Are renters—and the U.S. economy—hurtling toward an 'eviction cliff'?

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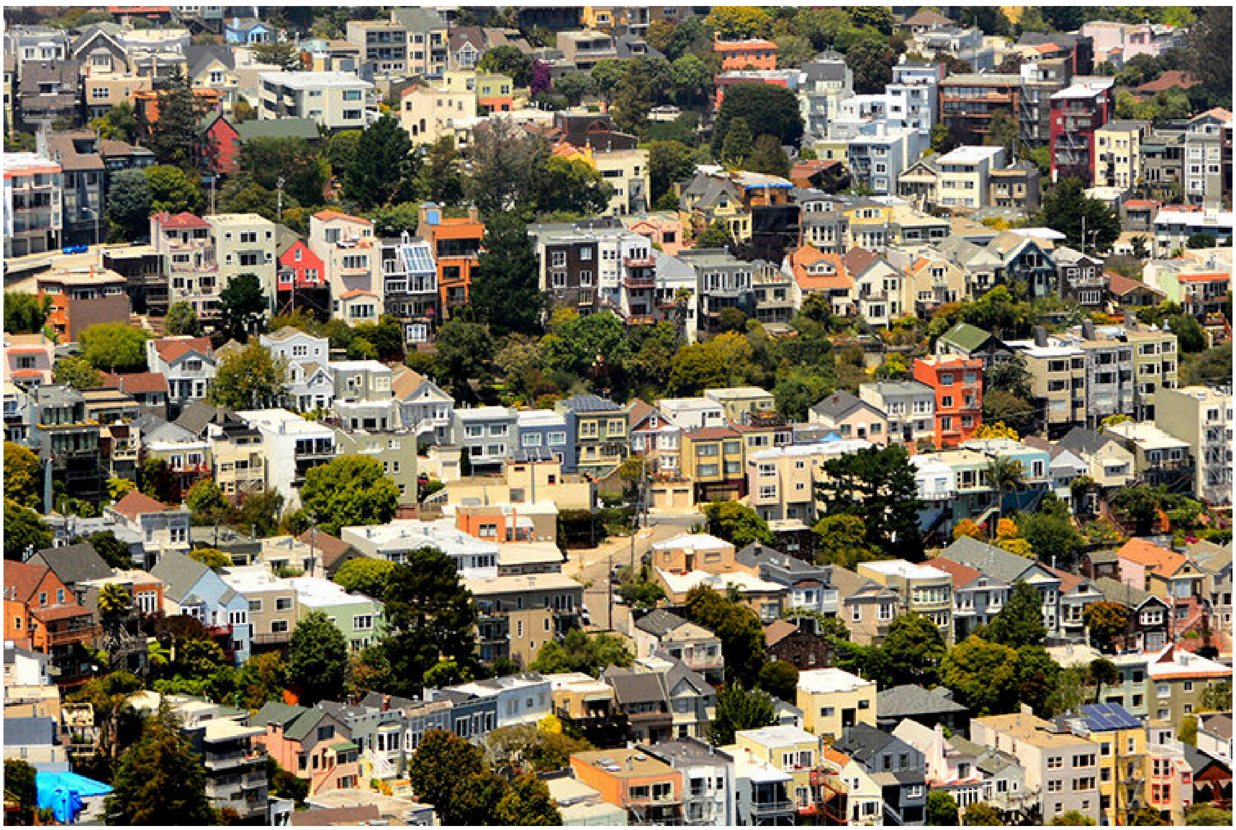

In the Bay Area and other areas where housing costs are higher, landlords may have a stronger incentive to evict tenants, despite the hardships of the pandemic, Berkeley researchers say. Credit: Mike McBey via Flickr

Schools and businesses are reopening, diners are returning to restaurants, and fans are returning to sports stadiums, but a new crisis in the COVID-19 pandemic may be just weeks away: the possible eviction of millions of Americans who have fallen behind in their rent.

When massive job losses and other pandemic-driven economic pressures left many renters unable to pay and accumulating debt to their landlords, the federal government and some states set moratoria that blocked evictions. Now the U.S. ban is set to expire on June 30, and UC Berkeley housing experts are warning of a potential surge of evictions and homelessness, along with damaging economic shock waves.

Never in U.S. history have so many renters been vulnerable to eviction at the same time.

In all, nearly 6 million U.S. renters owe nearly $20 billion in back rent, according to one new study co-authored at UC Berkeley. And those most affected, the Berkeley scholars say, are low-income people, women and families with children. Most are people of color.

"There's concern that we are going to be facing an 'eviction cliff'—that we're going to see a large number of renter households across the United States evicted from their homes," said Carolina Reid, faculty research adviser for Berkeley's Terner Center for Housing Innovation and an associate professor in the Department of City and Regional Planning. "The data point to significant economic hardship."

The potential impact could be "catastrophic," added Tim Thomas, research director at the Berkeley-based Urban Displacement Project. "It could lock many more people into a population that will be housing-insecure for a long, long time, if not for the rest of their lives—and that will pass down to their children."

The federal government has allocated billions of dollars for rent relief, but experts say that distribution is slow, and that many who need the aid don't know about it. And while federal and state governments could extend their eviction moratoria, legal and political challenges are already undermining such action.

A federal judge in Washington, D.C., ruled Wednesday that the U.S. Centers for Disease Control and Prevention had no authority to impose the federal moratorium last fall. Federal courts in Texas and Ohio have issued similar rulings.

Many landlords have faced their own economic crises during the pandemic, and they may benefit from the rulings. But a high-speed, high-impact campaign to get relief distributed could benefit both landlords and renters—and could help avert a historic housing disaster.

The impacts of eviction are cumulative—and devastating

According to the Berkeley researchers, the unprecedented magnitude of the rent crisis makes it difficult to predict what the impact might be if federal and state eviction moratoria are lifted in the weeks ahead.

But they traced how the effects go far beyond eviction, raising what Reid called a "grave concern."

For example: Suppose a low-income family accumulates $4,000 in rent debt. It's likely they have little or no savings, and if they're unemployed or working reduced hours because of the pandemic, or if they work in low-income jobs, they may have no practical way to pay that money back.

In California, "we know that high housing costs make it really hard to save anything, let alone pay off that kind of debt," Reid said. "If you're thinking about that debt being layered on top of student debt or a car loan, you can imagine the long-term impacts on their ability to stay current on rent."

When people are evicted, Thomas explained, it leaves a blemish on their record—and the negative effects can reach deep into their lives. Their credit rating takes a hit. That probably makes it more difficult to rent a new place. To find something less expensive, they may have to look far from their job or potential jobs. That could mean a longer commute, higher transit expenses, less time with family, a new school for the kids. It could mean greater challenges in holding a job.

"There's a snowball effect that greatly challenges stability and opportunity for a lot of these households," he said. "All of the research shows that any kind of housing instability … is very disruptive. Where you live impacts your networks, your health, your children's health, their education.

"After the pandemic, I expect that we'll see homelessness numbers far above anything we've ever seen before. And we've already had a crisis for a long time now."

That, in turn, could put pressure on state and local governments and aid agencies to spend more to prevent homelessness at a time when the pandemic already has created historic budget stress.

Data innovation at Berkeley: measuring a fast-moving crisis

When that human impact is multiplied across millions of people in thousands of American communities, it becomes clear why housing experts are worried.

But data on the number of at-risk renters is difficult to collect, and that has hampered policymakers who want to develop solutions. Scholars at Berkeley are leading innovations to develop deep, accurate data, and they have been called to brief government officials and community organizations in Washington, D.C., and in California and other states.

The multi-university Urban Displacement Project is using advanced data science tools to mine public court records nationwide for data on evictions. The Terner Center is working on two novel studies: one a survey of landlords and their pandemic experiences, the other on stresses faced by low-income renters in affordable housing.

Estimates of how many U.S. renters could face eviction range as high as 40 million. A report released April 21 by the National Equity Atlas, based on pandemic-focused reports by the U.S. Census Bureau and other data sources, concluded that 5.7 million renters—nearly 14% of all renters nationally—are behind on their rent.

Alex Ramiller, a Berkeley Ph.D. student in city and regional planning, co-authored the report and helped to develop a related "rent debt dashboard." In an interview, Ramiller said 900,000 California renters—about 18% of renters statewide—were in arrears at the end of March. Of those, 80% lost work during the pandemic, and 60% had not been employed in the week before the data was collected.

National numbers cited in the report are similarly dramatic:

- Some 76% of those who are behind on rent lost employment income during the pandemic.
- Households behind on rent owe $3,400, on average. Total nationwide rent-debt: $19.75 billion.

- While more than half are one or two months late with their rent, 29% are between four and 12 months late. Another 5.5% have not paid rent at all during the pandemic.
- The crisis is worst in Alabama, where 22% of renters are behind on their payments. Louisiana, Florida, Georgia and Alaska follow at 20%.

Eviction is an issue of racial inequality

Like poverty itself, housing insecurity in the United States falls most heavily on people of color. Thomas cites a key measure: about 70% of Black households rent, compared to just 30% of white households.

Research by the Urban Displacement Project has found that even before the pandemic, eviction rates were around 300% higher for Black renters than for white renters, in some metropolitan areas. For Black women, Thomas said, that jumps to 600% higher than for white women.

The National Equity Atlas reported last month that among households who are behind on the rent, 63% are people of color. Seen from a different angle: As of March, 26% of Black renters were late in their payments, followed by 20% of Latinx renters, 18% of Asian American renters and 11% of white renters.

In California, Ramiller said, three-quarters of those behind on their rent are people of color.

The aid is approved. But is the check in the mail?

The Berkeley researchers said that rent relief has won strong support in Washington, D.C., both under President Donald Trump and President Joe Biden. Direct payments, expanded child tax credits and extended unemployment benefits, core elements in federal COVID relief, aid vulnerable renters. And two packages of financial support totaling $46 billion have been approved for lower-income renters whose finances have been affected by the pandemic.

These efforts have been "critical," Reid says—but the rollout of the programs has been uneven.

What's needed to get it right? Better communication is essential to let people know about existing aid programs, the Berkeley experts said. And the gears of government have to turn more quickly, so that people aren't evicted while waiting for support that's already approved.

The experts see other needs, as well. Ultimately, more rent relief money may be needed. Reid suggests policymakers explore longer-term options, such as an interest-free loan program, so that landlords can be fully paid off and renters can avoid eviction, with repayment spread over several years, at least. Thomas says all renters should be guaranteed legal representation in eviction proceedings.

Perhaps the most obvious solution would be to extend the moratoria while the nation—and millions of renters—are still struggling to recover from the COVID-19 pandemic. But Thomas sees signs of "moratorium fatigue," much like mask fatigue evident in some communities. Lawsuits and political challenges may further erode those protections.

"The moratorium has not only reduced evictions," Reid said, "but research has also shown it's allowed renters to preserve scarce financial resources for immediate needs, including food security. Removing those protections now, as the pandemic continues in many states, would be devastating."

Provided by University of California - Berkeley