NATIONAL EVICTION RISK PROJECTIONS

COVID-19 EVICTION DEFENSE PROJECT AND THE ASPEN INSTITUTE FINANCIAL SECURITY PROGRAM

August 2020
Nearly 30 Million People Are Now At Risk of Eviction by Year’s End

In June, the COVID 19 Eviction Defense Project and the Aspen Institute Financial Security Program projected that 19 - 23 million renters in the United States were at risk of eviction by the end of September representing up to 1 in 5 renter households (Read the full report here).

We now estimate that

29% of American Renters

or 28.9 million people living in 12.6 million households could be at risk of eviction by the end of 2020 if conditions do not change.

This new model is based on Census Bureau data on renter confidence in their ability to pay rent on time. Our projections are likely a low estimate because the Census Household Pulse survey does not capture this data for renters who live in federally subsidized housing.
Federal, State and Local Policymakers Can Still Avert Disaster and Keep Families in Their Homes

Evictions impose tremendous costs on families and communities.

The financial costs of eviction court fees, storage, moving, etc. can destroy any reserves a struggling household had left. People who have been evicted are often blacklisted by future landlords. Children suffer cognitively, emotionally, and physically.¹ Mass evictions also hurt communities and governments through:

- Falling property values and tax revenues
- Rising safety net spending not limited to spending on housing and homelessness prevention²
- Providing shelter and services to a family experiencing homelessness can cost local governments $10,000,³ which is more than the $9,120 average annual cost of one housing voucher to the federal government ⁴

It is not too late to avert disaster by keeping unemployed renters in their housing.

Policymakers at all levels can help mitigate the worst consequences of the eviction crisis by:

- Maintaining enhanced safety net benefits and providing $100 billion for rental assistance
- Renewing eviction moratoria and delaying court filings
- Ensuring all renters who missed payments have a reasonable time period get caught up on back rent
- Assisting small, independent landlords at risk of foreclosure due to their tenants’ financial hardship
New Analysis Based on Renter Reporting Suggests at Least 29 Million People are at Risk of Eviction by December 2020.

**Initial Methodology**

The first model predicted, by state and by month, how many people will run out of money based on job and income loss during the pandemic, based on three renter unemployment scenarios.

**Definition of at risk:** A family becomes at risk of eviction when they have insufficient income to pay rent and meet their other financial obligations, accounting for cuts to non-rent expenses based on income.

**Primary Data Inputs:**

- National unemployment projections
- Terner Center’s analysis of the number of renter households with at least one worker in an industry at high risk of job loss.
- Income replacement from the CARES Act stimulus payments by family type, enhanced unemployment for three months, and state unemployment (including different weekly UI caps) on family budgets.
- American Community Survey and CHAS data to establish the number of renter households, renter incomes, and the average percentage of income paid in rent by AMI tier.
- Assumption of economic recovery.

**New Methodology**

The new model simulates eviction risk, by state and by month based on individuals own expression of their ability to pay rent on time.

**Definition of at risk:** A household will be “at risk of eviction” by the end of the year if they express slight or no confidence that they will be able to pay rent next month. Additionally, we assume a household that expresses slight or no confidence in its ability to pay rent on time next month and that did not pay rent on time last month is already at risk. We further assume that residents who live in federally subsidized housing would not be at risk of eviction until 2021.

**Primary Data Inputs:**

- Week 10, Public Use File of Census Bureau’s Household Pulse Survey.
- The American Community Survey to establish the number of renter households nationally, renter incomes, and the average percentage of income paid in rent by AMI tier (a tabulation supplemented by the National Low Income Housing Coalition).
- HUD and The Census Bureau’s CHAS data to establish the percentages of Americans by AMI tier and cost burden.
- No assumption of economic recovery or income replacement beyond
In June, CEDP & ASPEN FSP Estimated that 19 – 23 Million Americans Were At Risk of Eviction Through September 30.

At Least 28.9 Million People are at Risk of Eviction by the End of the Year If Current Conditions Do Not Change

Eviction Risk Disproportionately Impacts Black and Latinx Renters, and Renters with Children

- Black Renters
- Latinx Renters
- White Renters
- Renters with Children
- Renters without Children

Unable to Pay Rent on Time in July 2020:
- Black Renters: 26%
- Latinx Renters: 25%
- White Renters: 25%
- Renters with Children: 13%
- Renters without Children: 13%

Slight or No Confidence in Ability to Pay Rent On time in August 2020:
- Black Renters: 42%
- Latinx Renters: 49%
- White Renters: 43%
- Renters with Children: 22%
- Renters without Children: 25%
Eviction and Displacement Cause Significant Harm to Children and Families

The Human Costs of Eviction

- Families who are evicted must move their belongings, pay court fees, and often struggle with those costs, let alone a new security deposit and first month’s rent in a new home. Between landlords’ eviction blacklists and these households’ preexisting financial insecurity, many lose housing altogether.
- Adults who experience eviction are more likely to lose their jobs, making it more difficult to regain financial stability.
- Children who experience eviction suffer cognitively, emotionally, and physically. Those who experience homelessness suffer consequences that can persist for decades.
- Rising homelessness and housing crowding are risks for spreading COVID-19.

Financial Costs of Eviction and Homelessness

- Being evicted is expensive for people who are already financially insecure. Unpaid rent is reported to collections, significantly reducing their access to affordable, mainstream credit.
- Landlords pay as much as $6,000 per eviction.
- Governments pay about $10,000 for public services provided to families experiencing homelessness.
- The largest cities spend $68 million — $1 billion on evictions each year.
- Health systems and government spends $240 million per year on care for young children experiencing homelessness.
Everyone Benefits When Families Have Affordable, Stable Housing

**EDUCATION**
- Improve academic performance
- Improve attendance
- Reduce need for school-based social services

**GOVERNMENT**
- Serve the public interest
- Reduce reliance on food and utilities assistance programs
- Stronger tax base

**FAMILIES**
- Able to pay other bills on time and weather financial shocks
- Able to save and invest for the future
- Children can thrive

**BUSINESS**
- Able to recruit and retain talent
- Improve employee financial wellness
- Stronger consumer spending environment

**HEALTHCARE**
- Fewer chronic illnesses in community
- Reduce need for unfunded acute care
- Meet Affordable Care Act community health and charity care requirements
FEDERAL RECOMMENDATIONS
Federal Safety Net Funding and Nationwide Eviction Protections Are Necessary to Avert This Crisis

Safety Net Funding to Support Households That Lost Income
- Extend enhanced UI benefits as quickly and efficiently as possible to reduce the lapse in benefits
- Provide at least $100 billion in new funding for emergency rental assistance
- Dramatically increase funding for tenants’ legal aid and homelessness prevention services

Nationwide Eviction Protections
- Extend the eviction moratoriums on federally subsidized properties and ensure that private Section 8 and nonprofit landlords are in compliance
- Prohibit evictions of all residents living in homes and buildings backed by Fannie Mae, Freddie Mac, the Federal Housing Administration, and other federal agencies
STATE RECOMMENDATIONS
State Policymakers Can Help Residents Access Benefits and Tailor Solutions Based on Residents’ Health and the Economy

Systemic Solutions
• Fix antiquated technology infrastructure for safety net benefits so people who lose income or employment receive support more quickly
• Close eviction courts until the public health crisis passes and the economy recovers
• Prohibit landlords from filing initial eviction paperwork until eviction courts reopen

Support for vulnerable residents
• Increase funding for emergency rental assistance, tenant legal aid, and homelessness prevention services
• Help local jurisdictions prepare to provide temporary housing for residents who lose their housing, to protect those individuals and reduce spread of the virus
• Support small, independent landlords who are at risk of losing their properties due to tenants’ financial hardship
LOCAL RECOMMENDATIONS

Local Policymakers Can Prevent The Worst Consequences of Eviction By Responding Rapidly to Support People at Risk

Take action to keep people housed during the public health and economic crises

• Prohibit evictions if the state does not and prohibit initial eviction paperwork filings during the moratorium
• Shift budgets and use rainy day funds to support emergency rental assistance, cash transfers, tenants’ legal aid, and rapid rehousing and homelessness services
• Ensure temporary housing is available for those who lose it and ensure that housing is not overcrowded so safe social distancing is possible

Ensure that there are housing options that residents can afford and support their health after the pandemic

• Support small, independent landlords who are at risk of losing their properties due to tenants’ financial hardship
• Ensure that COVID 19 survivors can access healthy housing, free of respiratory hazards, free of overcrowding
Authors

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Newman is a lawyer whose practice focuses on landlord-tenant, debt collection, and wage dispute cases. He is also a public policy lecturer at CU Denver’s School of Public Affairs and writes about jobs and economic issues at the Aspen Institute. He previously helped to launch social enterprise start-ups CareerWiseColorado and TortguaAgTech. Before that he worked at McKinsey, the World Bank, and on various Democratic political campaigns.

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SAM GILMAN
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Gilman works at the intersection of law, policy, and data. Before joining the COVID-19 Eviction Defense Project Sam was Sr. Manager of Strategy and Special Projects at Guild Education. Before that, he worked at McKinsey and was co-founder and CEO of a political advocacy group. He is also a JD/MPP student at Harvard University where he is policy director and a student attorney with the Harvard Tenant Advocacy Project.

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ASPEN INSTITUTE FINANCIAL SECURITY PROGRAM’S (FSP) mission is to illuminate and solve the most critical financial challenges facing American households and to make financial security for all a top national priority. We aim for nothing less than a more inclusive economy with reduced wealth inequality and shared prosperity. We believe that transformational change requires innovation, trust, leadership, and entrepreneurial thinking. FSP galvanizes a diverse set of leaders across the public, private, and nonprofit sectors to solve the most critical financial challenges. We do this through deep, deliberate private and public dialogues and by elevating evidence-based research and solutions that will strengthen the financial health and security of financially vulnerable Americans. To learn more, visit AspenFSP.org, join our mailing list at http://bit.ly/fspnewsletter, and follow @AspenFSP on Twitter.

THE COVID-19 EVICTION DEFENSE PROJECT (CEDP) was founded in March 2020 to respond to and research urgent questions about housing, homelessness, and community recovery during the spread of the coronavirus. Based in Colorado, CEDP is a non-profit community legal project and think tank. The Project pairs volunteer lawyers with tenants who need advice or legal representation, Amplifies the experience of our clients with COVID-19 related housing insecurity, and Conduct economic and policy analysis. For more information, visit cedproject.org.

MEDIA INQUIRES
Ben Berliner | ben.berliner@aspeninstitute.org | 202-577-5937
# APPENDIX | State By State Risk

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<th>Q4</th>
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APPENDIX | Methodology

The COVID-19 Eviction Defense Project simulates eviction risk, by state and by month based on individuals own expression of their ability to pay rent on time. When a family runs out of money and is unable to be able to pay rent on time, we measure that family as “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, when families run out of cash, they face the risk.

Our model is built off of three primary sources. First, its primary input is the Week 12, Public Use File of the Census Bureau’s Household Pulse Survey. Second, it uses the American Community Survey to establish the number of renter households nationally, renter incomes, and the average percentage of income paid in rent by AMI tier (a tabulation supplemented by the National Low Income Housing Coalition). Third, it uses the Census Bureau’s CHAS data to establish the percentages of Americans by AMI tier and cost burden.

We calculate the percentage of renter households at risk of eviction by calculating the percentage of renters who are housing in secure as of the date of the most recent public use file. The Census Bureau Pulse Survey defines 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 were unable to pay last month’s rent on time. We assume that 20% of renters at or below 50% AMI live in subsidized housing and are therefore at far lower risk of eviction in 2022.7 We assume no eviction risk for this population. Because the Household Pulse Survey reports its responses at the person level for individuals older than 18, rather than the household level, we scale responses to the household level. We remove renters who do not report their income from both the numerator and the denominator. Because the Household Pulse Survey reports its responses at the person level for individuals older than 18, rather than the household level, we scale responses to the household level. We remove renters who do not report their income from both the numerator and the denominator.

This analysis likely establishes the lower bound of eviction risk assuming current conditions do not change, as more Americans could become housing insecure over the coming months. We will continually update this analysis, tracking the Census Bureau Pulse Survey.

For renters who express slight or no confidence that they will pay rent on time this month, did not pay rent on time last month, and lost income during the pandemic, we assume that they are already housing insecure. We assume that 50% of these renters were housing insecure for the first time in July, 25% in June, 12.5% in May, 7.5% in April, and 5% in March. For those who are housing insecure but did not report a loss of income during the pandemic, we assume an even distribution of the first month of risk assuming 14% of all who are already at risk. For prospective eviction risk, we assume that 50% of people who express slight or no confidence that they can pay next month’s rent on time and lost income due to the pandemic but successfully paid last month’s on time are at risk of eviction for the first time next month.

We follow the same bell curve, suggesting 25% become at risk in September, 12.5%, 7.5% and 5% in October, November, and December respectively. Informed by spending patterns for EITC payments, we model that funds will run out by the end of the year, even for those who earned more in unemployment and stimulus checks than their previous incomes. Based on EITC spending, families typically only save 10% of EITC checks 6 months after payment, with 65% being spent in the first month or on repaying debts. In other words, we assume that people will spend stimulus and enhanced UI payments more conservatively than EITC payments. For those who did not lose income in the pandemic, we predict an even rate of first time eviction risk.

Finally, we report our numbers in terms of people rather than households. We calculate that the average renter family size is 2.3 compared to an average family size of 2.53 based on the American Community Survey.

Our initial model predicted that 25% of unemployed renters would return to work by the end of the year based on CBO projections. Our base model removes that assumption, as job losses are accelerating. This report does not model extensions in enhanced UI and other cash assistance proposals.

Model Comparison:

Our first eviction risk model predicted the number of people who would run out of money and therefore be at risk of eviction on the basis of predicted job loss among renters, assuming a 25% and 30% affected scenario. That model was based off of predicted job loss. In this model, we replaced predictions with actual using the Census Bureau Pulse Survey. For more context, we scaled eviction risk by state based on the Terner Center’s predictions of the number of renter households with at least one worker in an industry at high risk of job loss. The model evaluated the effect of CARES Act stimulus payments by family type, enhanced unemployment for three months, and state unemployment (including different weekly UI caps) on family budgets. It cuts the data based on 13 family types to ensure that we accurately allocate stimulus funds, 5 income tiers, the number of income earners, 3 levels of cost burden, and citizenship status.


11. Humphries, Mader, Tannenbaum and van Dyke.


13. While there are not—to our knowledge—rigorous studies of the cost of evictions to landlords’ cost of eviction, private firms provide loose estimates. TransUnion Smart Move reported in 2018 that on average, it costs a landlord $3,500 to evict a tenant (https://www.mysmartmove.com/SmartMove/blog/true-cost-eviction-page): Property management technology platform Cozy estimates the average cost of an eviction for their clients is $5,300 (https://www.landlordology.com/cost-to-evict-a-tenant/); RentRedi, a similar technology platform, estimated in 2019 that the high end of the spectrum is nearly $6,000, generally in states with high costs of living and those with strong tenant protections (https://rentredi.com/blog/cost-of-an-eviction/).


20. Median HCIR Data by State (unpublished data) (on file with the author) (tabulated by National Low Income Housing Coalition on the basis of the American Community Survey PUMS data).


