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UNAFFORDABLE AMERICA: POVERTY, HOUSING, AND EVICTION

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[Abstract] Matthew Desmond explores the crisis faced by poor families in finding and maintaining affordable housing in this Fast Focus brief. Drawing from his own extensive ethnographic and quantitative research, Desmond outlines the trends that led to the current situation: rising housing costs, stagnant or falling incomes among the poor, and a shortfall of federal housing assistance. As a result of these trends, most poor renting families now devote over half of their income to housing costs, and eviction has become commonplace in low-income communities. Poor single mothers with young children, particularly African Americans, are at especially high risk of eviction. Desmond reviews the consequences of eviction—for parents, children, and neighborhoods—and concludes with suggested policy remedies and a call to pull housing back to the center of the poverty debate.

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Owing to rising housing costs, stagnant or falling incomes among the poor, and a shortfall of federal housing assistance, most poor renting families today devote over half their income to housing costs, and eviction has become commonplace in low-income communities. Poor single mothers with young children, particularly African Americans, are at especially high risk of displacement. This brief reviews the prevalence and consequences of eviction—for parents, children, and neighborhoods. It concludes with suggested policy remedies and a call to pull housing back to the center of the poverty debate.

The decline of affordable housing for poor Americans

At least since the National Housing Act of 1937, which established America's public housing system, policymakers have believed that families should spend no more than 30 percent of their income on housing costs. Until recently, most renting households in the United States have met this goal. But times have changed. Today most renting households are not able to meet what long has been considered the standard metric of affordability and spend considerably more than 30 percent of their income on housing costs.¹

Between 1991 and 2013, the percentage of renter households in America dedicating under 30 percent of their income to housing costs fell from 54 percent to 43 percent. During that same time, the percentage of renter households paying at least half of their income to housing costs rose from 21 percent to 30 percent. African American and Hispanic American families, the majority of whom rent their housing, were disproportionately affected by these trends. In 2013,

23 percent of black renting families and 25 percent of Hispanic renting families spent at least half of their income on housing.²

Renter households below the poverty line have been the hardest hit by the surge in housing burden in the United States (see Figure 1). The percentage of poor renting households dedicating less than 30 percent of their income to housing fell from 27 percent to 19 percent between 1991 and 2013. Meanwhile, the percentage dedicating at least half of their income to housing rose from 42 percent to 52 percent. Today, the majority of poor renting families spend at least half of their income on housing costs. And almost a quarter—representing over a million families—dedicate over 70 percent of their income to pay rent and keep the lights on.

The increasing proportion of poor families paying at least half of their income to housing is the result of a combination of three factors: rents and utility costs have soared, incomes of the poor have fallen or flat-lined, and federal assistance has failed to bridge the gap. From 2001 to 2010, median rents increased by roughly 21 percent in Midwestern and Western regions, by 26 percent in the South, and by 37.2 percent in the Northeast (in current dollars).

Utility costs, too, have jumped. Since 2000, the cost of fuels and utilities has risen by over 53 percent, owing to increasing global demand and the expiration of price caps. These large-scale trends affect everyone but especially the poor. A low-income family renting housing in a disadvantaged neighborhood pays less rent than an affluent one living in a swanky downtown loft—but their utility costs are about the same.³

These advances in housing costs far outpaced modest gains in median incomes, which in the 2000s rose by 6 percent for households headed by people with a ninth-grade education or less, 7.3 percent for those headed by high school graduates, and 12 percent for those headed by

college graduates.⁴

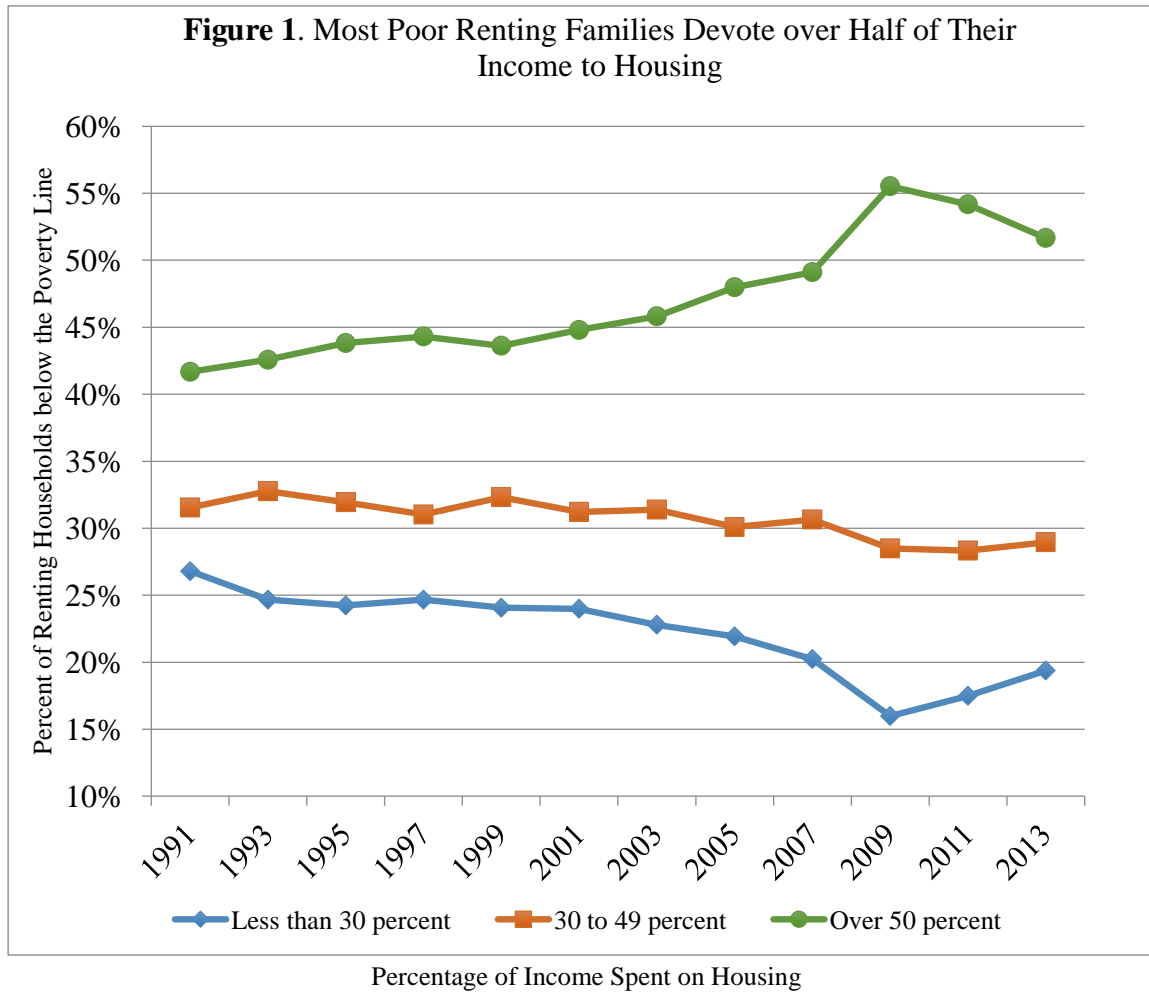


Figure 1. Most poor renting families spend over half their income on housing.

Source: American Housing Survey, 1991–2013.

Note: Figure 1 shows monthly housing costs as percentage of family income, renter-occupied households. These estimates draw on the American Housing Survey (AHS), 1991–2013. Housing costs include contract rent, utilities, property insurance, and mobile home park fees. Here, income refers to the sum of all wages, salaries, benefits, and some in-kind aid (food stamps) for the householder, her or his relatives living under the same roof, and a “primary individual” living in the same household but unrelated to the householder. These estimates exclude renter households reporting no cash income as well as those reporting zero or negative income. They also exclude families reporting housing costs in excess of 100 percent of income. For some households, this scenario reflects response error. For others, including those living off savings and those whose rent and utility bill actually is larger than their income, it does not. Including households reporting a housing cost burden in excess of 100 percent of family income estimates that in 2013, 70 percent of poor renting families were dedicating half of their income to housing costs and 53 percent were dedicating 70 percent or more of their income.⁵

During the years in which more renting families were in need of housing assistance, fewer new households were receiving it. Owing to cutbacks in budget authority, a growing portion of federal assistance in recent years has been dedicated to renewing existing subsidies, rather than to extending aid to new households. In an average year between 1981 and 1986, 161,000 additional households received subsidies; in an average year between 1995 and 2007, fewer than 3,000 did.⁶

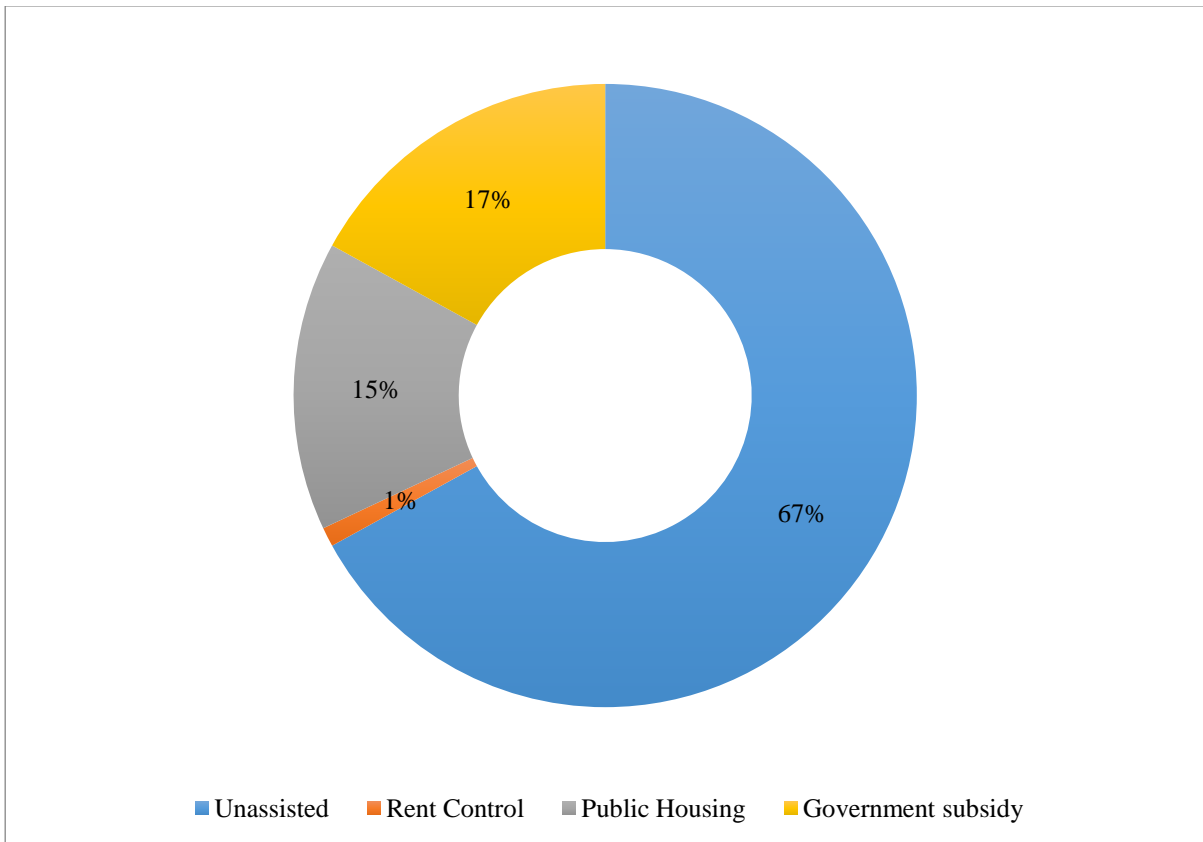


Figure 2. Two-thirds of renting families below the poverty line receive no housing assistance.

Source: American Housing Survey, 2013, Table C-17-RO.

Note: Renting households below the poverty line. This figure excludes households classified as “other income verification” (3 percent of poor renter households) and “subsidy not reported” (1 percent of poor renter households) because it is unclear whether these households receive assistance.

Two-thirds of poor renters today do not benefit from federal housing programs (Figure 2).⁷ In 2013, 1 percent of poor renters lived in rent-controlled units; 15 percent lived in public

housing; and 17 percent received a government subsidy, mainly in the form of a rent-reducing voucher. The remaining 67 percent received nothing.

The prevalence of eviction

The problem of housing affordability has been intensified to such a degree in the United States that today poor families are facing one of the worst affordable housing crises in generations. In 2013, one in eight poor renting families in America could not pay all of their rent, and a similar number thought it was likely they would be evicted soon.⁸

Milwaukee, a city of roughly 105,000 renter households, sees roughly 16,000 adults and children evicted in an average year. This is equivalent to 16 eviction cases a day. With one in fourteen renter-occupied households evicted through the court system annually, eviction is commonplace in the city's black neighborhoods.⁹ However, not all evictions occur through court action.

The Milwaukee Area Renters Study—an original survey of roughly 1,100 renters that took place between 2009 and 2011—employed a novel combination of statistical analyses and survey techniques to quantify formal evictions processed through the court, informal evictions (which are not), landlord foreclosures, and building condemnations. A more comprehensive measure of forced mobility shows that one in eight (13 percent) Milwaukee renters was involuntarily displaced from housing in the two years prior to being surveyed. Nearly half (48 percent) of all recorded forced moves were informal evictions. Formal eviction was less common, constituting 24 percent of forced moves. An additional 23 percent of forced moves were due to landlord foreclosure, and 5 percent were caused by building condemnation. The findings of the Milwaukee Area Renters Study suggest that assessments of the frequency of

forced displacement based on (formal) eviction court records—as well as those based on survey questions that asked people if they have “been evicted”—are considerable underestimates.¹⁰

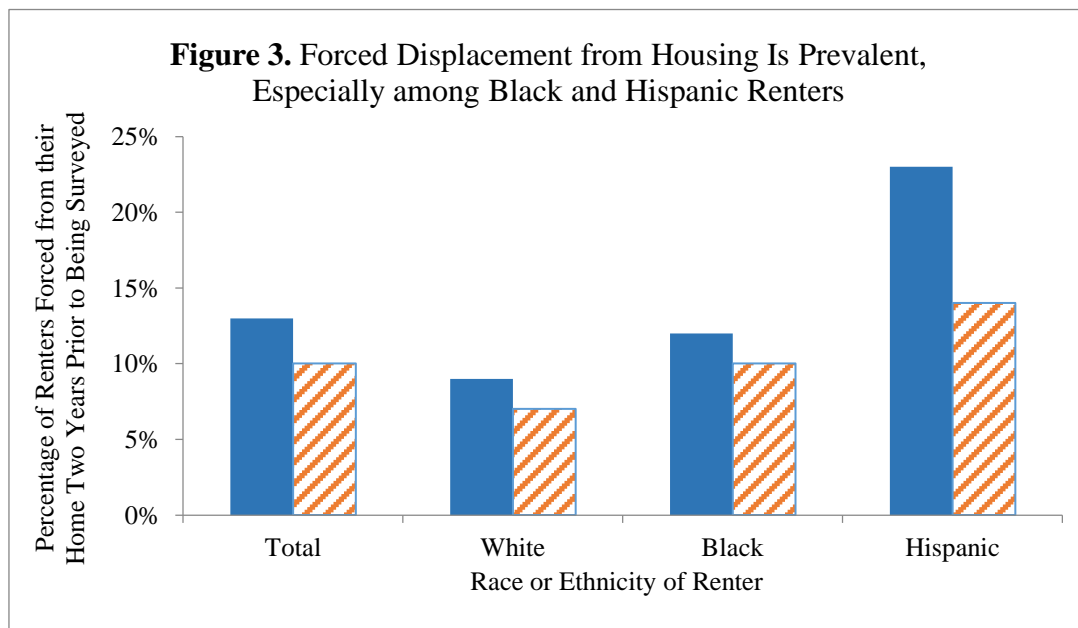


Figure 3. Forced displacement from housing is prevalent, especially among black and Hispanic renters.

Source: Milwaukee Area Renters Study, 2009–2011

Note: Weighted percentages reported. Solid bars include all forced moves; striped bars remove landlord foreclosures, between 2009 and 2011.

Figure 3 charts the prevalence of involuntary displacement among renters in Milwaukee between 2009 and 2011. The rate of involuntary mobility for all forced moves (solid bars) was significantly higher for Hispanic renters, compared to white and black renters. Nine percent of white renters, 12 percent of black renters, and 23 percent of Hispanic renters experienced a forced move in the previous two years. When landlord foreclosures (striped bars) were excluded, the percentage of renters who had experienced a forced move within two years of being surveyed fell from 13.2 percent to 10.2 percent. Excluding forced moves due to landlord foreclosures had a moderate effect on the rate of involuntary mobility among white and black renters. But its biggest impact was seen in the rate of involuntary mobility among Hispanic

renters, which fell from 23 percent to 14 percent after landlord foreclosures were excluded.

When it comes to evictions, Milwaukee is no outlier. For example, in 2012 New York City's Housing Courts processed 28,743 eviction judgments; Cleveland saw 11,072 eviction filings; and Chicago saw 32,231.¹¹

Who gets evicted?

Low-income women, especially poor black women, are at high risk of eviction. Women living in black neighborhoods in Milwaukee represent 9.6 percent of the population, but 30 percent of evictions.¹² Among renters, over one in five black women report having been evicted sometime in their adult life. The same is true for roughly one in twelve Hispanic women, and one in fifteen white women.¹³ If incarceration has become typical in the lives of men from impoverished black neighborhoods, eviction has become typical in the lives of women from these neighborhoods.

Relatedly, children also are at heightened risk of eviction. Milwaukee neighborhoods with a greater proportion of children have more evictions, even after controlling for their poverty rate, racial composition, percentage of female-headed households, and a number of other factors. And among tenants who appear in court, children play a major role in determining who receives an eviction judgment. If a tenant in eviction court lives with children, her or his odds of receiving an eviction judgment almost triple, even after taking into account how much is owed to the landlord, household income, and several other key factors.¹⁴ Children do not shield families from eviction, but rather they often expose them to it.

Consequences of eviction

The consequences of eviction are many and multidimensional. Eviction is a leading cause of homelessness, especially for families with children.¹⁵ It also is directly linked to high rates of

residential mobility among low-income households—so much so, in fact, that after accounting for forced moves, poor renters do not exhibit higher mobility rates than other renters.

Residential instability often brings about other forms of instability—in families, schools, communities—compromising the life chances of adults and children.¹⁶ An effective way to decrease residential instability among poor families would be to lower the incidence of eviction.

Additionally, involuntary displacement is linked to substandard housing conditions. An analysis of the Milwaukee Area Renters Study data revealed that renters whose previous move was involuntary were almost 25 percent more likely to experience long-term housing problems than matched renters who did not experience a recent forced move.¹⁷ One explanation for why some poor families live in substandard housing conditions—which among other things harms children’s health—is that they are compelled to do so in the aftermath of an eviction.

Another study found that even after conditioning on a host of important factors, experiencing an eviction is associated with over a third of a standard deviation increase in neighborhood poverty and crime rates, relative to voluntary moves.¹⁸ Families involuntarily displaced from their homes often end up in worse neighborhoods. Tenants evicted through the court system carry the judgment on their record. Owing to open record laws, in many states this information is easily accessible and free online. An eviction judgment makes it difficult to secure decent housing in a safe neighborhood, as many landlords reject anyone with a recent eviction.¹⁹

Many people think that job loss leads to eviction, but eviction can also lead to job loss. An eviction not only can consume renters’ time, causing them to miss work, it also can consume their thoughts and cause them to make mistakes on the job, and result in their relocating farther away from their worksite, increasing their likelihood of tardiness and absenteeism. Results from

the Milwaukee Area Renters Study found that workers who involuntarily lost their housing were roughly 20 percent more likely subsequently lose their jobs, compared to similar workers who did not.²⁰ These results imply that initiatives promoting housing stability could promote employment stability.

Eviction is also negatively associated with mental health. Drawing on the Fragile Families and Child Wellbeing Study—a national, longitudinal survey that follows a birth cohort of about 4,900 new parents and their children living in 20 large cities—one study found that the year following an eviction, mothers are 20 percent more likely to report depression than their peers. Moreover, at least two years after their eviction, mothers still experienced significantly higher rates of depression than their peers.²¹

The same study also documented a large and robust relationship between a recent eviction and increased material hardship.²² Mothers who experienced an eviction in the last year report around one standard deviation higher rates of material hardship than mothers who were matched along many other characteristics but had not experienced eviction. As with depression, mothers' material hardship may also be affected in the long-term, as significant differences were detected at least two years after the event.²³ If material hardship is a measure of the lived experience of scarcity—assessing, say, hunger or sickness because food or medical care was financially out of reach—then these findings suggest that eviction is a driver of poverty.

Policy implications

Because forced moves—mainly attributed to families' inability to pay rent—are both prevalent and consequential, policymakers should devote more resources to keeping renting families in their homes. Expanding aid to renters who experience a drastic but temporary loss of income could prevent many forced displacements owing to job loss, public assistance sanction, or

medical emergency. When Milwaukee tenants facing eviction were given access to emergency housing aid from the American Recovery and Reinvestment Act of 2009, the city's formal eviction rate fell by 15 percent.²⁴

Providing indigent tenants with lawyers in housing court could also prevent many evictions. Owing to cutbacks to legal aid to the poor, in many housing courts around the country 90 percent of landlords have attorneys, and 90 percent of tenants do not.²⁵ Tenants with legal counsel are much less likely to be evicted than their unrepresented counterparts, regardless of the merits of their case.²⁶ Establishing publically funded legal services for low-income families in housing court could prevent the fallout from eviction, decrease homelessness, and help curb discrimination in the eviction decision.

But the most powerful and effective eviction-prevention policies are among the most powerful and effective antipoverty policies: affordable housing initiatives. The high cost of housing is consigning millions of low-income Americans to financial hardship. Providing stable housing and lowering evictions is a human capital investment analogous to education or job training, one that has the potential to decrease poverty and homelessness and stabilize families, schools, and neighborhoods. Expanding access to stable, safe, and affordable housing would help more low-income children to realize their full potential.

What role can social science play? It can begin by pulling housing back to the center of the poverty debate. The housing affordability crisis is among the most important problems facing low-income households today, yet it is not well understood. More research is needed, research that reaches beyond policy and public housing, from which most poor families do not benefit; that documents the prevalence, causes, and consequences of eviction; and that studies the inequality of expenditures and extractive markets, such as the private rental market.

Notes

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