She also helped me problem solve the cost-benefit analysis model. I also owe huge thank yous to Steven Andrew Reid and Sam Shaffer for respectively providing help on critical components of this model. Thanks to Zach Neumann and the rest of the COVID-19 Eviction Defense Project team for the push to continue to produce research to shape the response. Neil Steinkamp inspired me to take on this project and has helped me shape and frame this analysis from the macro to the micro in weekly check-ins since the beginning of the project. Mark Fagan created an opportunity for me to work on this project through an independent study at the Harvard Kennedy School and has guided my writing process. Thank you to Nicole Summers for giving the piece a critical read. Thank you to Nicole Summers, Esme Caramello, and Eloise Lawrence for teaching me housing law and informing the essential eviction framing. Finally, I am grateful to the Indiana Health Law Review and its editors for their thoughtful edits and endless patience.

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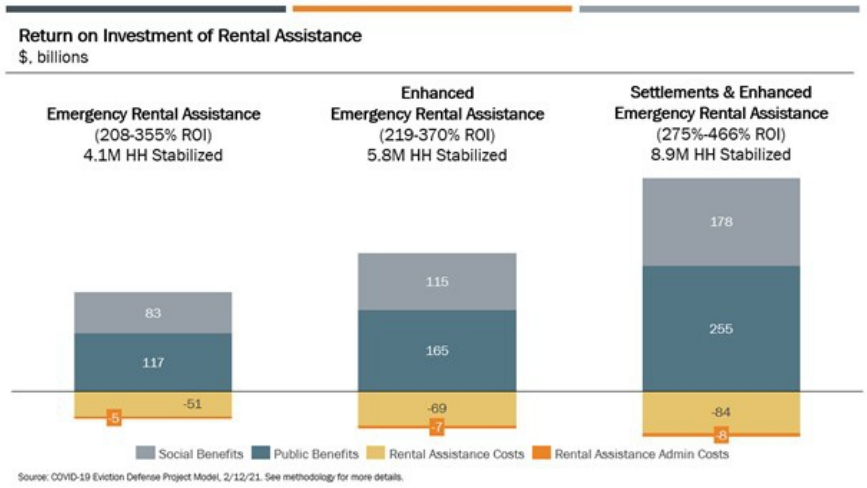
1. *Tabulations of Week 20 of the Household Pulse Survey*, COVID-19 EVICTION DEF. PROJECT (Dec. 16, 2020), https://cedproject.org/2020/12/18/tabulations-of-week-20-of-hh-pulse-survey/ [https://perma.cc/NLU3-VSM3].

2. ANDREW AURAND ET AL., NAT'L LOW INCOME HOUS. COAL., NLIHC RESEARCH NOTE: EMERGENCY RENTAL ASSISTANCE NEEDS FOR WORKERS STRUGGLING DUE TO COVID-19 3 (2020), https://nlihc.org/sites/default/files/Emergency-Rental-Assistance-Needs-for-Workers-Struggling-due-to-COVID-19.pdf [https://perma.cc/JHP3-YLV6].

comparing the costs of rental assistance with the social costs of homelessness and displacement. As seen in Figure 1, **and using end-of-2020 source data, this Article estimates that pandemic rental assistance has a positive ROI of between 208-466%**. These ROI values point to the conclusion that failing to invest in rental assistance will cost dramatically more than making the investment now. The ROI analysis finds that rental assistance stabilizes both tenants and landlords, preserves neighborhoods, and protects government budgets over the long-term. More broadly, the returns on rental assistance argue for a re-imagination of the eviction system. The conclusion that the estimated benefits of rental assistance eclipse the estimated costs of providing the funds by three or four times suggests that rental assistance should supplant eviction as the social remedy for the inability to pay rent. With an investment of rental assistance, non-payment evictions can forever remain "non-essential" evictions. In short, keeping people in their homes during this pandemic and beyond is not only the right thing to, but it is economically the smart thing to do.

Figure 1



I. INTRODUCTION

A. Background: A Financial Crises Triggers and Eviction Crisis

The COVID-19 pandemic has sparked one of the most severe human and economic crises of our lifetime. Ten months into the pandemic, the United States economy had ten million fewer jobs—a level surpassing that of the Great Recession.[3] The pandemic's affect has demonstrated the harsh economic reality

3. Jared Bernstein & Heather Boushey, *The Employment Situation in January*, WHITE HOUSE (Feb. 5, 2021), https://www.whitehouse.gov/briefing-room/blog/2021/02/05/the-

facing low-income households who have unemployment rates nearing 20%.[4] Black and brown people have been affected financially at significantly higher rates than white people, exacerbating a climate of income inequality.[5] And while many men have returned to work, women – and primarily women of color – have not.[6]

These economic conditions have triggered a housing crisis of historic portions, on top of a preexisting housing crisis.[7] Tens of millions of Americans are now at risk of eviction and displacement. As of mid-December, nearly nineteen million individuals lived in households behind on rent and arrearages are accumulating with each passing month.[8]

Missing a single rent payment in America, particularly during a global pandemic, can trigger a property owner's right to evict non-paying renters from their homes. In general, if someone gets sick, their car breaks down, or their employer closes their doors, they risk losing their home. This creates a financial spiral that can result in a swift eviction and descent into poverty and homelessness. As Matthew Desmond writes: an eviction is not merely a consequence of poverty – it is often a cause of poverty.[9] Evictions have been linked to job loss, difficulty finding future housing, homelessness, chronic illness, poor learning outcomes, generational poverty, diseases of despair, and now death by COVID-19.[10]

It is not just the tenants who lose when they miss rent. Landlords experience steep financial losses – more so during the pandemic. According to the National Apartment Association, landlords who rent affordable housing often collect less than 10% of rental debts.[11] And in the end, government pays for many of the

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employment-situation-in-January/ [https://perma.cc/ZW9R-B8R6].

4. *See* Raj Chetty et al., *The Economic Impacts of COVID-19: Evidence from a New Public Database Using Private Sector Data* 3, 25 (Nat'l Bureau of Econ. Research, Working Paper No. 27,431).

5. Bernstein & Boushey, *supra* note 3.

6. Claire Ewing-Nelson, *Another 275,000 Women Left the Labor Force in January*, NAT'L WOMEN'S L. CTR. (Feb. 2021), https://nwlc.org/wp-content/uploads/2021/02/January-Jobs-Day-FS.pdf [https://perma.cc/SA24-ELVE].

7. *See infra* Part II.B.

8. *See Week 21 Household Pulse Survey: December 9 – December 21*, U.S. CENSUS BUREAU, https://www.census.gov/data/tables/2020/demo/hhp/hhp21.html [https://perma.cc/F6G6-YKQC] (last updated Jan. 5, 2021).

9. *See, e.g.*, MATTHEW DESMOND, EVICTED: POVERTY AND PROFIT IN THE AMERICAN CITY (2016).

10. *See infra* Part III (discussing the various financial and physical health consequences of an eviction); *see also infra* Part VII.E (detailing the research into health and welfare consequences of shelter-based homelessness and non-shelter-based displacement).

11. *Multifamily Debt Collections: Best Practices for Owners and Managers*, NAT'L APARTMENT ASS'N (Sept. 2019), https://www.naahq.org/news-publications/units/september-2019/article/multifamily-debt-collections-best-practices [https://perma.cc/GG38-6H4V].

downstream consequences of eviction, including housing and services for the unhoused, health care for low-income individuals, unemployment benefits, foster care for children whose parents do not have a safe home, foreclosure when a landlord cannot sustain their home, and many other costs.

B. Asking the Financial Question

By January 2021, Americans had accrued an estimated $24-$57 billion in rental and utility debts.[12] By June, those debts are estimated to climb to approximately $45-60 billion, accounting for federal rental assistance alone.[13] By the end of the year, shortfalls for rental assistance could reach over $120 billion.

From a human perspective, it is clear that a rental assistance program that pays peoples' rents and avoids eviction would be worth the investment, warding off the life-altering and life-threatening consequences of displacement, eviction, and homelessness. It would also make landlords whole or close to it.

But from a financial perspective, the question is: how much would a rental assistance safety net cost? And would it pay for itself? If the answer to the latter question is yes, advocates can make a compelling case for a comprehensive eviction prevention and rental assistance program that ensures no household is evicted for non-payment of rent or without "good" or "just" cause during the pandemic and recovery.[14] Under this regime, we can retain the standard identified in Massachusetts' eviction moratorium, defining "non-payment of rent," no-fault evictions, and for cause evictions that do not threaten health and safety as "non-essential eviction[s]."[15]

This Article was motivated by an effort to answer that financial question. It provides a directional estimated ROI for three rental assistance programs. It evaluates: (1) a program structured similarly to the Emergency Rental Assistance Program in the Consolidated Appropriations Act; (2) a more expansive federal rental assistance program; and (3) the expansive program including partial rental debt settlements.

C. Methodology

This Article presents a directional cost-benefit analysis that estimates the social value of each dollar invested in rental assistance, closely mirroring the methodology of Stout Risius Ross's ("Stout") cost-benefit-analyses of right-to-counsel efforts in New York, Baltimore, Los Angeles, and Philadelphia.[16] In each

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12. *See infra* Part II.C (referencing three estimates for rental debts, including Moody's Analytics; Stout Risius Ross; and this model from the COVID-19 Eviction Defense Project).

13. *See id.*

14. "Just Cause" statutes limit the grounds upon which landlords can evict tenants, often including property damage, major lease violations, and non-payment. *See, e.g.,* N.J. STAT. ANN. § 2A:18-61.1 (West 2021); D.C. CODE § 42-3505.01 (2021).

15. *See* 2020 Mass. Acts 65.

16. *See generally* STOUT RISIUS ROSS, INC., THE FINANCIAL COST AND BENEFITS OF ESTABLISHING A RIGHT TO COUNSEL IN EVICTION PROCEEDINGS UNDER INTRO 214-A (2016),

geography, these studies evaluate the relative benefits of right-to-counsel programs, meaning a right to legal representation in eviction cases.[17]

Following the Stout approach, this Article estimates the number of formal and informal evictions reduced by rental assistance programs. For each modeled program, it multiplied these estimates of eviction risk by (a) the estimated per-individual cost of the rental assistance program and (b) compared these costs to those that government and society would not pay due to the avoided eviction. This cost-benefit analysis establishes a directional quantified ROI that includes estimates of the public costs and social costs that are avoided due to the intervention. Public costs are those that governments pay as a result of eviction. Social cost estimates supplement public costs with additional private costs that accrue to society. For example, the total social cost includes the public costs as well as broader neighborhood, landlord, and employment costs.

It is worth noting that the ROI modeling has several important limitations. First, the analysis is built-off of estimates of displacement risk and economic recovery during the pandemic where there are few good data sources and even fewer historical analogs. Second, the model uses data from a period in which limited financial assistance was available to struggling families, but it does not take into account the interaction between rental assistance and other interventions like cash payments. Third, this analysis is severely limited by insufficient data on the outcomes of eviction and displacement. It, therefore, is likely to understate the costs avoided by evictions that did not happen. Fourth, fifty-state data is subject to enormous national variability and fluctuations in weekly Household Pulse Survey data.[18]

These limitations point to the need for future experimental and empirical research on the impacts of rental assistance. Future studies should apply experimental methods to understand the effects of rental assistance on eviction, displacement, shelter use, rehousing, and all of the costs associated with each of those outcomes in different geographies. This Article aims to provide an outline

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https://cdn2.hubspot.net/hubfs/4408380/PDF/Cost-Benefit-Impact-Studies/SRR%20Report%20-%20Eviction%20Right%20to%20Counsel%20%203%2016%2016.pdf [https://perma.cc/456D-4GLH].

17. *See generally id.* The authors estimate the ROI of the right-to-counsel in each respective city by comparing the costs of the program with the public costs avoided due to incremental reductions in evictions. These studies have three primary building blocks: (1) the number of evictions reduced by legal representation, which sets the multiplier, (2) the all-in costs of providing attorneys, and (3) the public costs avoided from reducing evictions. Social benefit measures are calculated by estimating the cost of a given intervention and accounting only for the portion of the costs avoided that can be attributable to the intervention according to academic studies.

18. It is further limited in a number of instances where no fifty-state analysis exists. For example, in some cities and states, the convention is for renters seeking new housing to have to pay first-months, last-months and security deposit. In others, renters must only pay first months' rent and security deposit. This type of variability could not be accounted for. Conservative assumptions were chosen to limit the risk of overestimate.

of the scope of such an analysis and makes the case that experimental data on the role of rental assistance is essential to making the definitive case that rental assistance programs are high-ROI interventions.

D. Roadmap

The remainder of this Article consists of six parts. Part II quantifies the eviction and rental debt crisis, synthesizing available research and presenting new numbers from the Aspen Institute-CEDP Eviction Risk Model. Part III outlines the consequences of evictions for renters, landlords, and the broader housing market. Part IV details the proposed solutions to the housing crisis, including eviction moratoria and rental assistance. Part V presents the quantified ROI analysis for federal rental assistance. Part VI sets forth a reimagination of the eviction-industrial complex. It posits that housing stabilization through rental assistance should supplant eviction as the primary social remedy for non-payment of rent. While landlords should retain the right to evict for "just cause" and even chronic non-payment of rent (where rental assistance cannot sustain the tenancy), this research suggests that all parties would be better off with a strengthened housing safety net. Such policies would more appropriately balance tenants' right to housing and landlords' ability to earn income from their properties. Part VII presents a detailed methodological appendix.

II. QUANTIFYING THE EVICTION AND RENTAL DEBT CRISIS

A. Background: Preexisting Housing Crisis

The COVID-19 virus attacked an American rental economy that was already enduring a deep housing affordability crisis. Nearly half of American renters were cost burdened, paying more than 30% of their incomes on rent in 2019.[19] A quarter of renters were severely cost burdened, paying more than 50% of their incomes on rent.[20] More than half a million Americans experienced homelessness—either living on the streets or in emergency shelters.[21] According to the National Low Income Housing Coalition's *Out of Reach* report, "modest rental housing is out of reach for every worker in the bottom half of the wage distribution."[22] It also has a disproportionate effect on renters of color.[23]

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19. JOINT CTR. FOR HOUS. STUDIES OF HARVARD UNIV., AMERICA'S RENTAL HOUSING 2020, at 5 (2020), https://www.jchs.harvard.edu/sites/default/files/Harvard_JCHS_Americas_Rental_Housing_2020.pdf [https://perma.cc/8FEB-LPDX]

20. *Id.*

21. *See* U.S. DEP'T. OF HOUS. & URBAN DEV., THE 2019 ANNUAL HOMELESS ASSESSMENT REPORT (AHAR) TO CONGRESS PART 1: POINT-IN-TIME ESTIMATES OF HOMELESSNESS 8 (2020), https://www.huduser.gov/portal/sites/default/files/pdf/2019-AHAR-Part-1.pdf [https://perma.cc/HTY2-42DW].

22. ANDREW AURAND ET AL., OUT OF REACH: THE HIGH COST OF HOUSING 5 (2020), https://reports.nlihc.org/sites/default/files/oor/OOR_2020.pdf [https://perma.cc/G4MU-DXHU].

23. Chester Hartman & David Robinson, *Evictions: The Hidden Housing Problem*, 14

According to 2020 research by the Massachusetts Institute of Technology and City Life/Vida Urbana, 70% of Boston's market-rate evictions were filed in census tracts where the majority of residents are people of color despite accounting for only half of the city's rental housing.[24]

Due to the rental affordability crisis, the United States was already in the midst of a crisis of mass eviction and displacement when the pandemic hit. Studies estimate that more than 70% of evictions occur due to non-payment of rent.[25] On average, landlords file 3.6 million eviction cases per year according to The Eviction Lab.[26] A Matthew Desmond and Tracey Schollenberger study in Milwaukee found that for every formal eviction that led to forced displacement there were an additional two households that left their homes due to informal evictions.[27]

B. Eviction Risk in the Pandemic

According to the Urban Institute, more than 20 million individuals live in renter households who suffered a COVID-19 related job loss.[28] The median income of a renter household is $40,531,[29] and nearly 40% of workers making under $40,000 a year lost their job in the initial stages of the pandemic.[30] As seen

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HOUSING POL'Y DEBATE 461, 467 (2003).

24. DAVID ROBINSON & JUSTIN STEIL, EVICTIONS IN BOSTON: THE DISPROPORTIONATE EFFECTS OF FORCED MOVES ON COMMUNITIES OF COLOR 8 (2020), https://d3n8a8pro7vhmx.cloudfront.net/themes/5eee7e564445ea4f9a6f3080/attachments/original/1592786979/EvictionReport_Final_Spreads.pdf?1592786979 [https://perma.cc/B9ZB-QVXR].

25. *See, e.g.*, Chris Salviati, *Rental Insecurity: The Threat of Evictions to America's Renters*, APARTMENT LIST (Oct. 20, 2017), https://www.apartmentlist.com/research/rental-insecurity-the-threat-of-evictions-to-americas-renters#fn-4 [https://perma.cc/MRB7-34PZ]; *see generally* Robert Collinson & Davin Reed, The Effects of Evictions on Low-Income Households (Oct. 2018) (unpublished manuscript), https://economics.nd.edu/assets/303258/jmp_rcollinson_1_.pdf [https://perma.cc/W4BQ-2TJP].

26. *National Estimates: Eviction in America*, EVICTION LAB (May 11, 2018), https://evictionlab.org/national-estimates/ [https://perma.cc/9V2T-AHLB].

27. Matthew Desmond & Tracey Schollenberger, *Forced Displacement from Rental Housing: Prevalence and Neighborhood Consequences*, 52 DEMOGRAPHY 1751, 1761 (2015).

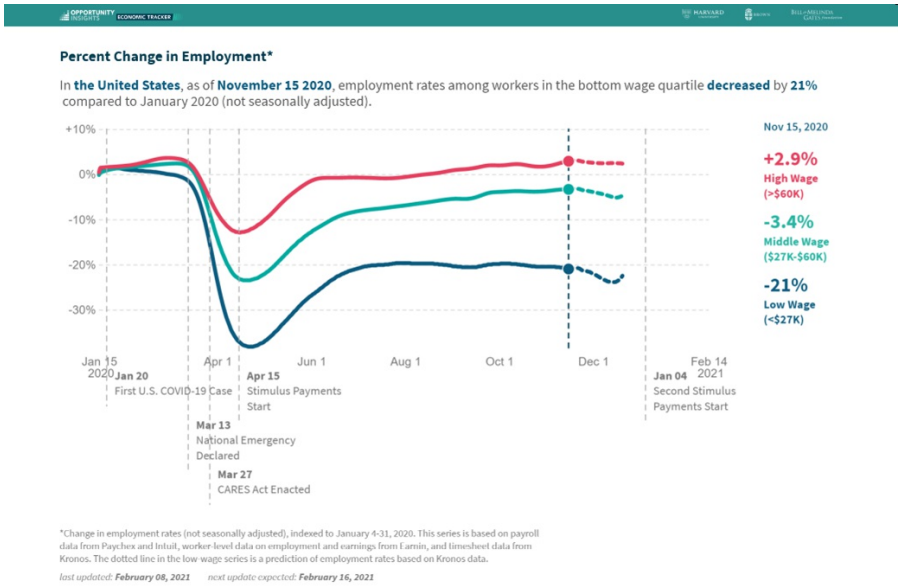
28. *See* SARAH STROCHAK ET AL., HOW MUCH ASSISTANCE IS NEEDED TO SUPPORT RENTERS THROUGH THE COVID-19 CRISIS? (2020), https://www.urban.org/sites/default/files/publication/102389/how-much-assistance-is-needed-to-support-renters_1_1.pdf [https://perma.cc/5AJA-KXH9].

29. *Median Household Income the Past 12 Months (In 2018 Inflation-Adjusted Dollars) By Tenure*, U.S. CENSUS BUREAU, https://data.census.gov/cedsci/table?y=2018&tid=ACSDT1Y2018.B25119&t=Income%20and%20Poverty%3AOwner%2FRenter%20%28Tenure%29&hidePreview=true&vintage=2018&g=0100000US&moe=false [https://perma.cc/DJ55-9TPL] (last visited Feb. 25, 2021).

30. *See also* BD. OF GOVERNORS OF THE FED. RESERVE SYS., REPORT ON THE ECONOMIC

in Figure 2, data from Harvard's Opportunity Insights Recovery Tracker program indicates that the recovery has been painfully slow for the bottom quartile of renters. As of this writing, employment rates were 21% below pre-pandemic levels for the bottom quartile.[31] Research shows that the same households that were hard hit by the pandemic were already suffering from housing insecurity. While some of the economy has recovered, the recovery has been slowest to reach low-income renters who disproportionately work in low-wage and service industry jobs.[32]

Figure 2: Percent Change in Employment by Wage Quartile[33]



WELL-BEING OF U.S. HOUSEHOLDS IN 2019, FEATURING SUPPLEMENTAL DATA FROM APRIL 2020, at 53 (2020), https://www.federalreserve.gov/publications/files/2019-report-economic-well-being-us-households-202005.pdf [https://perma.cc/D4YF-6GCR]; *see also Full Transcript: Fed Chair Jerome Powell's 60 Minutes Interview on Economic Recovery from the Coronavirus Pandemic*, CBS NEWS (May 17, 2020), https://www.cbsnews.com/news/full-transcript-fed-chair-jerome-powell-60-minutes-interview-economic-recovery-from-coronavirus-pandemic/ [https://perma.cc/GZD7-PVAA].

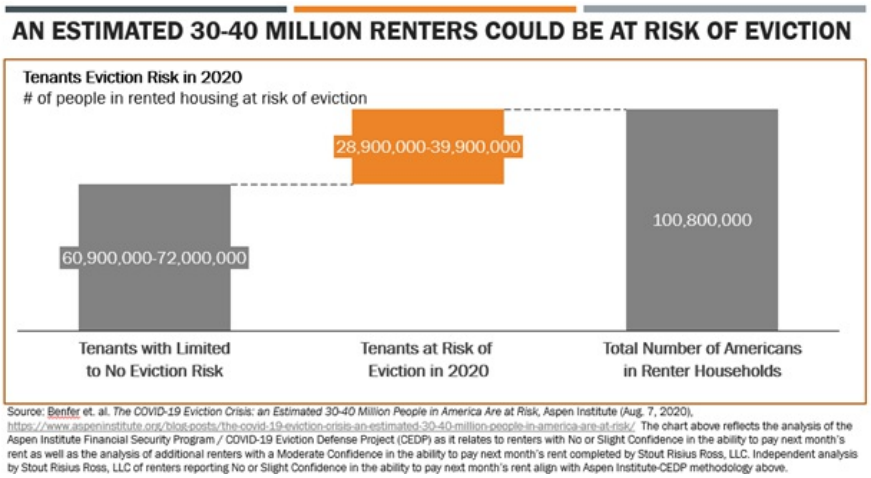
31. *See* Chetty et al., *supra* note 4.

32. Jeremy Hobson, *Economist Joseph Stiglitz: Recession Will Hurt Low-Income People More Than the Wealthy*, WBUR (Oct. 9, 2020), https://www.wbur.org/hereandnow/2020/10/09/joseph-stiglitz-economic-recovery [https://perma.cc/7Y6H-8ZST].

33. OPPORTUNITY INSIGHTS ECON. TRACKER, https://tracktherecovery.org/ [https://perma.cc/EJN6-ZEBS] (last visited Feb. 26, 2021).

This economic crisis has placed tens of millions at risk of eviction. Last August, an Aspen Institute analysis leveraged Census Bureau data and estimated that between thirty to forty million Americans could be at risk of eviction by the end of 2020, as seen in Figure 3.[34] This estimate drew on two independent analyses, one by this author and a team at Aspen and the COVID-19 Eviction Defense Project[35] and another by Stout.[36]

Figure 3



As the pandemic surged, a patchwork of eviction moratoria protected millions of renter households from eviction nationwide during 2020.[37] In addition to forty-three state eviction orders, federal eviction protections had the effect of depressing eviction filings during the summer and keeping tenants in their homes.[38] By the end of the summer, when protections began to lapse, eviction filings reached up to four times their historical weekly averages according to data from The Eviction Lab.[39]

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34. Emily Benfer et al., *The COVID-19 Eviction Crisis: An Estimated 30-40 Million People in America Are at Risk*, ASPEN INST. (Aug. 7, 2020), https://www.aspeninstitute.org/blog-posts/the-covid-19-eviction-crisis-an-estimated-30-40-million-people-in-america-are-at-risk/ [https://perma.cc/9A24-7CEW] [hereinafter *The COVID-19 Eviction Crisis*].

35. Katherine Lucas McKay et al., *National Eviction Risk Projections*, ASPEN INST. (Aug. 10, 2020), https://www.aspeninstitute.org/publications/national-eviction-risk-projections/ [https://perma.cc/7Z2P-YKAT].

36. *See The COVID-19 Eviction Crisis*, *supra* note 34.

37. Emily Benfer et al., *Eviction, Health Inequity, and the Spread of COVID-19: Housing Policy as a Primary Pandemic Mitigation Strategy*, 98 J. URB. HEALTH 1, 11 (2021).

38. *Id.*

39. *Eviction Tracking System*, EVICTION LAB, https://evictionlab.org/eviction-tracking

In September, the Federal Government again stepped in to prevent some evictions. The Centers for Disease Control and Prevention ("CDC") issued a moratorium on evictions for renters who attest to economic hardship during COVID-19, meet certain income qualifications, and affirmatively declare their right to protection reprieve from eviction.[40] A number of other states had issued more comprehensive eviction protections that have supplemented the CDC moratorium.[41]

Additionally, the federal government, states, and localities allocated hundreds of millions of dollars for rental assistance in 2020. The National Low Income Housing Coalition estimates that approximately $4 billion was allocated towards rental assistance in 2020 with the majority coming from the Coronavirus Relief Fund.[42]

These policies had significant, but incomplete effects. For example, the CDC moratorium had a strong effect initially, but its effectiveness waned. After the CDC order, filings dropped below weekly averages, bottoming out at 83% of historical averages.[43] In Massachusetts, which formerly had the strongest moratorium in the nation, eviction filing rates returned to pre-pandemic levels in November.[44] Overall, The Eviction Lab's tracker illustrates the fact that evictions and displacements have been slowed, but not stopped by these protections with wide variability by state.[45] As of mid-February 2021, nearly 250,000 evictions had been filed in the five states and twenty-seven cities tracked by the Eviction Lab.[46] And, eviction risk prevails despite the existence of moratoria, as increasing numbers of renters are behind on rent**.**

The August projections were not far off.[47] In other words, as seen in Figure 4, 18% of renters, nineteen million individuals in eight million households, were at risk of eviction for non-payment of rent in January. Up to thirty-three million Americans in fourteen million households had low confidence in their ability to pay. Specifically, housing insecurity disproportionately impacts Black and brown

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[https://perma.cc/5HL4-6VMU] (last visited Feb. 26, 2021).

40. *See* Temporary Halt in Residential Evictions to Prevent the Further Spread of COVID-19, 85 Fed. Reg. 55,292 (Sept. 4, 2020).

41. *See, e.g.*, Colo. Exec. Order No. D 2020 227 (Oct. 21, 2020).

42. REBECCA YAE ET AL., NAT'L LOW INCOME HOUS. COAL., NLIHC RESEARCH NOTE: EMERGENCY RENTAL ASSISTANCE PROGRAMS IN RESPONSE TO COVID-19 1, 5 (2020), https://nlihc.org/sites/default/files/Emergency-Rental-Assistance-Programs-3.pdf [https://perma.cc/8MCY-QDDN].

43. *See Eviction Tracking System*, *supra* note 39.

44. Mass. Trial Court Dep't of Research & Planning, *All Residential Eviction Cases, Non-Payment of Rent*, TABLEAU PUB., https://public.tableau.com/profile/drap4687#!/vizhome/MassachusettsTrialCourtSummaryProcess/SummaryProcess [https://perma.cc/H7YN-M8CR] (last visited Feb. 23, 2021).

45. *See Eviction Tracking System*, *supra* note 39.

46. *Id.*

47. *The COVID-19 Eviction Crisis*, *supra* note 34; *Week 21 Household Pulse Survey: December 9 – December 21*, *supra* note 8.

households and families with children.[48] As Figure 5 depicts, Black and Latine households were more than twice as likely to be behind on rent as white households. A similar ratio holds for households with children compared to households without children.

Figure 4

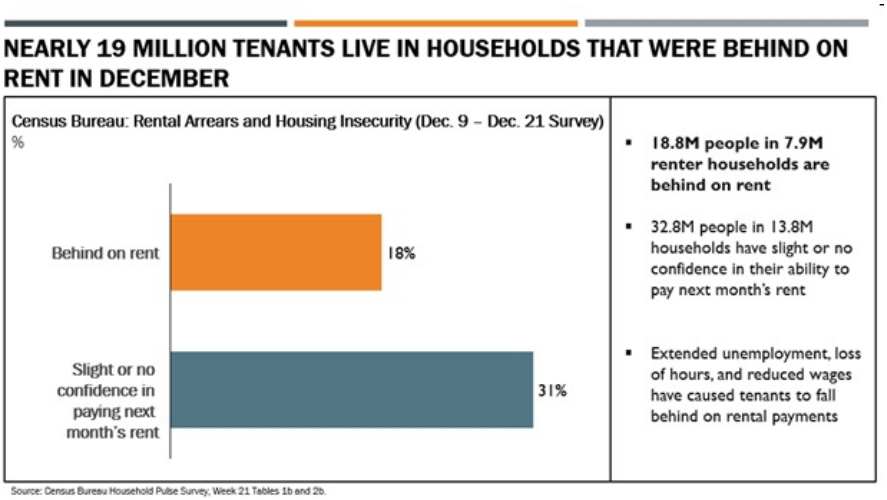
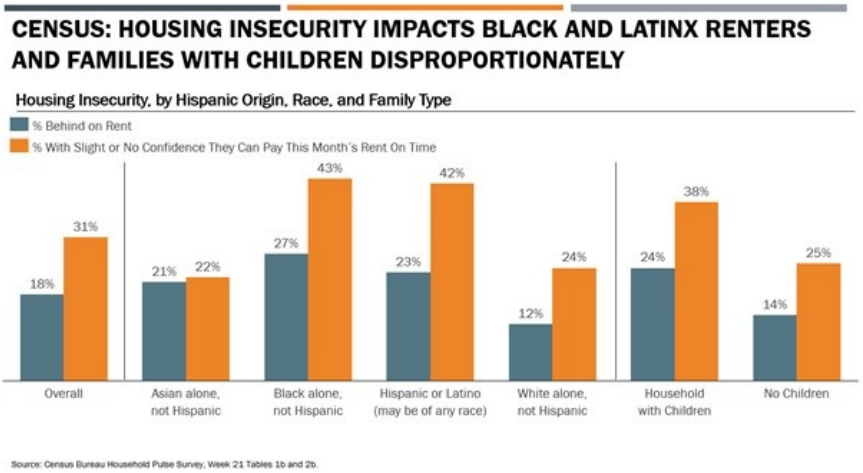


Figure 5



As noted above, actual eviction filings and rates of displacement may trail and will ideally never reach risk projections, however, collectively, they paint a picture of systemic risk in the rental housing market and a staggering amount of

48. *Week 21 Household Pulse Survey: December 9 – December 21*, *supra* note 8.

potential suffering. Without further protection, in the form of eviction moratoria and rental assistance, this eviction storm is projected to make landfall across the country.

C. Systemic Housing Market Risk: Rental Debts Threaten Tenants, Government, and Landlords Alike

Even if moratoria are in place, many renters are accumulating massive rental and utility debts. Given that evictions are the legal response to non-payment of rent, the presence of these debts puts renters at risk of eviction and landlords at risk of foreclosure.[49] The accumulation of rental and utility debt represents systemic risk in the housing market: if tenants cannot pay their rent, landlords—particularly mom-and-pop landlords—cannot pay their mortgages, increasing the prevalence of foreclosure for landlords and cascading effects in neighborhoods across the country.[50]

Historically, landlords moved to evict tenants when they fell behind on rent, often for arrearages of less than $600 and primarily for amounts less than $3,000.[51] The pandemic has not only created conditions for more renters to fall behind on rent, but it has also deepened rental debts. Early 2021 projections of rental debt placed the outstanding amount between $24 billion[52] and $57 billion[53] by January 2021. Stout estimated that renters could accumulate between $13 billion and $24 billion in rental arrears by January.[54] Mark Zandi at Moody's Analytics estimated that, 10.2 million renters would owe $57.3 billion in rent and utilities through January for an average of $5,586 per renter.[55]

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49. *See, e.g.*, COLO. REV. STAT. § 13-40-101 (2021).

50. *See, e.g.*, Whitney Airgood-Obrycki & Alexander Hermann, *COVID-19 Rent Shortfalls in Small Buildings*, JOINT CTR. FOR HOUSING STUD. HARV. U. (May 26, 2020), https://www.jchs.harvard.edu/blog/covid-19-rent-shortfalls-in-small-buildings/ [https://perma.cc/UW7R-JLU6].

51. Emily Badger, *Many Renters Who Face Eviction Owe Less than $600,* N.Y. TIMES (Dec. 12, 2019), https://www.nytimes.com/2019/12/12/upshot/eviction-prevention-solutions-government.html [https://perma.cc/7FX9-69S5].

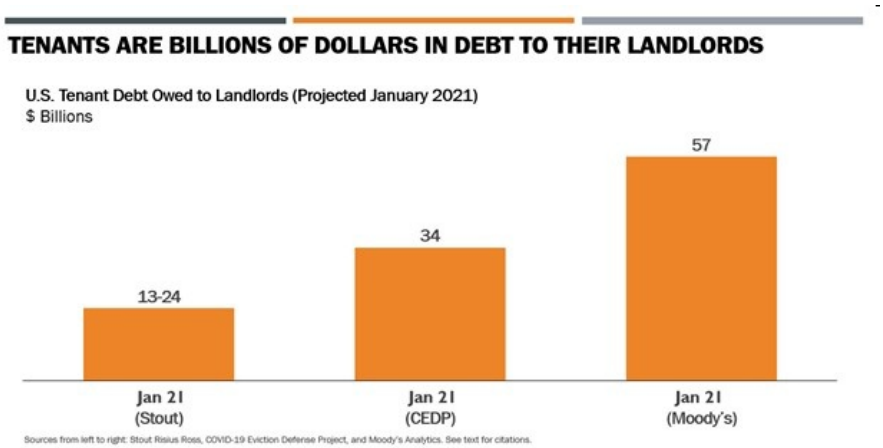
52. *Estimation of Households Experiencing Rental Shortfall and Potentially Facing Eviction*, STOUT RISIUS ROSS, https://app.powerbi.com/view?r=eyJrIjoiNzRhYjg2NzAtMGE1MC00NmNjLTllOTMtYjM2NjFmOTA4ZjMyIiwidCI6Ijc5MGJmNjk2LTE3NDYtNGE4OS1hZjI0LTc4ZGE5Y2RhZGE2MSIsImMiOjN9 [https://perma.cc/5TKN-TRCN] (last visited Feb. 23, 2021).

53. Will Packer, *Struggling Rental Market Could Usher in Next American Housing Crisis,* WALL ST. J. (Oct. 27, 2020), https://www.wsj.com/articles/struggling-rental-market-could-usher-in-next-american-housing-crisis-11603791000 [https://perma.cc/9ANX-LSFP].

54. *Id*.

55. JIM PARROTT & MARK ZANDI, AVERTING AN EVICTION CRISIS 3 (2021), https://www.moodysanalytics.com/-/media/article/2021/averting-an-eviction-crisis.pdf [https://perma.cc/ERV5-84LU].

Figure 6



The COVID-19 Eviction Defense Project's (CEDP) January model's estimates fall in the middle of the range.[56] The model projected $34 billion in rental and utility arrears by January 2020.[57] The number of renters estimated to be in arrears is up two percentage points and almost 27% from August.[58] According to the Federal Reserve Bank of Philadelphia, the country has seen a 70% increase in the percentage of people using credit cards to pay rent in November;[59] 42% of renters did not use regular income sources to pay for necessities during the week prior to the survey period, including 66% of those behind on rent. As liquidity dried up in a worsening economy, families and friends have less money available to support each other, landlords ran out of resources to sustain tenancies, and the debt crisis continued to deepen.

Without further intervention, and economic recovery, rental shortfalls will continue to accumulate. Mark Zandi and Jim Parrott at Moody's Analytics estimated that rental arrears debts would reach $43 billion by June, accounting for $25 billion in rental assistance in the Consolidated Appropriations Act of 2021.[60] Total arrears would be above $68 billion without those funds.

As seen in Figure 7, CEDP estimated a rental and utility shortfall of $85 billion by the end of June 2021, without accounting for the emergency rental

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56. *See infra* Part VII (describing how calculations were made).

57. *Id*.

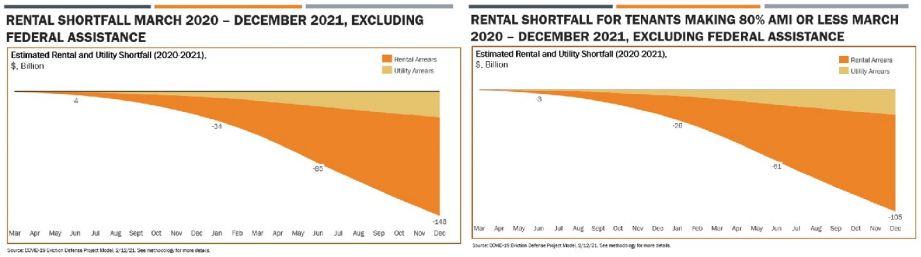
58. *Tabulations of Week 20 of the Household Pulse Survey*, *supra* note 1.

59. Chris Arnold, *More Americans Pay Rent on Credit Cards as Lawmakers Fail to Pass Relief Bill,* NPR (Nov. 30, 2020), https://www.npr.org/2020/11/30/938867270/more-americans-pay-rent-on-credit-cards-as-lawmakers-fail-to-pass-relief-bill [https://perma.cc/V6X7-937E].

60. PARROTT & ZANDI, *supra* note 55.

assistance payments in the Consolidated Appropriations Act.[61] The shortfall would project to be $60 billion with full implementation by June. The model projected a shortfall of $148 billion by December 2021 or $123 billion, assuming full implementation of Consolidated Appropriations Act rental assistance payments. These figures exclude additional federal assistance and assume a gradual economic recovery and that tenants pay the same monthly rent in 2020 as 2021.[62] Accounting only for tenants who make 80% area median income ("AMI") or less, the model projects a shortfall of $61 billion in June and $105 billion by the end of the year.

Figure 7



III. THE CONSEQUENCES OF AN EVICTION CRISIS

Evictions do tremendous harm to individuals and families, particularly during the pandemic. If there is no action to mitigate the effects of these crises, more than twenty-five million people in more than ten million families could be at risk of trauma: extended homelessness, food insecurity, COVID-19 contraction, exacerbated health issues, lack of school,[63] and even deaths of despair.[64] Failure to contain the eviction risk increases the likelihood of severe COVID-19 spread, as social distancing and good hygiene are much harder for people living in temporary residences, shelters, and on the street.[65]

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61. It is difficult to estimate rental debts into the future, especially in the absence of a federal eviction moratoria and in the presence of an improving economy, as evictions stop the accumulation of rental debt. For that reason, the CEDP model estimates rental shortfall – the amount of rent that should be paid for tenants at risk of eviction in 2021 assuming no evictions.

62. *See infra* Part VII (discussing the difference in methodologies between Mark Zandi and CEDP).

63. *See, e.g.*, DESMOND, *supra* note 10; Matthew Desmond & Carl Gershenson, *Housing and Employment Insecurity Among the Working Poor,* 63 SOC. PROBS. 46 (2016); Collinson & Reed, *supra* note 25.

64. *See* Katherine A. Fowler et al., *Increase in Suicides Associated with Home Eviction and Foreclosure During the US Housing Crisis: Findings From 16 National Violent Death Reporting System States, 2005–2010*, 105.2 AM. J. PUB. HEALTH 311 (2015).

65. Lynn Jolicouer, *Coronavirus Testing in Boston's Homeless Community Shows Shelter Size and Density Matter*, WBUR (May 15, 2020), https://www.wbur.org/commonhealth/2020/

As Emily Benfer, a law professor and leading expert on evictions, and her co-authors document in a recent paper, evictions are associated with numerous physical and mental health conditions, negative health outcomes for women (including domestic violence, negative outcomes for children), and additional sub-standard living conditions when families move.[66] And as Matthew Desmond often highlights, evictions can often be causes in addition to consequences of poverty and lead to negative employment outcomes.[67] They also often force renters to move into lower quality housing and neighborhoods with worse conditions, including crime, poverty, and declining housing stock. Additionally, evictions create a "Scarlet E" that increases the costs of housing and lowers access to high quality housing for tenants who are screened out based on their eviction history.[68]

Moreover, experimental and simulation studies have directly tied eviction to increased incidences of COVID-19 and COVID-19 deaths. In a different paper, Benfer and her co-authors found that states that lifted moratoria during the pandemic experienced statistically significant increases in incidences of COVID-19 and mortality due to COVID-19, controlling for major state fixed effects and interventions.[69] They found that lifting moratoria accounted for hundreds of thousands of excess cases and more than ten thousand excess deaths.[70] Researchers at the National Bureau of Economic Research found, for example, that if comprehensive bans on evictions had been in place throughout the pandemic, the intervention would likely have reduced infections by 14.2% and deaths by 40.7%.[71]

For mom-and-pop landlords, unpaid rent and evictions mean lost income, unpaid mortgages, and unpaid property taxes. These impacts can also lead to income loss and similar traumatic effects for mom-and-pop landlords and their families, as with renters. According to an analysis from the Harvard Joint Center for Housing Studies, renters and owners of small properties are disproportionately likely to face COVID-19 related economic hardship.[72] More than half of the renters with jobs that were at risk in the pandemic live in single-family or two to

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05/15/boston-homeless-coronavirus-testing [https://perma.cc/2FT6-MFPW].

66. Benfer et al., *supra* note 37, at 8; *see infra* Part VII.

67. DESMOND, *supra* note 9; Desmond & Gershenson, *supra* note 63.

68. *See The Scarlet E*, WNYC STUDIOS (June 6, 2019), https://www.wnycstudios.org/podcasts/otm/scarlet-e-unmasking-americas-eviction-crisis [https://perma.cc/7Q6Y-AV5U].

69. Kathryn M. Leifheit et al., Expiring Eviction Moratoriums and COVID-19 Incidence and Mortality 3-4 (Nov. 30, 2020) (unpublished manuscript) (on file with the *Indiana Health Law Review*)

70. *Id.* at 5.

71. *See* Kay Jowers et al., *Housing Precarity & the COVID-19 Pandemic: Impacts of Utility Disconnection and Eviction Moratoria on Infections and Deaths Across US Counties* 1 (Nat'l Bureau of Econ. Research, Working Paper No. 28,394).

72. Airgood-Obrycki & Hermann, *supra* note 50.

four unit homes.[73] These homes represent the majority of the naturally occurring affordable housing stock, and roughly 75% of these properties are owned by mom-and-pop landlords who rely on this rental income to pay their mortgages and property taxes.[74]

Financial difficulty among small landlords could destabilize naturally occurring affordable housing and lead to a greater cycle of evictions. A similar cycle emerged after the Great Recession. At that time, many single-family homes were purchased by private equity firms in foreclosure sales and turned into rental properties run by management companies. These corporate landlords are incentivized to maximize profits using two levers: increasing rents and fees (revenues) and limiting costs like unpaid rents and maintenance.[75] Evidence from the last decade suggests that these landlords have become some of the most efficient evictors and absentee landlords in the United States. A Federal Reserve Bank of Atlanta Study in 2016 found that large private equity firms filed evictions on a third of their properties in the year, and they had an 18% higher housing instability rate, controlling for property and neighborhood characteristics. It is also worth highlighting that Black residents of Atlanta were evicted at the highest rates. In other words, private equity ownership is itself associated with a higher housing instability rate that disproportionately impacted Black and brown communities.[76] The larger the 2020 eviction and foreclosure crisis, the more properties available for private purchase.

IV. PROPOSED SOLUTIONS TO THE COVID-19 EVICTION CRISIS

Eviction prevention policy primarily aims to keep people in their homes or, if necessary, provide those who must move adequate time and resources to move safely to new homes. There are two types of policy solutions to any eviction crisis: legal measures to prevent short- and medium-term displacement (or reduce the disruption or displacement) and cash assistance to stabilize tenancies. Of course, this typology is not binary. Legal representation coupled with favorable landlord-tenant laws can often have the effect of stabilizing households. Conversely, except for long-term rental subsidies that are effectively permanent, emergency rental assistance may merely minimize the disruption of an eviction.

Legal measures might include providing access to mediation services, access to counsel, and process changes to lengthen the eviction timeline. Cash assistance

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73. *Id*.

74. *Id.*

75. *See, e.g.,* Michelle Conlin, *Spiders, Sewage and a Flurry of Fees – The Other Side of Renting a House from Wall Street,* REUTERS (July 27, 2018), https://www.reuters.com/investigates/special-report/usa-housing-invitation/ [https://perma.cc/T7DZ-TB7F].

76. *See generally* ELORA RAYMOND ET AL., FED. RESERVE BANK OF ATLANTA, CORPORATE LANDLORDS, INSTITUTIONAL INVESTORS, AND DISPLACEMENT: EVICTION RATES IN SINGLE FAMILY RENTALS (2016), https://www.frbatlanta.org/-/media/documents/community-development/publications/discussion-papers/2016/04-corporate-landlords-institutional-investors-and-displacement-2016-12-21.pdf [https://perma.cc/A87W-MLF9].

can come in many forms and may also include measures like the cancellation of rent or rental debt or the conversion of rental debts into non-evictable civil debts. The former buy renters time in their homes and the latter cure rental arrears, addressing the root cause of potential evictions.

The two most prominent versions of these policies during the pandemic have been eviction moratoria and rental assistance given their ability to operate at scale. If implemented effectively and in tandem, eviction moratoria and rental assistance are mutually reinforcing.[77] Moratoria keep tenants in their homes for a defined period of time, and rental assistance can permanently "cure" the risk of eviction by clearing tenant debts and paying future rents for enough time to allow tenants to stabilize. As the sections below will document, not all moratoria and rental assistance policies are created equal. Policy design has a tremendous impact on whether the policies actually stabilize tenancies.

A. Legal Measures to Prevent Displacement

The federal government, and states in the absence of federal action, can pass a number of eviction moratoria and housing security policies to buy renters and landlords time. Four policies necessitate a special mention: eviction moratoria, foreclosure protections, civil right to counsel, and civil debt conversion.

1. Eviction Protections

The most successful moratoria prevent the initiation of the eviction process and, therefore, bar hearings and execution.[78] This policy design places the burden on landlords to comply with the moratoria rather than require tenants to affirmatively declare that they are covered as is the case under the CDC moratorium.[79] Of course, in rare circumstances landlords may need to pursue an "essential" eviction for conduct that endangers public safety, but eviction moratorium language should carefully limit this type of exception to ensure that it avoids all non-essential evictions for non-payment of rent, no cause, and minor lease violations.[80]

Massachusetts eviction data demonstrates the difference between a policy that

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77. *See, e.g.*, ZACH NEUMANN ET AL., EMERGING BEST PRACTICES FOR COVID-19 EMERGENCY RENTAL ASSISTANCE PROGRAMS 11 (2020), https://www.aspeninstitute.org/wp-content/uploads/2020/12/Aspen-CEDP-Rental-Assistance-Presentation.pdf [https://perma.cc/4PB8-5MXE] (discussing the effective implementation of rental assistance and the mutually reinforcing nature of rental assistance and eviction moratoria).

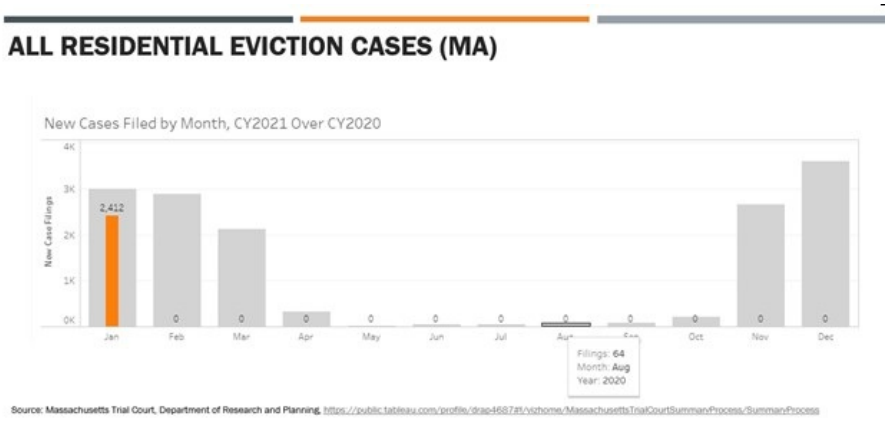
78. *See, e.g.*, Figure 8 (providing data for the number of eviction filings in Massachusetts during the state moratorium); *see also* 2020 Mass. Acts. 65.

79. *Compare* 2020 Mass. Acts 65, *with* Temporary Halt in Residential Evictions to Prevent the Further Spread of COVID-19, 85 Fed. Reg. 55,292, 55,292-97 (Sept. 4, 2020).

80. *See, e.g.*, 2020 Mass. Acts 65; *see also* COLO. REV. STAT. § 13-40-107.5 (2021).

bars the initiation of evictions and one that places the burden on tenants.[81] As Figure 8 illustrates, between April and October 2020, the state barred eviction filings except in public safety cases, resulting in only sixty-four cases in August 2020.[82] In mid-October the state's moratorium lapsed, and landlords could once again file eviction cases.[83] After the state moratorium lapsed, filing returned to pre-pandemic levels.[84] Under the CDC moratorium, Massachusetts residents can prevent the execution of an eviction order, but they cannot stop the filing process. Filings dipped again in January and February 2021, perhaps, in part, due to legislation signed on January 2nd that prevents eviction for anyone awaiting rental assistance payments from the state agency.[85]

Figure 8



2. Foreclosure Protections

To ensure the stability of the housing market, foreclosure protections for landlords can accompany eviction moratoria.[86] Because many mom-and-pop landlords will not be able to make mortgage payments or pay property taxes when tenants are unable to pay rent, housing security legislation should mandate that lenders offer a forbearance option to borrowers unable to make mortgage

81. Mass. Trial Court Dep't of Research & Planning, *supra* note 44.

82. *Id.*

83. *Massachusetts Attorney General Issues Advisory to Inform Tenants of Their Rights During COVID-19 Pandemic*, WWLP (Jan. 7, 2021), https://www.wwlp.com/news/massachusetts/massachusetts-attorney-general-issues-advisory-to-inform-tenants-of-their-rights-during-covid-19-pandemic/ [https://perma.cc/AR6T-8QDL].

84. Mass. Trial Court Dep't of Research & Planning, *supra* note 44.

85. 2020 Mass. Acts 257.

86. *See, e.g.*, Coronavirus Aid, Relief, and Economic Security Act, Pub. L. No. 116-136, § 4022, 134 Stat. 281 (2020).

payments due to COVID-19 related hardship, including tenant hardship. Federally backed properties have that option under the CARES Act.[87] Foreclosure protections are critical not only to the stability of mom-and-pop landlords, but also to ensure that tenants continue living in habitable, safe homes, as landlords may not have the motivation to ensure housing quality when homes are in receivership.

3. Civil Right to Counsel

Similarly, studies have shown a civil right to counsel in eviction cases can deliver significant benefits for tenants, landlords, and society.[88] Legal aid attorneys have been proven to reduce disruptive displacement and achieve better outcomes for their clients compared to the alternative of lack of representation. In addition to providing representation, lawyers play a crucial role connecting tenants with other social services. At the same time, the success of legal services attorneys varies on the features of underlying state law, which sets the terms for counterclaims and defenses against evictions. While there are no definitive cross-jurisdiction studies that use the same methods to test the underlying law, vast discrepancies in recorded outcomes can lead to that hypothesis. In Boston, for example, tenants with access to full legal representation have a 66% chance of staying in their homes.[89] In Seattle, the figure is 20%.[90] Regardless of the quality of the underlying law, legal aid attorneys may be increasingly hamstrung by the accumulation of rental arrears, which deepens the root problem of an eviction case. In other words, legal assistance is a necessary but not sufficient solution to an eviction case.

4. Civil Debt Conversion

Civil debt conversion is another rarely used but exceedingly powerful legal measure to prevent eviction. Civil debt conversion is the transformation of rental debt into civil debt, which removes the landlord's right to evict the tenant on the basis of that debt. The California legislature passed Assembly Bill 3088, which prevented landlords from evicting renters for pandemic related rental arrears during March to August 2020.[91]

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87. *Id.*

88. *Eviction Right to Counsel Resource Center,* STOUT, https://www.stout.com/en/services/transformative-change-consulting/eviction-right-to-counsel-resources [https://perma.cc/NFY7-4JZQ] (last visited Apr. 8, 2021).

89. James Greiner et al., *The Limits of Unbundled Legal Assistance: A Randomized Study in a Massachusetts District Court and Prospects for the Future*, 126 HARV. L. REV. 901, 927 (2013).

90. *See* TARA COOKSON ET AL., LOSING HOME: THE HUMAN COST OF EVICTION IN SEATTLE (2018), https://www.kcba.org/Portals/0/pbs/pdf/Losing%20Home%202018.pdf [https://perma.cc/TBL8-K8NH]

91. 2020 Cal. Legis. Serv. ch. 37 (A.B. 3088) (West).

B. Cash Assistance to Stabilize Tenancies

Cash assistance is the single most important policy lever government can pull to reduce eviction risk. Renters need money to pay their rents. Landlords need money to pay their mortgages. And, only rental assistance payments can clear the ledger and make both parties whole.

A number of policies designed to get cash into renters' hands help flatten the COVID-19 eviction curve, including direct cash transfers like universal basic income, unemployment insurance, grants to state and local providers, increases in housing vouchers, and emergency rental assistance can get money to at-risk renters. Given the accumulation of rental arrears, flexible rental assistance funds may offer the greatest hope to clear large arrearages and stabilize future tenancies.[92] The next part of this Article explores the social and public benefits of rental assistance in depth.

V. EVALUATING THE COSTS AND BENEFITS OF RENTAL ASSISTANCE

Effective policy solutions to the pandemic eviction crisis combine eviction moratoria with rental assistance.[93] Eviction moratoria keep renters in their homes during the pandemic or other public health crises, and they buy time for the administration of rental assistance. Rental assistance stabilizes tenancies: it can cure rental arrears and ensure that tenants have the funds to pay rent while the economy recovers. It has the additional advantage of stabilizing landlords, making them whole or close to whole and enabling them to service their mortgage debt and pay property taxes.

Advocates across the country have been calling for both eviction moratoria and rental assistance, stating that together they stabilize families and landlords. There is significant literature about the benefits of eviction moratoria on keeping renters in their homes,[94] including homelessness prevention and reduction in COVID-19 spread.[95] But to date, there has been only limited analysis of the relative benefits of a sustained federal rental assistance programs, especially on its impact for non-homeless individuals. Elior Cohen, a PhD student at the University of California, Los Angeles, evaluated the effects of rental assistance among homeless individuals in Los Angeles County, finding that 80% of housing costs are offset by benefits within eighteen months for homeless single adults.[96]

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92. *See* ANDREW AURAND ET AL., NAT'L LOW INCOME HOUS. COAL., NLIHC RESEARCH NOTE: THE NEED FOR EMERGENCY RENTAL ASSISTANCE DURING THE COVID-19 AND ECONOMIC CRISIS (2020), https://nlihc.org/sites/default/files/Need-for-Rental-Assistance-During-the-COVID-19-and-Economic-Crisis.pdf [https://perma.cc/K5A7-U8CB].

93. NEUMANN ET AL., *supra* note 77.

94. *See, e.g.*, *The COVID-19 Eviction Crisis*, *supra* note 34.

95. *Id*.

96. *See, e.g.*, Elior Cohen, Housing the Homeless: The Effect of Housing Assistance on Recidivism to Homelessness, Economic, and Social Outcomes 3 (Oct. 19, 2020) (working paper), https://nlihc.org/resource/housing-assistance-improves-health-and-well-being-reduces-returns-

Researchers at the National Low Income Housing Coalition and the University of Arizona estimated the homelessness-related costs of eviction associated with COVID-19, to be between $62 billion and $128 billion, depending on the number of households estimated to be at risk of eviction.[97] The subsequent analysis aims to fill that gap by providing a directional estimate of the ROI of federal rental assistance.

In the following sections, this Article lays the foundation for its assessment of the ROI. It outlines how the COVID-19 Eviction Defense Project ("CEDP") ROI model works; the six core building blocks of the model; the most sensitive assumptions in the model; the core scenarios used to estimate rental assistance; and concludes with an analysis of the ROI. The ROI analysis indicates that federal rental assistance has a ROI of between 208% to 466%. This part concludes with the consideration of the costs avoided as a result of the stabilization of these tenancies.

A. CEDP ROI Model Overview

As detailed in Part I, the CEDP model estimates the ROI of rental assistance by comparing the costs of pandemic-related displacement with quantifiable public and social costs avoided from that displacement. The model uses data from the end of December 2020. Given the relative lack of financial assistance in the economy at this time, the model offers an opportunity to estimate the effects of rental assistance with fewer confounding variables. Overall, the model produces a directional analysis of the costs of rental assistance compared to the costs avoided by preventing the social costs of eviction and homelessness. This methodology can help policymakers understand orders of magnitude: ROIs above 200% can be assumed to be significantly better than the alternative. Small differences in ROI calculations should not be heavily weighted in decision-making.

The model considers the costs of up to two years of rental assistance (all rental debt for 2020 and future rent in 2021). Rental payments cover only the months that a household would otherwise be at risk of eviction. When households stabilize economically, the model assumes the government stops paying rental assistance. Because of the difficulty in estimating the rates of eviction for individuals awaiting rental assistance, the analysis assumes that all individuals who are projected to receive rental assistance get it instead of being displaced. However, as the Eviction Lab's statistics prove, implementation and failures are significant and lead to thousands of irreversible and non-essential evictions.

The ROI calculation compares these projected costs with the net present value of three years of public and social costs avoided (2021-2023). The three-year timeline was selected based on the best longitudinal data—through the

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homelessness [https://perma.cc/FU4C-MD79].

97. DAN THREET ET AL., COSTS OF COVID-19 EVICTIONS 4 (2020), https://nlihc.org/sites/default/files/costs-of-covid19-evictions.pdf [https://perma.cc/PY76-5BKL].

United States Department of Housing and Urban Development's ("HUD") 12-city Family Options Survey—on costs of shelter-based care extending three years.[98] These costs avoided only relate to people who are projected to recover economically or "cure" housing insecurity by finding other affordable housing after receiving the benefit. The model does not count "costs avoided" for renters who are not projected to stabilize even though the net effect is a delay in the demand for social services, which itself may have significant net present value.

The model includes estimates of public and social costs avoided from a rental assistance program. Public costs include estimates of expected outlays of local, state, and federal funds associated with the outcomes of evictions. Social costs include public costs as well as additional costs to individuals, landlords, neighborhoods, and society.

Cost avoided assumptions were only included where there was sufficient evidence to tie the magnitude of costs avoided to homelessness and eviction prevention. This was sufficient to estimate costs avoided in the following categories: housing, health care, employment, legal, foster care, landlord costs, foreclosure costs, and coronavirus costs. The costs avoided may be meaningfully larger than this Article's model indicates because estimates do not include large cost categories like education (which were especially hard to estimate in a pandemic context).

Figure 9

To execute this ROI methodology, this model followed a six-step process, which is outlined in Figure 9.

1. This model included source data for all renters from the American Community Survey, HUD's Comprehensive Housing Affordability

98. *See generally* DANIEL GUBITS ET AL., U.S. DEP'T. OF HOUS. & URBAN DEV., FAMILY OPTIONS STUDY: 3-YEAR IMPACTS OF HOUSING AND SERVICES INTERVENTIONS FOR HOMELESS FAMILIES (2016), https://www.huduser.gov/portal/sites/default/files/pdf/Family-Options-Study-Full-Report.pdf [https://perma.cc/Q8U5-JSHF].

Strategy ("CHAS") data set, and the Census Bureau's Week 21 Household Pulse Survey.[99]

2. It estimated the number of renters at risk of eviction accounting for an economic recovery. The number of people at risk of eviction and displacement is calculated over time based on the Census Bureau's Household Pulse Survey data on rental arrears and housing insecurity (renters who express slight or no confidence in their ability to pay rent next month). The economic recovery estimates are based upon the Federal Reserve's projections for the decline in unemployment rates. Any economic recovery that has already occurred is de facto incorporated into the model because weekly Census Bureau data accounts for the recovery. Approximately 25% of renters at risk of eviction are assumed to stabilize economically between January 2021 and the end of 2021.[100]
3. The model simulated outcomes for renters at risk, estimating how many renters would face displacement under a rental assistance regime and how many would be displaced without intervention.[101] The model further estimated renter outcomes, including shelter, rehousing, and doubling up for those who were estimated to have been displaced. For renters who do not stabilize due to economic recovery, the model also triangulates to a cure rate of 70% under a rental assistance regime, meaning that 30% of eligible renters are assumed not to stabilize even with access to rental assistance and would be at risk when the funds expire.[102] These results were compared to the results of displacement in the absence of rental assistance.
4. The fourth building block estimates eligibility for rental assistance, uptake of rental assistance among the eligible population, the percentage of evictions avoided for people accessing rental assistance, and the price of rental assistance for this population based on the pandemic's estimated impact on their income.[103] It assumes rental assistance would cover all 2020 arrears and provide a stipend for all 2021 rent for renters who are estimated to remain at risk of eviction in 2021.
5. The model assessed the public and social costs associated with an eviction, drawing on dozens of academic studies about the outcomes of eviction and homelessness and refining estimates of the costs of

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99. *See infra* Part VII.A.

100. *See infra* Part VII.B.

101. *See infra* Part VII.A.

102. This means that for those who do not cure due to an economic recovery, 70% will find an alternate, permanent, and safe housing arrangement if given a year's worth of rental assistance. *See infra* Part VII.C.

103. *See id.*

these outcomes based on state cost data.[104]

6. Finally, it compared the two years of rental assistance costs to the estimated three years of benefits.

B. Scenario Selection

This Article estimates the ROI of three scenarios for federal rental assistance in increasing levels of coverage. Each scenario is based on the framework of rental assistance provided in the Consolidated Appropriations Act of 2021.[105]

- *Scenario 1 – Federal Emergency Rental Assistance* ("ERA"): The first scenario provides a directional estimate of the ROI for the Emergency Rental Assistance authorized by the Consolidated Appropriations Act of 2021.[106] The appropriation authorized $25 billion in rental and utility assistance for households making less than 80% of the AMI and aimed to prioritize households that make less than 50% of AMI or had an unemployment event. Households either qualified for unemployment benefits or experienced a reduction in income or significant financial hardship due to the coronavirus. The bill authorized payments for a maximum of twelve months with a three-month extension, including back and future rent, and allowed for 10% of funds to be spent on administration.
- *Scenario 2 – Expansive Federal Emergency Rental Assistance* ("ERA+"): This scenario builds on the ERA scenario. It includes a more expansive qualification criterion, allowing anyone who makes AMI or below (100% of AMI) to qualify. It also includes individuals who are behind on rent but did not lose employment-related income during the pandemic.
- *Scenario 3 – Expansive Federal Emergency Rental Assistance + Partial Settlement* ("ERA+ & Partial Settlement"): This scenario builds on the ERA+ scenario, with one additional criterion: landlords settle rental arrears at 80% of face value of the rental debt as a condition of receiving funds. This scenario is informed by Washington State's rental assistance model.[107] It also includes an uptake rate of 100% to demonstrate the benefits of complete funding.

C. Findings: Estimated Returns on Investment of Rental Assistance

The model finds a three-year ROI of pandemic emergency rental assistance of 208% to 466%. This conclusion indicates that paying people's

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104. *See infra* Part VII.E.

105. H.R. 133, 116th Cong. (2020).

106. *Id.*

107. *See generally* WASH. STATE DEP'T OF COMMERCE, GUIDELINES FOR THE EVICTION RENT ASSISTANCE PROGRAM (ERAP) (2020), https://deptofcommerce.app.box.com/s/kb5sds2gv4yc9n931j1e7f1dikvlyub1/file/696873212517 [https://perma.cc/Y9X7-RZ46].

rents is almost always cheaper than the combined debts and outlays that might occur if the government does not foot the bill. More broadly, these ROI estimates indicate that homeless prevention and housing security investments in the form of rental assistance are good financial investments.

The outlays needed to provide rental assistance at take-up rates of 65% and 100% are in the tens of billions of dollars. As Figure 10 illustrates, they range from $56 billion to $92 billion. Governments have struggled to distribute financial assistance in general[108] and rental assistance in particular to individuals who qualify.[109] The model leverages the Consolidated Appropriations Act's 10% allowance for administration to attempt to quantify these costs. Better program delivery, or payment at full face value, would increase the costs.

As Figure 10 illustrates, the outlays are significant, but the three-year returns on investment are enormous and increasing dependent on relative access. Without such investments, local, state, and federal governments will have to foot enormous social services bills. Public costs associated with homelessness and displacement from the pandemic project to devour local, state, and federal budgets. An investment of $56 billion in a rental assistance program—with similar parameters as the Emergency Rental Assistance program in the Consolidated Appropriations Act—would save an estimated $117 billion in quantifiable public costs alone.

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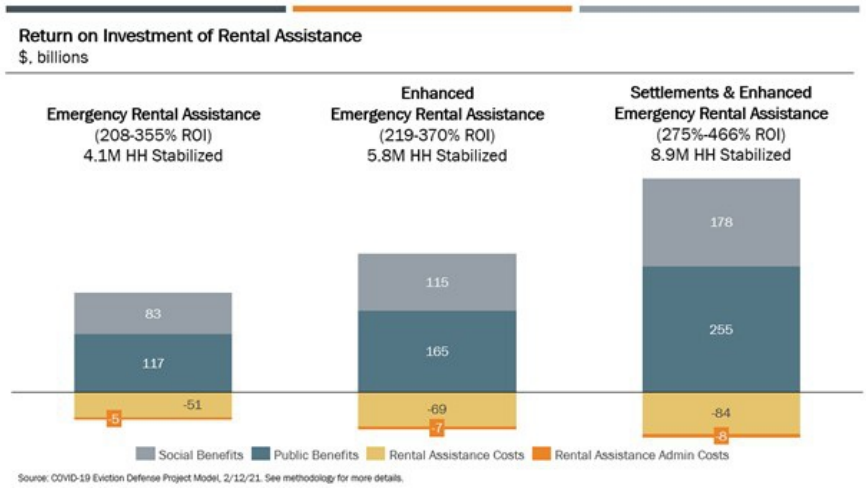
108. Ben Zipperer & Elise Gould, *Unemployment Filing Failures: New Survey Confirms That Millions of Jobless Were Unable to File an Unemployment Insurance Claim,* ECON. POL'Y INST. (Apr. 28, 2020), https://www.epi.org/blog/unemployment-filing-failures-new-survey-confirms-that-millions-of-jobless-were-unable-to-file-an-unemployment-insurance-claim/ [https://perma.cc/SGW4-A7HY].

109. Conor Dougherty, *Use It or Lose It: Tenant Aid Effort Nears a Federal Cutoff*, N.Y. TIMES (Dec. 15, 2020), https://www.nytimes.com/2020/12/15/business/economy/rental-aid.html [https://perma.cc/A6CK-K3G3]; *see also* NEUMANN ET AL., *supra* note 77.

Figure 10



Scenario 1: Emergency Rental Assistance	
ROI	229% - 392%
Support:	12.6 million people; 5.3 million households
Stabilize:	9.7 million people; 4.1 million households
Est. Cost:	$51 billion
Est. Admin Cost:	$5.1 billion
Est. Public Cost Savings:	$117 billion
Est. Social Cost Savings	$200 billion

The ROI of the ERA program is estimated at between 208% and 355%. Assuming sufficient funding for all who qualify, this intervention would support 12.6 million people in 5.3 million households. Under the economic recovery and cure rate assumptions, the model estimates that this intervention could avoid disruptive displacement for nearly ten million people in over four million households.

This scenario, which estimates the effects of the Emergency Rental Assistance program in the Consolidated Appropriations Act, shows that the most targeted rental assistance programs do not stabilize nearly as many renters as more generous programs. Programs targeted at the lowest income renters can have higher ROIs due to lower rental outlays on average.

Scenario 2: *Enhanced Emergency Rental Assistance (ERA+)*	
ROI -	219-370%
Support:	17.7 million people in 7.5 million households
Stabilize:	13.7 million people in 5.8 million households
Est. Cost:	$69 billion
Est. Admin Cost:	$6.9 billion
Est. Public Cost Savings:	$165 billion
Est. Social Cost Savings	$280 billion

The ROI of an expanded ERA targeted at renters making median income and below is between 219% and 370%. This intervention is estimated to support 17.8 million people in 7.5 million households. It could stabilize nearly fourteen million people in 5.8 million households This ROI is relatively higher than the first scenario because federal rental assistance would be accessible to all renters who need it and make median income or below regardless of whether they lost significant income related to the pandemic. For the group that did not lose significant income during the pandemic, the costs of providing rental assistance are modeled at 20% of full rent per month behind, suggesting that rental assistance is an especially high ROI investment for low-income individuals who are at the margins between being able to pay rent and not. It also assumes a higher total outlay of rental assistance driven by broader program applicability.

Scenario 3: 80% Settlements of Rental Debts and Enhanced Emergency Rental Assistance	
ROI	275-466%
Support:	27.2 million individuals in 11.5 million households
Stabilize:	21.1 million individuals in 8.9 million households
Est. Cost:	$89 billion
Est. Admin Cost:	$8.9 billion
Est. Public Cost Savings:	$255 billion
Est. Social Cost Savings	$433 billion

The model estimates that the ROI of the government paying rental assistance for all renters experiencing housing insecurity below 100% AMI is between 275% and 466%. This intervention is estimated to support 28.7 million people in 12.1 million households during the pandemic and stabilize 21.1 million people in 8.9 million households into 2022.

This model offers the highest ROI intervention evidencing the additional value that can accrue to governments from offering (or requiring) a settled rate at less than face value. Settlements at less than face value can take rental assistance dollars further and/or pay for administration.

D. Detail: The Drivers of ROI

The ROI analysis illustrates that it will always be cheaper to pay a household's rent than to pay for rehousing, health care, foreclosure, landlord debts, and all of the downstream impacts of displacement and homelessness.

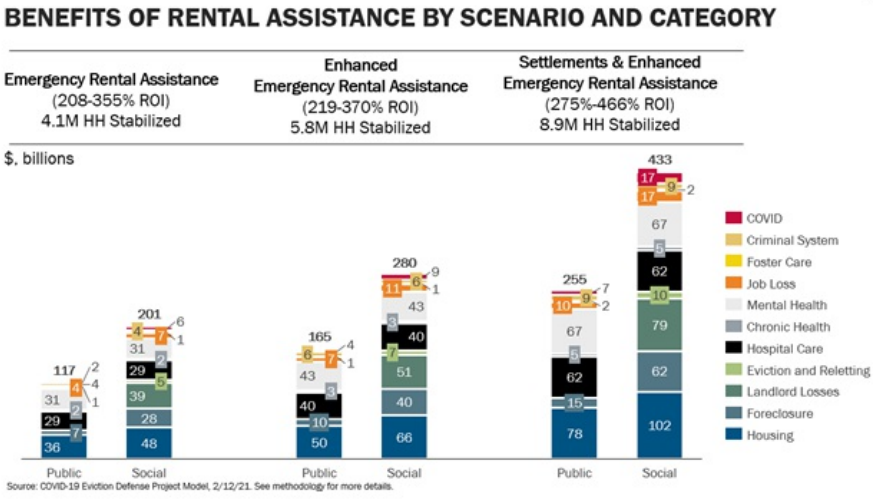
The primary drivers of the ROI analysis are the costs associated with providing housing and health care to individuals who would otherwise be evicted absent intervention. As Figure 11 illustrates, housing and health care are the largest drivers of costs. Combined health care and housing costs account for more than 80% of the public costs of addressing homelessness and displacement in this model.

Among public costs, the largest drivers are the costs of shelter and health care with foreclosure and job loss costs driving a significant percentage. Shelter and rehousing costs account for approximately 30% of the public costs avoided. Combined hospitalization, physical health care, and mental health care services account for more than 50% of the costs avoided associated with rental assistance in this model.

The social cost analysis also incorporates losses of wage income, landlord losses, eviction costs, and broader estimates of the effects of foreclosure on society. While the model is not able to capture all of the social costs of eviction, these categories demonstrate the breadth of the impact of eviction on society at large.

The cost estimates are primarily driven by the known high costs of homelessness. For example, this model was unable to incorporate reliable estimates for the chronic- and mental-health care costs of displacement for individuals who lose their housing, but who do not become homeless.

Figure 11



E. Breakeven Analysis

Given the high proposed ROI, the analysis also considers a break-even scenario. In other words: even if you believed only these programmatic assumptions, the financial benefits would equal the financial costs. In the case of preventing mass displacement, even a program that breaks even has serious merits.

The model would reach an ROI of 99.6% under a circumstance where it only considers the cost avoidance of not paying for shelter or rehousing and hospital care for individuals who become homeless or are otherwise displaced as a result of being evicted. These cost categories were chosen for the breakeven analysis because the research and the direct association with eviction is the strongest.[110] As long as one considers that that there are additional costs of housing displacement beyond the estimated costs of shelter and hospital care and considers that peer-reviewed studies underlie these calculations, this analysis should give comfort that the government will at least break even on its rental assistance investments.

F. State-By-State

This model is built based on fifty-state data. As a result, the ROIs of rental assistance vary significantly by state depending on the percentage of renters who are at risk of eviction in those states and cost variation in certain states. State ROIs are particularly sensitive to average rents and the costs of shelter and health care in those states. ROIs range from ~150-400% in Massachusetts and California, to 380-1128% in Maine. Table 1 includes the state-by-state ROIs using the public costs of the ERA scenario to set the lower bound and the social cost of the ERA+ Negotiation scenario to set the higher bound.

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110. *See infra* Part VII.E (describing the data on housing costs and in-patient and emergency department related costs of homelessness).

Table 1

ESTIMATED PUBLIC AND SOCIAL ROI BY STATE					
State	Public ROI - ERA	Social ROI - ERA+ & Negotiation	State	Public ROI - ERA	Social ROI - ERA+ & Negotiation
Alabama	265%	1028%	Montana	179%	535%
Alaska	175%	433%	Nebraska	166%	423%
Arizona	263%	680%	Nevada	216%	483%
Arkansas	203%	498%	New Hampshire	182%	453%
California	146%	377%	New Jersey	208%	569%
Colorado	167%	380%	New Mexico	224%	572%
Connecticut	163%	517%	New York	162%	446%
Delaware	173%	478%	North Carolina	174%	481%
District of Columbia	143%	300%	North Dakota	246%	470%
Florida	158%	429%	Ohio	217%	511%
Georgia	176%	609%	Oklahoma	207%	497%
Hawaii	181%	394%	Oregon	185%	442%
Idaho	231%	583%	Pennsylvania	166%	478%
Illinois	164%	449%	Rhode Island	165%	489%
Indiana	209%	546%	South Carolina	262%	742%
Iowa	188%	514%	South Dakota	165%	464%
Kansas	213%	562%	Tennessee	198%	443%
Kentucky	271%	746%	Texas	218%	458%
Louisiana	180%	495%	Utah	241%	697%
Maine	380%	1128%	Vermont	159%	366%
Maryland	165%	509%	Virginia	195%	454%
Massachusetts	148%	395%	Washington	192%	434%
Michigan	192%	445%	West Virginia	248%	833%
Minnesota	173%	435%	Wisconsin	188%	480%
Mississippi	256%	752%	Wyoming	279%	670%
Missouri	281%	710%			

G. Model Sensitivity

The model is most sensitive to the following five assumptions:

1. The percentage of renter households who recover economically. The Federal Reserve's unemployment rate projections in 2020 and 2021 inform the modeled economic recovery rate during the rental assistance period.[111]
2. The percentage of renter households who "cure" after a year of rental assistance. The model employs Elior Cohen's 2020 analysis on the effect of rental assistance on homeless individuals to estimate the percentage of renters who do not recover economically will cure with an extra year of rental assistance.[112] Cohen found that rental

111. Fed. Open Mkt. Comm., *December 16, 2020: FOMC Projections Materials, Accessible Version*, BOARD GOVERNORS FED. RES. SYS. (Dec. 16, 2020), https://www.federalreserve.gov/monetarypolicy/fomcprojtabl20201216.htm [https:/perma.cc/Z8WW-23B6].

112. *See* Cohen, *supra* note 96.

assistance was associated with a 20% recidivism rate to homelessness compared to 40% for those who do not receive rental assistance.[113] The model uses the midpoint between these two points and assumes a 30% recidivism rate. To the author's knowledge, there is no available data point for the long-term stabilization rate for non-homeless renters who get a year's worth of rental assistance.

3. The percentage of renter households who would require shelter-based care (and the associated assumption of a right to shelter). An estimated 21.8% of renters in arrears would require shelter or similar costs.[114]
4. The cost of rent by income tier. The model estimates the cost of rent by income tier using custom tabulations from the American Community Survey PMS data that estimate the mean rents paid by individuals based on income.[115]
5. Shelter costs by geography. Shelter costs are the single most expensive cost in this model. They are based on the three-year costs of Usual Care in the Family Options Survey model and scaled by state based on the average cost of rent in that state.[116]

H. Implementation

As the take-up rate illustrates, implementation is a tremendous challenge. While a thorough discussion of implementation is beyond the scope of this Article, readers should consider a variety of design principles for ensuring high take-up rates.[117] The most successful programs offer easy-to-complete application processes with low documentation burdens. They are marketed towards low-income and traditionally underserved communities, including communities of color and mom-and-pop landlords who own a disproportionate amount of the naturally occurring affordable housing. They distribute funds quickly, and they do so at a negotiated rate rather than full payment—something that would further increase the ROI of rental assistance. The model assumes a 10% cost of administration, matching the percentage in the Consolidated Appropriations Act

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113. *Id.*

114. *See infra* Part VII.C (discussing the estimated distribution of tenants to housing outcomes).

115. *See infra* Part VII.B (discussing the methodology for calculating tenant rents).

116. *See infra* Part VII.E (discussing the methodology for calculating shelter costs).

117. *See generally* KIM JOHNSON & REBECCA YAE, NAT'L LOW INCOME HOUS. COAL., BEST PRACTICES FOR STATE AND LOCAL EMERGENCY RENTAL ASSISTANCE PROGRAMS (2021), https://nlihc.org/sites/default/files/Best-Practices-for-State-and-Local-Emergency-Rental-Assistance-Programs.pdf [https://perma.cc/8DKW-5EWZ]; NEUMANN ET AL., *supra* note 77; *Principles for Emergency Rental Assistance During the COVID-19 Crisis*, NAT'L HOUS. L. PROJECT (Jan. 21, 2021), https://www.nhlp.org/wp-content/uploads/ERA-Principles.pdf [https://perma.cc/JV2N-M67G].

to account for the investment required to create efficient rental assistance delivery channels.

VI. CONCLUSION

The patchwork of eviction moratoria and rental assistance has largely succeeded in keeping tenants in their homes, but debts are piling up and evictions are accelerating. With one in six renters in debt to their landlords, as of the end of 2020, the United States risks an unprecedented displacement and homelessness crisis. And, policymakers face a stark choice: pay now or pay much more later.

From a human perspective, we understand that comprehensive policies to keep tenants in their homes are a no brainer. This Article asked the financial question: can we afford such a comprehensive rental assistance program; would the benefits justify the costs?

The answer is an emphatic yes. As this Article illustrates, investing in a generous rental assistance program now will pay several times over. And therefore, nobody in America should face a loss of housing simply because they cannot pay rent for a few months, especially in an economic crisis. The benefits of a rental assistance program designed to achieve those ends flow to tenants, landlords, and governments alike.

This ROI analysis of pandemic rental assistance presents three core takeaways for policymakers. First, rental assistance is the rare win-win-win. Tenants get to stay in their homes. Landlords are made whole. And, governments save money. Specifically, tenants do not just keep the roof over their heads, they keep *their homes* and everything those homes mean to them. The stability prevents the serious health and poverty consequences caused by eviction, displacement, and homelessness. Landlords benefit as well. They avoid heavy financial losses; mom-and-pop landlords can pay the mortgage and avoid sale or foreclosure. Governments maintain naturally occurring affordable housing and avoid having to make tremendous financial outlays in the form of housing, health, legal, education, and other social costs. For every dollar invested in a rental assistance program that covers tenants for up to two years, government could see $1.08 in savings (2.08 times the initial investment) and society could see upwards of $3.66 in benefits (4.66 times the initial investment). The ROI model makes a compelling case that, faced with resource tradeoffs, governments should invest heavily in rental assistance.

Second, Congress made a great investment in its Emergency Rental Assistance allocation, and it should invest more and broaden the program. This Article estimates that Congress' Emergency Rental Assistance program has a quantified ROI of 208-355%. While a good start, more resources and protections are needed to stabilize households. To cover the impacted population through the end of 2021, Congress must allocate between $56 billion and $92 billion. It should also broaden the program. Broadening the program to serve all who are behind on rent and make less than median income would increase the estimated ROI to 275-466%.

Third, and more broadly, the ROI analysis makes a compelling case that nobody in America should face a loss of housing simply because they cannot pay

rent. Reasonable people can disagree over what constitutes a "just cause" or "good cause" eviction. However, this analysis emphatically provides that a non-payment eviction should never be deemed "essential." While our eviction system has always been a moral failure—even more so in the midst of a deadly pandemic—the ROI analysis suggests that it is also financial failure. We need a system focused on stabilizing renters in their homes rather than a system that sanctions displacement. The benefits would flow to tenants, landlords, and society alike. The benefits are financial. More importantly, the benefits are human. Money and morality both argue for a reimagination of the social safety net for renters: with a rental assistance system, policymakers can eliminate non-payment evictions and achieve a rare win for tenants, landlords, and government.

VII. APPENDIX: DRAFT OF METHODOLOGY REPORT FOR RENTAL ASSISTANCE ROI MODEL

A. Eviction Risk Model Methodology: Overview

The Rental Assistance ROI Model simulates eviction risk, by state and by month based on individuals' self-reported rental debts and their own expression of their ability to pay rent on time. Estimates were made prior to the passage of federal rental assistance in the Consolidated Appropriations Act and therefore contemplate eviction risk absent any federal intervention.

At the end of 2020, 18% of renters were already in arrears, and 31% of renters had slight or no confidence in their ability to pay rent next month.[118] When a family runs out of money and is unable to be able to pay rent on time, that family is "at risk of eviction." Of course, not all families who run out of money will go through the legal process of eviction or be involuntarily displaced. However, all families that run out of the ability to pay rent, face the risk of eviction and the likelihood of displacement. My eviction risk estimates include estimates of involuntary displacement. According to one Matthew Desmond and Tracey Schollenberger study of forced displacement in Milwaukee after the Great Recession, for every formal eviction there are two informal evictions.[119]

This model is built off of three primary sources. First, its primary input is the Week 21, Public Use File of the Census Bureau's Household Pulse Survey.[120] Second, it uses the 2019 American Community Survey to establish the number of renter households nationally, renter incomes, and the mean rent by AMI tier.[121]

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118. *See Week 21 Household Pulse Survey: December 9 – December 21*, *supra* note 8.

119. Desmond & Schollenberger, *supra* note 27.

120. *See Week 21 Household Pulse Survey: December 9 – December 21*, *supra* note 8.

121. *Household Income by Gross Rent as a Percentage of Household Income in the Past 12 Months*, U.S. CENSUS BUREAU (2018), https://data.census.gov/cedsci/table?q=ACS%20Table%20B25074,%201-year%20data%20for%202018&tid=ACSDT1Y2018.B25074&hidePreview=false [https://perma.cc/4DLC-GYAF]; *Public Use Microdata Sample (PUMS)*, U.S. CENSUS BUREAU, https://www.census.gov/programs-surveys/acs/microdata.html [https://perma.cc/A9JH-93DN] (last

Third, it uses the Census Bureau's CHAS data to establish the percentages of Americans by AMI tier and cost burden.[122]

The percentage of renter households at risk of eviction by month is based on the percentage of renters who indicate housing insecurity.[123] The model begins with the percentage of renters who are housing insecure in the Week 21 Public Use File for the Household Pulse Survey, which includes data on housing insecurity and rental debts.[124] It assumes that individuals who indicate that they are already in arrears and housing insecure were already at risk of eviction in 2020. Individuals who indicate housing insecurity—but no arrears—are assumed to become at risk of eviction over time in 2021 as their resources run out. Individuals who are in arrears but do not claim housing insecurity are assumed to "cure" and are therefore not at risk of eviction.

The model includes estimates by income tier, finding greater housing insecurity among lower-income renters. It translates housing insecurity by income band into housing insecurity by AMI tier. Because the Household Pulse Survey reports its responses at the person level for individuals older than eighteen, rather than the household level, the model scales responses to the household level with the assumption that adult (over-eighteen) responses are equivalent to household level responses.[125] The model reports these eviction risk numbers in terms of people rather than households. It removes renters who do not report their income from both the numerator and the denominator. It calculates that the average renter family size is 2.37 compared to an average family size of 2.53 based on the American Community Survey.[126]

After estimating the point in time amount of insecurity and eviction risk, the model estimates when renters fall behind on rent and when they recover. The model uses three primary inputs to do this. First, the model assumes a rate of increase in the number of people who are behind on rent since March 2020—the

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updated Feb. 23, 2021).

122. *See generally Consolidated Planning/CHAS Data*, OFF. POL'Y DEV. & RES., https://www.huduser.gov/portal/datasets/cp.html [https://perma.cc/D4T7-V9VA] (last visited Apr. 15, 2021).

123. *Housing Insecurity*, U.S. CENSUS BUREAU, https://www.census.gov/data-tools/demo/hhp/#/?measures=HIR [https://perma.cc/FSE9-VQTZ] (last visited Feb. 26, 2021) (defining housing insecurity as people who answer that they have slight or no confidence that they will be able to pay rent on time next month or who are not current on rent).

124. *See Week 21 Household Pulse Survey: December 9 – December 21*, *supra* note 8.

125. Alexander Hermann & Sharon Cornelissen, *Housing Perspectives – Using the Census Bureau's Household Pulse Survey to Assess the Economic Impacts of COVID-19 on America's Households*, JOINT CTR. FOR HOUSING STUD. HARV. U. (July 2, 2020), https://www.jchs.harvard.edu/blog/using-the-census-bureaus-household-pulse-survey-to-assess-the-economic-impacts-of-covid-19-on-americas-households [https://perma.cc/23BH-PUGQ] (describing the creation of household weights from person weights and the fact that only a single individual is surveyed per household).

126. *ACS Demographic and Housing Estimates*, U.S. CENSUS BUREAU (2018), https://data.census.gov/cedsci/table?q=United%20States&g=0100000US.04000.001&tid=ACSDP1Y2018.DP05&vintage=2018&hidePreview=true&moe=false&tp=false [https://perma.cc/7JQ7-RFFN].

majority of the increase occurring after the expiration of federal enhanced unemployment benefits in July and August 2020.[127] The model employs the Philadelphia Federal Reserve's distribution of rental arrears—for those who lost jobs during the pandemic—as source data to estimate the percentage of renters who fell behind in each month and the percentage of arrears that accrued in that month.[128] There is minimal data on the number of renters who fell behind by month and the amount of rental debt that has built up in the economy by month, this assumption was chosen as the best among few data points.[129]

Second, the model establishes an estimated economic recovery as well as the rate of increase for eviction risk for housing insecure individuals who do not recover. The model estimates economic recovery over the next twelve months for approximately 25% of families at imminent risk of eviction, but families who do not experience an economic recovery ultimately exhaust financial resources to pay rent and therefore become housing insecure and at risk of eviction. Federal Reserve projections enable the estimate of a monthly "cure" rate of 2.1% per month in 2021, accounting for the number of people who can stabilize after returning to work.[130] This economic recovery has the effect of "curing" housing insecurity in this model, assuming that these families who return to work could stabilize economically with payment plans. Previous months of economic recovery are assumed to have been reflected in survey data: families that have recovered economically—who were previously housing insecure—are presumed to have at least moderate confidence in their ability to pay rent the next month.

Third, for prospective eviction risk, the model selects those who were not behind on rent on the Household Pulse Survey but indicate slight or no confidence that they can pay next month's rent on time, and it assumes that one-sixth of them are at risk of eviction for the first time. This assumption is countered by the assumption of the economic cure rate. This assumption applies to both those who lost income and those who did not. By June 2021, all individuals who are housing insecure are estimated to have fallen behind without additional funds.[131]

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127. Alicia Adamczyk, *It's Been a Month Since the Extra $600 Per Week in Enhanced Unemployment Benefits Expired. Here's Where Things Stand Now,* CNBC (Aug. 28, 2020), https://www.cnbc.com/2020/08/28/its-been-a-month-since-enhanced-unemployment-benefits-ended.html [https://perma.cc/LEA8-CMT0] (discussing the expiration of enhanced unemployment).

128. *See generally* DAVIN REED & EILEEN DIVRINGI, FED. RESERVE BANK OF PHILA., HOUSEHOLD RENTAL DEBT DURING COVID-19 (2020), https://www.philadelphiafed.org/-/media/frbp/assets/community-development/reports/household-rental-debt-during-covid-19.pdf [https://perma.cc/3F3V-9GUS].

129. *See, e.g.*, PARROTT & ZANDI, *supra* note 55 (estimating aggregate rental arrears but not estimating arrears by month).

130. Fed. Open Mkt. Comm., *supra* note 111.

131. It is difficult to estimate how long people can continue to pay rent using earned income, borrowing, and scraping resources from other sources. This estimate assumes that families will have spent down all additional options outside of additional assistance within six months. *See*

B. Rental Arrears

1. Context

A variety of actors have attempted to quantify the rental assistance needs in 2020 and 2021. Stout produced a variety of measures,[132] most recently estimating that Americans will have accumulated between $13-24 billion in rental arrears.[133] Moody's Analytics ("Moody's") recently updated their estimate of rental debt from $70 billion by the end of 2020[134] to $57.3 billion.[135] Additionally, Moody's estimates total arrearages of $43 billion by June 2020, inclusive of the federal rental assistance ($68 billion without).[136] Both Stout and Moody's based their estimates on the Household Pulse Survey and considered rental arrears for "all delinquent renters" not just those impacted by the pandemic.[137] The allocation of rental arrears by month in each methodology is unclear.

This model estimates that COVID-related rental arrears reached $22 billion in December 2020 and $27 billion in January 2021. These estimates fall at the high end of Stout's range and are approximately half of Moody' estimates. Discrepancies are likely driven by a difference in the allocation of rental arrears by month and the fact that Moody's arrearages also include approximately 24% for utilities and late fees. Accounting for utilities and late fees, CEDP's estimates for January 2021 would reach $33 billion.

By June 2021, this model estimates a rental shortfall of $85 billion and a shortfall of $148 billion by December 2021. The June, $85 billion, shortfall figure is approximately in line with Moody's estimate ($67 billion accounting for the inclusion of federal stimulus). The primary differential is likely driven by differences in predicted economic recovery rates. The rental shortfall figure is an estimate of the amount of rental arrears that could build up in the economy at

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MATHIEU DESPARD ET AL., DO EITC RECIPIENTS USE TAX REFUNDS TO GET AHEAD? NEW EVIDENCE FROM REFUND TO SAVINGS (2015), https://openscholarship.wustl.edu/cgi/viewcontent.cgi?article=1589&context=csd_research [https://perma.cc/STH6-AVS5] (describing the fact that only 10% of EITC payments are still available after six months).

132. STOUT, ANALYSIS OF CURRENT AND EXPECTED RENTAL SHORTFALL AND POTENTIAL EVICTIONS IN THE U.S. 5 (2020), https://www.ncsha.org/wp-content/uploads/Analysis-of-Current-and-Expected-Rental-Shortfall-and-Potential-Evictions-in-the-US_Stout_FINAL.pdf [https://perma.cc/7XFT-2MPX].

133. *Estimation of Households Experiencing Rental Shortfall and Potentially Facing Eviction*, *supra* note 52.

134. Mark Zandi, *The Week Ahead-U.S. Europe, Asia-Pacific*, MOODY'S ANALYTICS (Aug. 13, 2020), https://www.moodysanalytics.com/-/media/article/2021/weekly-market-outlook-market-value-of-us-common-stock-soars-to-record-high-percent-of-gdp.pdf [https://perma.cc/K8DL-SLZL].

135. PARROTT & ZANDI, *supra* note 55, at 4.

136. *Id.*

137. *Id.*

2021 rates, accounting for our estimated economic recovery. It is important to note, however, that this figure does not account for evictions—after which debt would stop accruing—or decreases in rent from 2020 numbers.

2. Methodology

A number of inputs drive these calculations of rental arrears: AMI tier, mean rents by AMI tier, pandemic employment impact category, and estimates of rental arrears by pandemic employment impact category. For each AMI tier, the model estimates mean rents and multiplied them by the percentage of individuals in each pandemic employment impact category (job loss, wage loss but no job loss, and no job or wage loss), and the assumed percentage of rent owed by category

The model establishes average rents by calculating the mean rent paid for each AMI tier in the American Community Survey.[138] Estimates of rents by AMI tier are based on the 2019 American Community Survey.[139] First, AMI boundaries were established at the 30%, 50%, 80%, 100%, and 150% levels. Average rents by AMI tier were established by calculating average incomes and average percentages of income paid to rent by AMI tier. For renter-occupied homes where the renter is not paying rent, the "N/A" value was set to zero. The analysis considered both mean and median and used mean rents given the likelihood of skewed, non-normal distribution of rental prices, particularly at the bottom of the market.

Like Stout, the model estimates arrearages, excluding those who live in subsidized housing.[140] We estimate that approximately 15% of very low income households live in subsidized housing.[141] Arrearages for these individuals are assumed to be supported by rental recertification rather than rental assistance.

Next, the model is subdivided based on pandemic employment impact category—whether they lost their jobs, income, or did not lose jobs or income during the pandemic using the Household Pulse Survey. This is an imperfect proxy based on the set up of the Household Pulse Survey. The Survey does not ask about job loss or wage loss directly, leading to the need to estimate. First, tenants are divided based on to their answer to a question about whether they have worked in the last seven days, using the variable "ANYWORK". For tenants

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138. Median HCIR Data by State (unpublished data) (on file with the author) (tabulated by National Low Income Housing Coalition).

139. *See American Community Survey (ACS)*, U.S. CENSUS BUREAU, https://www.census.gov/programs-surveys/acs [https://perma.cc/2QR5-79VQ] (last visited Apr. 8, 2021).

140. *See Estimation of Households Experiencing Rental Shortfall and Potentially Facing Eviction*, *supra* note 52.

141. *Federal Rental Assistance Fact Sheets*, CTR. ON BUDGET & POL'Y PRIORITIES (Dec. 10, 2019), https://www.cbpp.org/research/housing/federal-rental-assistance-fact-sheets#US [https://perma.cc/X5B4-CPNQ]. This estimate includes the number of households by AMI tier according to our estimates of AMI tier and the number of households who live in federally subsidized housing according to the Center on Budget and Policy Priorities.

who answer no they are further subdivided into assumptions of whether tenants lost their jobs or lost income based on the variable "RSNNOWRK." The model allocates the following reasons for "job loss": (1) not wanting to be employed; (2) being sick with COVID-19; (3) caring for someone with COVID-19; (4) concerned about getting/spreading the virus; (5) being retired; (6) getting laid off due to pandemic, (7) place of employment closed temporarily; and (8) place of employment went out of business. Responses about employers experiencing a reduction in business, including furlough, due to the pandemic are allocated to the "lost income but not wages" category. The model allocates "other" and "caring for a child" 50-50% between both categories. The result is: approximately 75% of renters who have lost income are coded as having lost jobs and 25% are coded as having lost income but not their job.

For renters who lost their jobs, they are assumed to owe 100% of rent for each month in arrears. For renters who lost income but not full employment, they are assumed to owe 50% of rent for each month in arrears. For renters who did not lose their job, they are assumed to owe 20% of rent for each month in arrears.

Finally, the model estimates utility arrears using assumptions from the Moody's rental assistance analysis. It estimates that utility arrears are approximately 26% of rental arrears by month.[142]

C. Eligibility, Uptake, Evictions Avoided, and Costs Due to Rental Assistance

1. Context:

A small but growing body of evidence indicates that rental assistance has a high ROI and reduces recidivism to homelessness among the population experiencing homelessness.[143] This evidence, based on individuals who have already lost their homes, provides a good proxy for the effect of rental assistance in reducing the potential for homelessness among individuals who are housing insecure but not yet unhoused—the percentage of renter households who "cure" after a year of rental assistance. Elior Cohen's 2020 analysis on the effect of rental assistance on homeless individuals in Los Angeles found that rental assistance was associated with a 20% recidivism rate to homelessness compared to 40% for those who do not receive rental assistance.[144] In other words, 80% of tenants who received rental assistance in Cohen's study avoided future housing instability during the study period.

The recently passed Federal Recovery Act helps set parameters for eligibility assumptions. The appropriation authorized rental and utility assistance for households making less than 80% of the AMI and aimed to prioritize households that make less than 50% of AMI or had an unemployment event.[145] Households

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142. PARROTT & ZANDI, *supra* note 55.

143. *The New Leaf Project*, FOUND. FOR SOC. CHANGE, https://forsocialchange.org/new-leaf-project-overview [https://perma.cc/59WK-CY7L] (last visited Feb. 28, 2021).

144. *See* Cohen, *supra* note 96.

145. *See* H.R. REP. NO. 116-68 (2020).

either qualified for unemployment benefits or experienced a reduction in income or significant financial hardship due to the coronavirus.

There is no good data on rental assistance uptake among those eligible due to the limited availability of funds and the difficulty of distributing funds during the pandemic. States and localities have also created or expanded rental assistance programs during the pandemic, leveraging federal and state dollars. According to the National Low income Housing Coalition, states and localities have allocated $3.9 billion in rental assistance, with at least $2.9 billion coming from the CARES Act in 438 different rental assistance programs.[146] These programs typically require renters to demonstrate COVID-related economic hardship, proof of residency, income eligibility, among other criteria.[147]

As a variety of best practice guides reflecting on rental assistance distribution in 2020 have indicated, these documentation burdens can have the effect of slowing uptake and distribution of strained resources.[148] For example, Louisiana's original application required a fifty-five-page application. Despite the burden, the state closed the application three days after it opened, but disbursement challenges remained.[149] It had disbursed only $115,000 of $5.6 million expected to go to New Orleans residents. In Massachusetts, the rental assistance program under the Coronavirus Relief Fund has been described as "strained to the point of bursting" despite new infusions of state funds.[150]

The difficulty disbursing rental assistance suggests that it will be difficult to estimate take up rates among eligible renters, and it will be difficult to approach universal access for those who are eligible even if sufficient funds exist.

2. Methodology

Rental assistance costs are determined on the basis of eligibility, uptake percentages, the percentages of evictions avoided due to economic recovery and "cures," and the formula for calculating rental assistance.

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146. *See* YAE ET AL., *supra* note 42.

147. *Id.* at 5.

148. *See, e.g.*, NEUMANN ET AL., *supra* note 77; JOHNSON & YAE, *supra* note 117; VINCENT REINA ET AL., COVID-19 EMERGENCY RENTAL ASSISTANCE: ANALYSIS OF A NATIONAL SURVEY OF PROGRAMS (2021), https://nlihc.org/sites/default/files/HIP_NLIHC_Furman_Brief_FINAL.pdf [https://perma.cc/NU7P-HF4N].

149. Michael Isaac Stein, *Suspended $24M State Rental Assistance Program Has Only Disbursed $115,000 in New Orleans*, LENS (Sept. 22, 2020), https://thelensnola.org/2020/09/22/suspended-24m-state-rental-assistance-program-has-only-disbursed-115000-in-new-orleans/ [https://perma.cc/9XKW-EE5N].

150. Tim Logan, *Delays and Debt Mount as State Rent Relief Program Strains to Meet Demand*, BOS. GLOBE (Oct. 24, 2020), https://www.bostonglobe.com/2020/10/24/business/delays-debt-mount-state-rent-relief-program-strains-meet-demand/?p1=Article_Inline_Text_Link [https://perma.cc/X6CU-UB43].

a. Eligibility

The model considers two types of eligibility criteria: eligibility based on (1) COVID-19 employment impact category and (2) pre-COVID-19 income. The first eligibility scenario assumes that only those who have lost income and lost wages due to COVID are eligible for this rental assistance.[151] The second eligibility assumes that anyone can be eligible. Both scenarios can either assume that renters of any pre-COVID-19 income level who experienced a COVID-19 economic hardship will be eligible for rental assistance or they can be limited based on AMI tier.[152] As noted in the scenario analysis, and in the above description of federal rental assistance, funds are prioritizing those who make less than 80% of AMI.

b. Uptake Percentages

The model estimates that 65% of renters who are eligible will be able to access the rental assistance. This estimate is based on an Economic Policy Institute study of unemployed workers accessing unemployment and pandemic unemployment assistance.[153] The Urban Institute also used this 65% take up rate to estimate take up of rental assistance among those eligible.[154] Our model allows for estimates of different uptake percentages. Given the documentation burden of rental assistance programs compared to unemployment filing, 65% is assumed to be the upper bound of uptake and disbursement. Ben Zipperer and Elise Gould further note that the real assistance take up rate may have been between 45-52%.[155]

c. Evictions Avoided

Evictions Avoided: Evictions avoided are calculated based on eligibility, uptake, economic recovery, and cure rates. For people receiving rental assistance, the model assumes that rental assistance leads to an avoided eviction during the months that someone is receiving rental assistance. The model assumes that 25% of individuals would permanently avoid eviction based on the economic recovery in 2021. As outlined above, the model applies an economic recovery rate based on the Federal Reserve's projections of improving unemployment rates in 2021.[156] Additionally, the model estimates that up to twenty-four months of rental

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151. *See supra* Part VII.B (describing how COVID-19 employment impact categories are established).

152. *See supra* Part VII.A (describing how the model incorporates AMI tiers).

153. Zipperer & Gould, *supra* note 108.

154. STROCHAK ET AL., *supra* note 28, at 5.

155. Zipperer & Gould, *supra* note 108.

156. *See supra* Part VII.A (describing the economic recovery assumptions)*; see also* Press Release, Bd. of Governors of the Fed. Reserve Sys., Chair's FOMC Press Conference Projections (Sept. 16, 2020), https://www.federalreserve.gov/monetarypolicy/files/fomcprojtabl20200916.pdf

assistance leads 70% of renters to permanently avoid disruptive displacement.[157] The model uses Elior Cohen's 2020 analysis on the effect of rental assistance on homeless individuals to estimate the percentage of renters who do not recover economically but would cure with an extra year of rental assistance. Cohen found that rental assistance was associated with a 20% recidivism rate to homelessness compared to 40% for those who do not receive rental assistance.[158] This analysis uses the midpoint between these two points and assume a 30% recidivism rate. This proxy was used due to the lack of data on the long-term stabilization rates for non-homeless renters who get a year's worth of rental assistance.

d. Costs of Rental Assistance

Costs of Rental Assistance: For each renter, this analysis estimates that rental assistance pays the tenant's complete rent. This assumption is based on the Consolidated Appropriations Act, which allows federal funds to cover the full amount of arrears for each applicant.[159] The model calculates rent as a percentage of income as described above.[160]

D. Potential Outcomes for Those Who Are Housing Insecure

This model allocates all individuals who are housing insecure into estimated outcome groups without rental assistance. The allocations follow a decision tree that occurs at three levels: (1) formal v. informal evictions; (2) serial evictions for those in the formal eviction process; and (3) housing outcomes for those who are formally and informally evicted.

1. Formal v. Informal Evictions

a. Context

This is admittedly a rough assumption based on minimal data. The courts do not and cannot track informal evictions, and there are few studies that measure these outcomes. Informal evictions are necessarily difficult to measure given that they occur outside of the formal legal system.

As noted in the introduction, there are 3.2 million eviction filings in any given year.[161] Eviction filings are lagging numbers, as many tenants move at the

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[https://perma.cc/W8EH-P9YQ].

157. Cohen, *supra* note 96.

158. *See id.*

159. H.R. 133, 116th Cong. (2020).

160. *See supra* Part VII.B (describing the calculation of mean rents by household type).

161. *See Map & Data*, EVICTION LAB, https://evictionlab.org/map/#/2016?geography=states&bounds=-159.898,68.074,-72.438,79.561&type=er [https://perma.cc/XDC2-LJYG] (last visited Feb. 28, 2021).

first demand that they pay rent or vacate, or at the first mention of eviction. For example, 34% of people who received eviction notices in Milwaukee, moved without going to court.[162] The same study found that for every one formal eviction in Milwaukee, there were two informal evictions.[163]

Eviction threats create fear among renters who do not know their rights to legal process or have other reasons to fear engagement with the legal system. They also lead renters who understand that an eviction can function as a "Scarlet E" to vacate their homes prior to a filing, so they can improve their ability to re-rent in the future.[164]

b. Methodology

Of those at risk of eviction, the model estimates that one third would go through the formal process of evictions and two thirds would face informal displacement. This assumption draws upon Matthew Desmond and Tracey Schollenberger's 2015 study that uses 2009-2011 data on formal vs. informal evictions in Milwaukee.[165] The study finds a 2:1 ratio between informal and formal evictions.[166] The model leverages this ratio to estimate that 33% of housing insecure individuals may experience a formal eviction filing with the courts when they exhaust their resources.[167] The other 67% are estimated to face informal eviction after exhausting their resources.

2. For Formal Evictions: First-Time Displacement, Serial Evictions, and Legal Cures

a. Context:

There is likely to be significant variability in cure rates and rates of serial evictions—rates that are inversely correlated. Where serial eviction filings are high, tenants are more likely to cure, only to face eviction filings again in future months. In these states, eviction filings are often disproportionately used as a rent collection or tenant management tool.[168] Using a data set that includes more than eight million filing records from twenty-eight states, Lilian Leung, Peter Hepburn, and Matthew Desmond found significant "within- and between-state

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162. @just_shelter, TWITTER (Jan. 28, 2021, 5:51 PM), https://twitter.com/just_shelter/status/1354925182499102722 [https://perma.cc/8KPV-DRV2].

163. Desmond & Schollenberger, *supra* note 27, at 1761.

164. *The Scarlet E*, *supra* note 68.

165. Desmond & Schollenberger, *supra* note 27, at 1761.

166. *Id.*

167. *Id.*

168. *See* Lillian Leung et al., *Serial Eviction Filing: Civil Courts, Property Management, and the Threat of Displacement*, 99 SOC. FORCES 1 (2020) (describing variability in serial eviction rates and cure rates).

variation" in the rates of serial evictions by jurisdiction.[169] They attributed serial eviction filing discrepancies to legal regimes, ownership structures, and property management strategies.[170] Serial evictions were most common in "mid-range rental markets," suggesting that even in normal times renters in workforce and middle-income communities face eviction risk.[171]

b. Methodology

The formal eviction estimates are based on three important assumptions. First 19% of renters cure a non-payment eviction filing. This assumption comes from *Losing Home: The Human Cost of Eviction in Seattle,* finding that 75% of tenants vacated their unit after a filing.[172] To reach this estimate, results where the outcome was unclear or the tenant died were omitted, leading to the estimate that 81% of tenants would vacate after a filing if no rental assistance was provided. The assumption was selected given the clarity of the data and the likelihood that significant rental arrears would ultimately be unrecoverable through an eviction-as-rent-collection strategy. Second, 30.4% of tenants experience a serial eviction filing—a second filing in our model.[173] Third, the model assumes a maximum of two eviction filings per year and per tenant household for simplicity. As rental arrears deepen during the pandemic economic crisis, property recovery may become a stronger goal of property owners relative to baseline.

3. For Both: Housing Outcomes Post Eviction

a. Context

A small number of studies have attempted to estimate the outcomes for folks who are evicted. Robin Hood, for example, estimates that 25% of evicted tenants in New York end up in shelter,[174] a figure cited frequently in Stout's cost benefit analysis reports.[175] A study of formal evictions in Seattle found that most evicted residents became homeless with 37.5% unsheltered, 25% in a shelter, 25% doubled up, and 12.5% finding new homes; ultimately nearly half left the city.[176]

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169. *Id.* at 22.

170. *Id.* at 2.

171. *Id.*

172. COOKSON ET AL., *supra* note 90, at 55.

173. *See* Leung et al., *supra* note 168.

174. NEIL STEINKAMP, THE ECONOMIC IMPACT OF AN EVICTION RIGHT TO COUNSEL IN BALTIMORE CITY 38 (2020), https://cdn2.hubspot.net/hubfs/4408380/PDF/Eviction-Reports-Articles-Cities-States/baltimore-rtc-report-final-5-8-2020.pdf [https://perma.cc/UG6A-XFJX] [hereinafter THE ECONOMIC IMPACT]

175. *See, e.g.*, *id.*

176. COOKSON ET AL., *supra* note 90, at 60.

b. Methodology

The analysis assumes a right to shelter. The right to shelter is limited in the United States. Only a few jurisdictions, including New York City, Massachusetts, and Washington, D.C., have a right to shelter (Massachusetts and Washington only have limited rights to shelter for families and in extreme weather conditions respectively). And, there are exceptions, like a loss of the right to shelter for residents of public housing in Massachusetts who have been evicted.[177] Although a tens of thousands of individuals sleep unsheltered every night in the United States,[178] and there is a likelihood of that number increasing without interventions, shelter costs are assumed for each household allocated to the "shelter" category. The social benefit of evictions avoided should not be depressed on the basis of cities' failure to have a sufficient number of beds. Moreover, like Stout, estimates of shelter costs can be a helpful proxy for other rehousing costs necessary to achieve housing stability.[179]

Potential housing outcomes post eviction consider tenants at risk of both formal and informal eviction, accounting for cure rates and serial eviction filing as outlined above.

The *Cleveland Eviction Study* forms the basis of estimates of "what happens next" to tenants after an eviction filing.[180] The study found that 40.5% planned to find another rental, 16.7% planned to double up, 7.1% said they would live somewhere else, 9.5% said they would stay at a shelter, and 26.2% did not know where they would stay.[181] The model uses these proportions with two modifications. First, those who say they would live somewhere else are assumed to double up, which has the effect of making cost avoided numbers more conservative. Additionally, 50% of the individuals who "do not know" are assumed to "double up" and 50% are assumed to end up in shelter.

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177. Ruth Bourquin, *Basic Shelter Rights (Emergency Assistance)*, MASSLEGALHELP (Jan. 2011), https://www.masslegalhelp.org/income-benefits/basic-shelter-rights [https://perma.cc/DB43-N9BA].

178. U.S. DEP'T. OF HOUS. & URBAN DEV., *supra* note 21.

179. NEIL STEINKAMP, COST-BENEFIT ANALYSIS OF PROVIDING A RIGHT TO COUNSEL TO TENANTS IN EVICTION PROCEEDINGS 68 (2019), https://info.stout.com/hubfs/PDF/Eviction-Reports-Articles-Cities-States/Los%20Angeles%20Eviction%20RTC%20Report_12-10-19.pdf [https://perma.cc/NJK3-QNKG]; NEIL STEINKAMP, ECONOMIC RETURN ON INVESTMENT OF PROVIDING COUNSEL IN PHILADELPHIA EVICTION CASES FOR LOW-INCOME TENANTS 44 (2018), https://cdn2.hubspot.net/hubfs/4408380/PDF/Cost-Benefit-Impact-Studies/Philadelphia%20Evictions%20Report_11-13-18.pdf [https://perma.cc/NAD9-U9SQ] [hereinafter ECONOMIC RETURN].

180. APRIL HIRSH URBAN ET AL., CASE W. RES. UNIV., THE CLEVELAND EVICTION STUDY: OBSERVATIONS IN EVICTION COURT AND THE STORIES OF PEOPLE FACING EVICTION 30 (2019), https://case.edu/socialwork/povertycenter/sites/case.edu.povertycenter/files/2019-11/The%20Cleveland%20Eviction%20Study-10242019-fully%20accessible%28r%29.pdf [https://perma.cc/2NX7-5NRJ].

181. *Id.*

Combining the allocations and accounting for formal, informal eviction, cure rates, and serial eviction filings, the model projects that 43.3% of at-risk renters will find a new apartment, 31.4% will double up, 21.8% will end up in shelter, and 3.5% will permanently cure with their landlord and remain in their unit, without access to rental assistance or economic recovery.

E. Social Costs Avoided for Those Who Access Rental Assistance (Benefits)

After allocating people at risk of eviction into their appropriate outcome groups, costs were allocated to each group. Recall that tenants were divided based on whether they were at risk of formal vs. informal evictions, considering whether they vacate or do not vacate, and determining the percentage who end up finding a new home, doubled up with family, or in shelter. For each cost category, the model estimates the net present value of costs avoided and scales all financial figures to 2019 dollars.

1. Time Period

Like our cost of rental assistance analysis, the net present value of costs avoided (benefits) are considered over a three-year period because the best available data extends for that period of time. The three-year time period of benefits assumes that pandemic-related rental assistance is allocated in January 2021 and covers a year of future rent and up to a year of rental debts. The three-year estimate is based on the Family Options study, a thirty-seven-month longitudinal study estimating the impact of shelter-based care, rapid rehousing, and a number of other housing interventions.[182] While eviction moratoria and some rental assistance likely contributed to costs avoided in 2020, this analysis excludes those costs.

2. Costs for Families Experiencing Shelter Based Homelessness

Due to the data on the costs of providing services for people experiencing homelessness, cost estimates for the 21.8% of households estimated to experience shelter-based homelessness following displacement are much more mature compared to the remaining 78.2% of households assumed not to experience shelter-based homelessness. While it is likely that a meaningful percentage of those who do not immediately seek help from a shelter may ultimately require care from a shelter,[183] this possibility was not measured given the difficulty in estimating moves between treatment buckets.

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182. *See* GUBITS ET AL., *supra* note 98.

183. Molly Scott, *Doubled-Up Households: Should They Only Count If They're "Homeless"?*, URB. INST. (Nov. 18, 2011), https://www.urban.org/urban-wire/doubled-households-should-they-only-count-if-theyre-homeless [https://perma.cc/DKQ7-STDH].

a. Shelter Based Homelessness Costs

(I) Context

Total household costs and lengths of stays vary widely by location. In Philadelphia, the total annual cost per individual is $7,340 ($17,394 per household).[184] In Baltimore, it is $8,034 per household. In Boston, the household cost is $26,618;[185] and New York's is $75,949 per year, with the average length of stay lasting 425 days.[186]

(II) Methodology

The model estimates housing costs for individuals experiencing homelessness by location. It relies on the following inputs

- The number and percentage of households at risk of eviction who would become homeless if evicted; and
- The average annual cost of shelter by state (scaled by rent).

Costs associated with the 21.8% of at-risk households who experience shelter-based care are calculated based on the Family Options Survey.[187] Over a thirty-seven-month period, usual emergency shelter care will cost $42,167, a rate of $13,676 per year (excluding inflation).[188] Rental costs were scaled by state based on average rent in that state.

The Family Options Survey was chosen because it provides the most comprehensive data set on the costs of shelter-based care across geographies and across time. The study evaluates four interventions for 2,282 families experiencing homelessness: subsidy-only care, project-based transitional housing, community-based rapid rehousing, and usual care "defined as emergency shelter and housing or services that families can access without an immediate referral to a program that would provide them a place to live."[189] The study evaluated families in a diverse set of locations: Alameda County, CA; Atlanta, GA; Baltimore, MD; Boston, MA; New Haven, CT; Denver, CO; Honolulu, HI; Kansas City, MO; Louisville, KY; Minneapolis, MN; Phoenix, AZ; and Salt Lake City, UT.[190]

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184. ECONOMIC RETURN, *supra* note 179, at 60.

185. Dennis P. Culhane & Thomas Byrne, Ending Family Homelessness in Massachusetts: A New Approach for the Emergency Assistance Program 4 (May 11, 2010) (unpublished manuscript), https://repository.upenn.edu/cgi/viewcontent.cgi?article=1152&context=spp_papers [https://perma.cc/HT2P-NRMW].

186. GISELLE ROUTHIER, COAL. FOR THE HOMELESS, STATE OF THE HOMELESS 2018, at 10, 26 (2018), https://www.coalitionforthehomeless.org/wp-content/uploads/2018/03/CFHStateoftheHomeless2018.pdf [https://perma.cc/9XUF-ST7X].

187. *See* GUBITS ET AL., *supra* note 98.

188. *See id.*

189. *Id.* at xvi.

190. *Id.* at iii.

b. Inpatient Medical Costs

(I) Context

Inpatient Medical Costs for individuals experiencing homelessness who get shelter-based care also vary by location. Stout has estimated Inpatient Medical costs in Philadelphia and Baltimore among other cities, finding a wide range in costs. In Philadelphia, the cost per visit was estimated at $9,000;[191] in Baltimore, it was nearly $38,000.[192] In Denver, based on our estimates, we find that inpatient care costs approximately $16,000 per visit.

(II) Methodology

The model estimates inpatient medical costs for individuals experiencing homelessness. It relies on several inputs.

- The number and percentage of households at risk of eviction who would become homeless if evicted;
- The percentage who would require inpatient services in a year and the average number of visits;
- The percentage of visits attributable to the experience of homelessness; and
- The net present value of the cost per visit by state.

The methodology used in the CEDP risk model parallels Stout's various access to counsel cost-benefit analysis reports to estimate the costs associated with inpatient medical care. The model assumes 23% of individuals in households experiencing homelessness will require an inpatient medical visit[193] of an average of seven days.[194] Further, 80% of these visits are attributable to the experience of homelessness.[195] Daily costs of an inpatient visit come from the Kaiser Family Foundation.[196] Multiplying these figures together yields an average cost per household per year of $7,500 per year.

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191. ECONOMIC RETURN, *supra* note 179, at 46-47.

192. THE ECONOMIC IMPACT, *supra* note 174, at 44.

193. *See generally* Margot Kushel et al., *Factors Associated with the Health Care Utilization of Homeless Persons*, 285 JAMA 200 (2001).

194. *See generally* Monica Bharel et al., *Health Care Utilization Patterns of Homeless Individuals in Boston: Preparing for Medicaid Expansion Under the Affordable Care Act*, 103 AM. J. PUB. HEALTH S311 (2013).

195. Kushel et al., *supra* note 193, at 200.

196. *Hospital Adjusted Expenses Per Inpatient Day*, KAISER FAM. FOUND. (2018), https://www.kff.org/health-costs/state-indicator/expenses-per-inpatient-day/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D [https://perma.cc/2PZK-NNZM].

c. Emergency Room Costs (applied to low- and high-cost scenarios)

(I) Context

Emergency Room Medical Costs for individuals experiencing homelessness who get shelter-based care also vary by location. They are significant as unhoused individuals do not typically have access to other forms of care. In Baltimore, Stout estimated these costs at $7,602 per visit.[197] In Philadelphia, the costs were lower at $920 per visit.[198]

(II) Methodology

The model estimates the cost of emergency room visits associated with individuals experiencing homelessness as a result of eviction. The model relies on several inputs:

- The number and percentage of households at risk of eviction who would become homeless if evicted;
- The percentage who would visit the emergency room in a year and the average number of visits;
- The percentage of visits attributable to the experience of homelessness; and
- The net present value of the cost per visit by state.

The emergency room cost methodology is similar to the in-patient care methodology and largely tracks Stout's methodology.[199] It draws on Margot Kushel et al.'s findings that 32% of homeless individuals visit emergency rooms each year,[200] for an average of four days per year.[201] There are 2.37 people in the average renter household nationwide. And an estimated 75% of these visits were as a result of the experience of homelessness.[202] To establish costs, these figures are multiplied by fifty-state estimates of the costs of an emergency room visit.[203]

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197. *See generally* THE ECONOMIC IMPACT, *supra* note 174.

198. ECONOMIC RETURN, *supra* note 179, at 60.

199. *See*, *e.g.*, *id.*

200. Kushel et al., *supra* note 193.

201. Bharel et al., *supra* note 194.

202. *See generally* Margot Kushel et al., *Emergency Department Use Among the Homeless and Marginally Housed: Results from a Community-Based Study*, 92 AM. J. PUB. HEALTH 778 (2002).

203. Alia Paavola, *The Most, Least Expensive States for an ER Visit*, BECKER'S HOSP. REV. (Dec. 7, 2020), https://www.beckershospitalreview.com/rankings-and-ratings/the-most-least-expensive-states-for-an-er-visit.html [https://perma.cc/VJ8D-FWRK].

d. Foster Care Costs (applied in high-cost scenarios)

(I) Context

Homelessness is associated with greater risk of involvement with the child-welfare system compared to other low-income parents.[204] For example, an analysis of longitudinal data in the National Survey of Child and Adolescent Well-Being found that "inadequate housing" contributed to out-of-home placement in 16% of intact families under investigation.[205] In other words, housing is a significant contributor to foster care placement even when a family unit is still together.

(II) Methodology

The model estimates the percentage of children who would require foster care based on living in households who would be at risk of homelessness that would require shelter-based services if they were evicted.

- The number and percentage of households at risk of eviction who would become homeless if evicted and have children, including the number of children;
- The percentage who would be put in foster care; and
- The net present value of the cost per year.

Among the 21.8% of at-risk households who may be at risk of shelter-based care, 46% of housing insecure households have children.[206] Among renter households with children, the average number of children is 2.1.[207] Nearly 4% of children from evicted families are placed in foster care.[208] This may be an underestimate of costs, as the analysis only considers costs for children experiencing homelessness and does not consider other forms of inadequate housing. Haksoon Ahn et al. provide estimates of minimum adequate foster care costs for children in the United States: they include $859 per month for children between the ages of four and thirteen ($749 for children zero through four and

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204. Jennifer Culhane et al., *Prevalence of Child Welfare Services Involvement Among Homeless and Low-Income Mothers: A Five-Year Birth Cohort Study*, 30 J. SOC. & SOC. WELFARE 79, 79 (2003).

205. Patrick J. Fowler et al., *Inadequate Housing Among Families Under Investigation for Child Abuse and Neglect: Prevalence from a National Probability Sample*, 52 AM. J. COMMUNITY PSYCHOL. 106, 106 (2013).

206. *Week 20 Household Pulse Survey: November 25 – December 7*, U.S. CENSUS BUREAU (Dec. 16, 2020), https://www.census.gov/data/tables/2020/demo/hhp/hhp20.html [https://perma.cc/99XJ-SDTZ].

207. *ACS Demographic and Housing Estimates*, U.S. CENSUS BUREAU (2018), https://data.census.gov/cedsci/table?g=0100000US&tid=ACSDP1Y2019.DP05 [https://perma.cc/EZ7D-3VL3].

208. Lisa Berg & Lars Brannstrom. *Evicted Children and Subsequent Placement in Out-of-Home Care: A Cohort Study*, 13 PLOS ONE art. e0195295, at 6 (2018).

$941 for children fourteen to eighteen).[209] The multiplication translates into $10,188 per year per child before inflation.

e. Mental Health Care Costs

(I) Context

Evictions are known to cause increases in mental health issues.[210] A 2017 meta-analysis of studies on eviction and health concluded that "general consensus that individuals under threat of eviction present negative health outcomes, both mental (e.g. depression, anxiety, psychological distress, and suicides) and physical (poor self-reported health, high blood pressure and child maltreatment)," finding negative mental health outcomes in eleven cohort studies, eight individual cross-sectional studies, and three ecological studies.[211]

(II) Methodology

The model estimates the financial impact of homelessness-related mental health issues. It uses the following inputs.

- The number and percentage of households at risk of eviction who would become homeless if evicted;
- The percentage of chronic health problems associated with homelessness;
- The number of quality adjusted life years from avoiding chronic mental health problems; and
- The value of a quality adjusted life year.

The model draws upon Robin Hood's methodology to calculate the social cost of eviction-related mental health issues.[212] Robin Hood estimates a twenty-nine-percentage point differential in the likelihood of experiencing depression among homeless children compared to low-income children, based on research conducted by the National Center for Family Homelessness.[213] They, Stout, and this model use the Robin Hood rate for both homeless children and adults.[214] The

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209. *See* Haksoon Ahn et al., *Estimating Minimum Adequate Foster Care Costs for Children in the United States,* 84 CHILD. & YOUTH SERV. REV. 55 (2018).

210. *See, e.g.,* Rilwan Babajide et al., *The Effects of Eviction on People in Middlesex County*, PARTNERSHIP FOR STRONG COMMUNITIES (June 28, 2016), https://www.pschousing.org/news/effects-eviction-people-middlesex-county#:~:text=Additionally%2C%20most%20individuals%20lose%20feelings,It's%20a%20feeling%20of%20helplessness [https://perma.cc/3B7E-AR86].

211. Hugo Vasquez-Vera et al., *The Threat of Home Eviction and Its Effects on Health Through the Equity Lens: A Systematic Review,* 175 SOC. SCI. & MED. 199, 202 (2017).

212. *See generally* ROBIN HOOD, METRICS EQUATIONS (2014), https://robinhoodorg-production.s3.amazonaws.com/uploads/2017/04/Metrics-Equations-for-Website_Sept-2014.pdf [https://perma.cc/DV3Y-QLAM].

213. *Id.* at 82.

214. *Id*.; ECONOMIC RETURN, *supra* note 179.

estimated value of avoiding mental illness is 0.33 of a quality-adjusted life year ("QALY"), and a QALY has an estimated value of $50,000. Applying this calculation to each household member, the total annual mental health cost per household, adjusted for inflation, is $12,521.

f. Chronic Health Care Costs

(I) Context

Evictions and homelessness have also been associated with chronic physical health issues.[215] Homelessness and eviction are associated with chronic illness based on the same National Center for Family Homelessness study cited by Robin Hood.[216] A 2016 metanalysis found sixteen studies linking eviction and the threat of household instability to negative health outcomes.[217]

(II) Methodology

The model estimates the cost of chronic health care for individuals who are evicted and as a result experience homelessness. The model employs several inputs:

- The number and percentage of households at risk of eviction who would become homeless if evicted;
- The percentage of chronic health problems associated with homelessness;
- The number of quality adjusted life years from avoiding chronic health problems; and
- The cost of a quality adjusted life year.

These estimates draw upon Robin Hood's methodology to estimate the social cost of eviction-related chronic illness. Robin Hood estimates a 0.1 QALY value for reduction in chronic illness on the basis of a QALY difference between those with well controlled and non-well-controlled asthma.[218] They indicate that this is likely "a conservative guess" given the potential for more than one chronic illness.[219] They extrapolate this rate to apply to the whole population.[220] The estimated 2014 price of a QALY is $50,000. This model estimates a seven-percentage point decrease in chronic illness based on the same National Center for Family Homelessness study.[221] Combined, the total annual costs of chronic physical health care associated with an eviction, inflation adjusted, are estimated

215. Vasquez-Vera et al., *supra* note 211, at 202.
216. *Id.*
217. *Id.*
218. ROBIN HOOD, *supra* note 212, at 81-82.
219. *Id.*
220. *Id.*
221. *Id.*

to be $915.84 per household.

g. Job Loss

(I) Context:

Typically, people understand job loss to be a cause of evictions. In 2016, Matthew Desmond and Carl Gershenson released an analysis that found that job loss is not just a cause of evictions but also a consequence of evictions.[222]

(II) Methodology

The model estimates the social and public costs of job loss related to evictions for individuals who did not lose their jobs during COVID. The model is based on five inputs:

- Population of individuals by state who are at risk of eviction and would face non-shelter-based displacement;
- The percentage of individuals who still employed among those at risk of eviction;
- The percentage decrease in employment associated with an eviction;
- The number of months unemployed; and
- Income replacement by AMI tier.

The population of individuals by state who are at risk of eviction and the percentage of individuals still employed are estimated using the CEDP Eviction Risk Model.[223] In other words, this estimate only considers people who are at risk of eviction and whose eviction could trigger job loss.

The percentage decrease in employment associated with an eviction is estimated to be 17%. This figure is the midpoint of the estimated effect of eviction on employment identified in Matthew Desmond and Carl Gershenson's 2016 study topic.[224] This is likely a conservative number on two dimensions: it only uses the midpoint Desmond-Gershenson range, and the analysis does not apply to those who lost wages but not their jobs.

Unemployment following job loss is assumed to be six months based on January 2021 data from the Federal Reserve Bank of St. Louis.[225]

To calculate social costs, the model multiplies the number of unemployed renters who faced eviction and lost their job as a result by the weighted average monthly income for each AMI tier. To calculate public costs, it considers the

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222. Desmond & Gershenson, *supra* note 63, at 67.

223. *See* Desmond & Gershenson, *supra* note 63, at 61-64 (discussing the methodology for calculating the percentage of individuals at risk of eviction and for a description of pandemic employment impact categories).

224. *Id.* at 60.

225. *Average Weeks Unemployed*, FED. RES. ECON. DATA, https://fred.stlouisfed.org/series/UEMPMEAN [https://perma.cc/CLB4-TTNW] (last visited Feb. 27, 2021) (detailing twenty-six weeks as the average number of weeks unemployed in January 2021).

unemployment outlays by state and the lost income tax to the state. It estimates that the public cost of unemployment is approximately 70% of prior wages. State unemployment replaces approximately 50% of wages,[226] and the state and federal government lose approximately 19% of wages in the form of tax income.[227]

h. Criminal Costs

(I) Context

The experience of homelessness has also been associated with increased involvement with the criminal system.[228] It is critical not to draw a causal association between homelessness and criminal involvement. Indeed, the experience of homelessness is associated with police interaction, including instances where police officers enforce statutes and ordinances designed to prevent individuals experiencing homelessness from resting in a given location.[229] Nevertheless, and often as a result of this policing, criminal system costs are disproportionately higher for populations experiencing homelessness than other low-income populations. Cohen's study, for example, found that formerly unhoused individuals receiving housing assistance were associated with a 7.9 percentage point lower probability of being charged with a crime and a thirteen day decrease in the average number of jail days compared to unhoused individuals who did not receive housing assistance.[230] It also found a non-statistically significant association with reduced probation.[231]

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226. *Policy Basics: Unemployment Insurance,* CTR. ON BUDGET & POL'Y PRIORITIES, https://www.cbpp.org/research/economy/policy-basics-unemployment-insurance [https://perma.cc/NN3J-F68E] (last updated Jan. 4, 2021).

227. Adam McCann, *2020's Tax Burden By State,* WALLETHUB (June 24, 2020), https://wallethub.com/edu/states-with-highest-lowest-tax-burden/20494 [https://perma.cc/W3W6-Z7FL].

228. *See, e.g.*, BROOKE SPELLMAN ET AL., U.S. DEP'T OF HOUS. & URBAN DEV., COSTS ASSOCIATED WITH FIRST-TIME HOMELESSNESS FOR FAMILIES AND INDIVIDUALS 29 (2010), https://www.huduser.gov/portal//publications/pdf/Costs_Homeless.pdf [https://perma.cc/VJ9Z-QQT7]; Dennis Culhane et al., *Public Service Reductions Associated with Placement of Homeless Persons with Severe Mental Illness in Supportive Housing,* 13 HOUS. POL'Y DEBATES 107, 137 (2002).

229. *See generally* TONY ROBINSON & ALLISON SICKELS, NO RIGHT TO REST: CRIMINALIZING HOMELESSNESS IN COLORADO (2015), https://denverhomelessoutloud.files.wordpress.com/2016/03/no-right-2-rest.pdf [https://perma.cc/Y27U-F3YB].

230. Cohen, *supra* note 96, at 106.

231. *Id.*

(II) Methodology

The model estimates criminal system costs associated with the policing of homelessness. The model relies on the following inputs:

- The percentage of adults at risk of eviction who would require shelter-based care;
- The percentage estimated to become involved with the criminal system; and
- The typical cost of criminal system involvement for adults.

The model begins by estimating that 36% of adults of households who require shelter services as a result of a displacement would become involved with the criminal system.[232] The average number of adults per renter household is 1.54. This estimate leverages Elior Cohen's experimental data on rental assistance and criminal system costs in Los Angeles to estimate that the eighteen-month cost savings of criminal system involvement that could be avoided through effective rental assistance is $1,724 and therefore the twelve-month costs avoided are $1,149.[233]

i. Landlord Eviction and Displacement Costs

(I) Context

While the majority of this piece has focused on the costs of evictions to tenants and government, it is important to highlight the cost of non-payment of rent to landlords. When landlords move to evict or displace tenants, they often do so by accepting complete losses on the property and the costs of turning over the property. The National Apartment Association estimates that the typical collections rate may be less than 10% for affordable housing.[234]

(II) Methodology

The model offers conservative cost estimates of the cost to landlords of evicting tenants. These costs are only included in estimates of the "social cost" of eviction. The model includes the following inputs.

- Estimated uncollected rental arrears;
- Costs of changing the locks as a low-range proxy for property damage;
- Turnover costs estimated as one month of rent; and
- Court costs and legal fees borne by the landlord for the approximately one third of tenants who this model estimates would be face eviction through the legal system.

The biggest driver of these cost estimates is "uncollected rental arrears." The

232. ROBINSON & SICKELS, *supra* note 229.

233. Cohen, *supra* note 96, at 38.

234. *Multifamily Debt Collections: Best Practices for Owners and Managers*, *supra* note 11.

analysis pulls upon the rental shortfall analysis that estimates the total potential rental arrears in the economy.[235] Based on a National Apartment Association report, the model assumes that landlords will collect only 10% of rental arrears; 90% of rental debts prior to a displacement are counted as losses.[236] This number may be conservative absent federal rental assistance given the massive arrearages during the pandemic.

The model assumes for simplicity purposes that all at risk renters would be displaced by the end of 2021 assuming a constant rate of displacement. It constructs the counterfactual by assuming that all renters at risk of eviction would be displaced in 2021 absent rental assistance. It assumes that displacement would occur at an even rate, with 8% of potential displacements occurring over each month. This assumption simplifies because it is impossible to estimate how displacement would proceed without eviction moratoria in place given the paucity of data on displacements during the pandemic and the unprecedented number of evictions that could occur. This assumption limits the landlord costs only to rental debt and not rental shortfall.

Property costs are conservatively estimated at the cost of changing the locks—though, landlords are likely to face higher costs due to wear and tear, property damage, and renovation costs. The model does not include moving costs.

Vacancy costs are set at one month's rent. Apartment vacancies have been rising in the pandemic,[237] and rents have declined overall.[238] However, a closer look at the data shows sustained increases in rental prices for "low" and "moderate" quality homes.[239] Homes at the bottom-end of the rental market are continuing to see rental price increases,[240] demonstrating high demand and a lack of supply of affordable housing.[241]

Estimates of legal fees and court costs vary meaningfully by jurisdiction. For the purposes of this model, they are derived from a triangulation between the 2018 Transunion analysis of the costs of eviction[242] and the American Tenant

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235. *See supra* Part VII.B (describing methodology for estimating rental arrears).

236. *Multifamily Debt Collections: Best Practices for Owners and Managers*, *supra* note 11.

237. JOINT CTR. FOR HOUS. STUDIES OF HARVARD UNIV., THE STATE OF THE NATION'S HOUSING 2020, at 32 (2020), https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_The_State_of_the_Nations_Housing_2020_Report_Revised_120720.pdf [https://perma.cc/HA75-FSJP].

238. *Id.*

239. *Id.*

240. *Id.*

241. *See* NAT'L LOW INCOME HOUS. COAL., THE GAP: A SHORTAGE OF AFFORDABLE HOMES 4 (2020), https://reports.nlihc.org/sites/default/files/gap/Gap-Report_2020.pdf [https://perma.cc/47J2-BCVY] (discussing the fact that there are only 36 units available for every 100 tenants in need of affordable housing).

242. Andrea Collatz, *The True Cost of an Eviction*, TRANSUNION (Nov. 2, 2018), https://www.mysmartmove.com/SmartMove/blog/true-cost-eviction.page [https://perma.cc/7M29-BGFY].

Screen's analysis.[243]

2. Non-Shelter-Based Displacement Costs

There is considerably less data available about the social costs and relative effects of increased housing insecurity not associated with homelessness, so our analysis of non-shelter-based homeless costs is much more limited. Thus, the model considers only three sets of costs associated with displaced individuals who do not require shelter-based homelessness: (1) the cost of finding a new home for those allocated to that outcome; (2) increased health care costs from having non-affordable housing; and (3) job losses as a result of the displacement for those who remain employed (and did not lose wages during the pandemic). Of course, eviction and the threat of eviction have been linked to other negative consequences, including chronic physical and mental health care.[244] While this analysis is unable to estimate those costs, it bears mention that those costs exist—and their existence likely increases the ROI of stabilizing households.

a. Costs of Finding a New Home

(I) Context

State laws and conventions for the cost of rehousing vary widely.[245] In practice, tenants are often required to pay at least one month's rent in addition to another month's rent for a security deposit. Other geographies require at least two months' rent and/or the payment of first month's rent, last month's rent, and deposit.

(II) Methodology

The model assumes that each renter household, on average, that must find a new home will have to pay first month's rent and a security deposit equivalent to one month's rent costs. While some localities and rental properties require three months' (first, last, and security deposit), this model employs the conservative assumption of only two months' worth of funds to move into a new apartment. While most assumptions in this model operate at the person level, this operates at the household level. The estimates for the costs of finding a new home are based on three assumptions.

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243. *How Much Will It Cost to Evict My Tenants?*, AM. TENANT SCREEN, https://americantenantscreen.com/how-much-will-it-cost-to-evict-my-tenants/ [https://perma.cc/A827-2PT5] (last visited Feb. 28, 2021).

244. Vasquez-Vera et al., *supra* note 211, at 202.

245. *Security Deposit Limits, State-by-State*, NOLO, https://www.nolo.com/legal-encyclopedia/chart-security-deposit-limits-state-29020.html [https://perma.cc/H2XU-VHUC] (last updated Dec. 9, 2021).

- The number of households at risk of eviction estimated to avoid shelter-based homelessness;
- The average cost of rent by state; and
- The number of households at risk are based on the CEDP Eviction Risk Model.[246] The average cost of rent by state is based on the American Community Survey's rental data by state.[247]

b. Health Care Costs

(I) Context

Lack of affordable housing has been linked with poor health and limited ability to seek health care.[248] Substandard housing, including residential crowding that might be caused by doubling up, has been linked to health issues.[249] Low income families struggling to pay rent, for example, are less likely to regularly access the same medical care.[250]

(II) Methodology

The model estimates health care costs for those who experience non-shelter-based displacement. It relies on two primary inputs:

- The number of individuals in households at risk of eviction who would not experience shelter-based displacement; and
- The cost of health care for those who do not live in affordable housing.

These estimates are based on a study of the effects of affordable housing on health care usage in Oregon.[251] In total, various affordable housing interventions decreased Medicaid expenditures by 12%, while the usage of outpatient care increased and emergency department care decreased.[252] While the study investigated a number of types of affordable housing interventions, including

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246. *See supra* Part VII.A.

247. *See supra* Part VII.B.

248. Lauren Taylor, *Housing and Health: An Overview of the Literature*, HEALTH AFFAIRS (June 7, 2018), https://www.healthaffairs.org/do/10.1377/hpb20180313.396577/full/ [https://perma.cc/SV4H-7A69].

249. *See* Claudia D. Solari & Robert D. Mare, *Housing Crowding Effects on Children's Wellbeing*, 41 SOC. SCI. RES. 464 (2012).

250. Paula Braveman et al., *Housing and Health,* ROBERT WOOD JOHNSON FOUND. (May 2011), https://www.rwjf.org/content/dam/farm/reports/issue_briefs/2011/rwjf70451 [https://perma.cc/T78P-BWVD].

251. *See generally* BILL WRIGHT ET AL., HEALTH IN HOUSING: EXPLORING THE INTERSECTION BETWEEN HOUSING AND HEALTHCARE (2016), https://www.enterprisecommunity.org/download?fid=5703&nid=4247 [https://perma.cc/SXV5-LVNA].

252. *Id.*

permanent supportive housing and housing for seniors with disabilities, this analysis only considers family housing—which is most analogous to the pre-COVID-19 housing context of the majority of the demographic. The study found a comparably smaller effect on expenditures. When selecting the family housing option, the analysis finds a $22 monthly decrease in the amount of Medicaid spending per person.[253] The study found a strong association, but it is not statistically significant at the 5% or 10% level (p value of 0.12%); nevertheless, this study offers a reasonable estimate of the comparative health benefits of affordable housing compared to necessarily less affordable housing absent rental assistance.

c. Job Loss Costs

Both the context and the methodology are the same for cost estimates of job loss costs for individuals who are displaced but do not experience shelter-based homelessness, as they were under the shelter-based homelessness category.

d. Landlord Eviction and Displacement Costs

Both the context and the methodology are the same for landlord eviction and displacement cost estimates for individuals who are displaced but do not experience shelter-based homelessness, as they were under the shelter-based homelessness category.

3. Broader Population Costs

The model also considers two cost categories that impact broader society: foreclosure and COVID-19 hospitalizations.

a. Foreclosure Costs

(I) Context

Evictions do not occur in a vacuum. When tenants cannot pay their rent, landlords—particularly mom-and-pop landlords—cannot pay their mortgage. Failure to pay mortgages leads to foreclosure and the accompanying financial and social consequences for the community. While likely understated, this model incorporates an analysis of foreclosure-related risk to demonstrate that failure to provide rental assistance leads to cascading consequences in the housing market in addition to the human suffering for evictees, as well as massive financial outlays for state and local governments.

253. *Id.*

(II) Methodology

The model also includes an analysis of potential foreclosure costs for families living in one- to four-unit rental properties, with mortgages that are owned by individual investors. This approach broadly follows the methodology charted by the Harvard Joint Center for Housing Studies.[254] The Center's analysis found significant risk in small buildings and a higher concentration of renters at risk of COVID-19 related job loss, as these buildings offer a high percentage of naturally occurring affordable housing.[255] This analysis is likely to be a conservative presentation of the potential foreclosure-related costs because a rent-related foreclosure crisis would likely affect properties larger than one- to four-units as well. The analysis finds 5% of landlords at risk of an eviction-related foreclosure.

The public and social costs of eviction-related foreclosure by state are based on two inputs:

- The number of properties owned by at-risk mom-and-pop landlords measured by (a) the percentage of individual investors who own one to four properties (b) that rent to non-paying renters and (c) have a mortgage (d) where the debt service coverage ratio is less than 80%, assuming (e) half are at risk;[256] and
- The Public and Social Cost of Foreclosure measured by the net present value of the cost of a foreclosure, estimated from Great Recession studies of the foreclosure crisis.

To calculate foreclosure costs, the model considers the addressable population[257] who live in one to four family units owned by individual investors, selecting the population with a mortgage and a debt service coverage ratio under 80%. All data comes from the Rental Housing Finance Survey.[258] These assumptions culminate in a calculation that 5% of displaced renters live in a unit that could be at risk of foreclosure. While likely an understatement, this analysis is illustrative of the systemic risk posed by a rental eviction crisis.

The costs of foreclosure were well-studied during and after the last housing crisis. The Senate's Joint Economic Committee estimated the social cost of foreclosure to be $77,935, based on costs to financial institutions, cities and localities, and the homeowners.[259] In 2019 dollars, that total cost is $96,095. Total social costs also included costs to homeowners, renters, state and local governments, as well as neighborhood cost. Total public costs were estimated at

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254. Airgood-Obrycki & Hermann, *supra* note 50.

255. *Id.*

256. *Rental Housing Finance Survey (RHFS),* U.S. CENSUS BUREAU, https://www.census.gov/programs-surveys/rhfs.html [https://perma.cc/3UN7-C6LV] (last visited Feb. 28, 2021).

257. *Week 20 Household Pulse Survey: November 25 – December 7*, *supra* note 206.

258. *Rental Housing Finance Survey*, *supra* note 256.

259. CHARLES E. SCHUMER, CHAIRMAN, JOINT ECON. COMM., SHELTERING NEIGHBORHOODS FROM THE SUBPRIME FORECLOSURE STORM 16 (2007), https://www.jec.senate.gov/archive/Documents/Reports/subprime11apr2007revised.pdf [https://perma.cc/QVK3-T97S].

$23,537 per home on the basis of the costs to state and local government of foreclosure and excluding costs to financial institutions and the homeowners themselves.

b. COVID-19 Costs

(I) Context

A growing body of research has linked evictions to the spread of COVID-19 and therefore to COVID-19 related fatalities. In early 2021, researchers at the National Bureau of Economic Research found, for example, that comprehensive bans on evictions could have reduced infections by 14.2% and deaths by 40.7% during the crisis.[260] Researchers at the University of Pennsylvania[261] and teams collaborating with Emily Benfer,[262] have also linked eviction to COVID-19 infections and deaths.

(II) Methodology:

The model dynamically estimates the percentage increase in COVID-19 hospitalizations related to eviction and the costs of those hospitalizations. The public and social costs are based on four inputs:

- The urban population of each of the fifty states;
- The absolute value of the decrease in infection rate due to intervention;
- The hospitalization rate as a percentage of the infection rate; and
- Public and social costs per hospitalization.

The social and public costs related to COVID-19 infection can be calculated by multiplying the Urban Population by Intervention Effect on Infections by the Hospitalization Rate by the Cost per Hospitalization.

To calculate the decrease in infection rate caused by the intervention, it begins by calculating the decrease in eviction rate. The model starts with the urban population[263] because the source study that estimates the effect of a change in eviction rate on COVID-19 transmission only simulated urban spread.[264] It assumes a baseline infection rate of 23%.[265] This baseline infection rate matches

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260. Jowers et al., *supra* note 71.

261. Justin Sheen et al., The Effect of Eviction Moratoria on the Transmission of SARS-CoV-2, at 1 (Jan. 19, 2021) (unpublished manuscript) (on file with the *Indiana Health Law Review*).

262. Benfer et al., *supra* note 36, at 11.

263. *Urban Area Facts*, U.S. CENSUS BUREAU, https://www.census.gov/programs-surveys/geography/guidance/geo-areas/urban-rural/ua-facts.html [https://perma.cc/8A9M-UD7J] (last visited Feb. 22, 2021).

264. Sheen et al., *supra* note 261, at 4.

265. Youyang Gu, *Path to ~~Herd Immunity~~ Normality: 2020 Outlook of COVID-19 in the US*, COVID-19 PROJECTIONS, https://covid19-projections.com/path-to-herd-immunity/ [https://perma.cc/2FQB-K7HY] (last updated Feb. 21, 2021) (using estimates from January 1, 2021).

the low end of Justin Sheen et al.'s Strong Lockdown and Second Wave Scenario.[266] Leveraging the University of Pennsylvania study,[267] and annualized eviction risk projections,[268] and considering the baseline monthly displacement rate leads to a baseline of approximately 2% without intervention. This baseline under the current infection rate would suggest a 10.8 percentage point increase in infections over a six-month period associated with displacement absent intervention.[269] It dynamically estimates the delta in eviction rate based on the difference between the baseline rate and the rate after intervention.

Based on the delta in eviction rate, it estimates the decrease in infection rate. The model again leverages the simulated relationship between eviction rate and infection rate[270] to establish the effect of the intervention on the infection rate.

In order to determine the percentage of individuals who would not otherwise avoid hospitalization but for the intervention, the model multiplies the estimated decrease in infection rate[271] by the estimated hospitalization rate by state.[272] The mean hospitalization rate was used; where data was not reported, the model used the national average.[273]

The average cost of a COVID-19 hospitalization was $23,489.[274] A percentage of total cases were considered to be "public costs." Assuming constant rates of public expenditure, 41% of these costs are considered public costs based on the percentage of COVID cases that have been covered by Medicaid, Medicare, and for uninsured individuals.[275]

4. Additional Limitations

This analysis is further limited by insufficient data on the outcomes of eviction and displacement. It, therefore, is likely to understate the costs avoided by evictions avoided. This is particularly true given the limited academic research on outcomes for those who do not go through the formal legal process of eviction and/or those who do not end up homeless. Indeed, it was difficult to estimate commensurate mental health, chronic health, foster care, and criminal costs for the estimated 78% of people facing eviction who likely do not ultimately

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266. Sheen et al., *supra* note 261, at 7.

267. *Id.*

268. *See supra* Part II.B (describing eviction risk).

269. Sheen et al., *supra* note 261, at 7.

270. *Id.*

271. *US Currently Hospitalized,* COVID TRACKING PROJECT, https://covidtracking.com/data/charts/us-currently-hospitalized [https://perma.cc/8XJ6-V9KZ] (last visited Apr. 7, 2021).

272. *Id.*

273. *Id.*

274. Chris Sloan et al., *COVID-19 Hospitalizations Projected to Cost Up to $17B in US in 2020*, AVALERE (June 19, 2020), https://avalere.com/insights/covid-19-hospitalizations-projected-to-cost-up-to-17b-in-us-in-2020 [https://perma.cc/G6F3-ANB7].

275. *Id.*

experience homelessness. The model does not incorporate any estimates to that effect. Simply put, the costs are likely to be much greater. Additionally, the model does not include a significant number of public costs that would be avoided, including education costs, juvenile justice costs, and welfare system costs associated with homelessness and displacement. It also does not consider future economic consequences that affect tenants' credit and ability to rent new units. It does not measure the costs of family and community instability if the tsunami of evictions were allowed to hit uninterrupted.