
Testimony by Matthew Desmond

Maurice P. During Professor of Sociology
Principal Investigator, Eviction Lab
Princeton University

before the

United States Senate Committee on Banking, Housing, and Urban Affairs

for the hearing

“The Rent Eats First’: How Renters and Communities are Impacted by Today’s Housing Market”

August 2, 2022

Chairman Brown, Ranking Member Toomey, members of the Committee, thank you for the opportunity to testify before you this morning. My name is Matthew Desmond. I’m a professor of sociology at Princeton University, where I direct the Eviction Lab, an interdisciplinary research team dedicated to understanding the causes and consequences of housing instability in America.

1. State of the Problem

I come before you today gravely concerned about millions of American families brutalized by our country’s painful and utterly preventable rental housing crisis.

Since 1985, rent prices have exceeded income gains by 325 percent.¹ Nationwide, median asking rent more than doubled over the last two decades, rising from \$483 in 2000 to \$1,216 in 2021. All regions of the country have experienced a surge in rents. Since 2000, median asking rent has increased by 112 percent in the Midwest, 135 percent in the South, 189 percent in the Northeast, and 192 percent in the West.²

Last year, rents increased faster than they ever have on record. Nationwide, median asking rent increased by 17 percent in just a single year. But some cities saw rent increases double that. Since March 2021, rent rose by nearly 40 percent in Portland, Oregon; 35 percent in Newark, New Jersey; 30 percent in Orlando, Florida; 29 percent in Cincinnati, Ohio; and almost

¹ U.S. Census Bureau, American Community Survey, 1985-2022; U.S. Department of Housing and Urban Development 40th Percentile Fair Market Rent, 1985-2022. See also Dowell Myers and JungHo Park, “A Constant Quartile Mismatch Indicator of Changing Rental Affordability in U.S. Metropolitan Areas, 2000 to 2016,” *Cityscape* 21 (2019): 163-200.

² U.S. Census Bureau, Current Population Survey/Housing Vacancy Survey, April 27, 2022, Table 11A.

22 percent in Dallas, Texas.³ This is the inflation crisis, the cost-of-living crisis, on steroids.

When the price of gas goes up, that stings, but we adjust. We might cancel that cross-country road trip or carpool to work. When the price of food goes up, we adjust, eating out less often and replanning our meals. But when the cost of housing rises 15, 25, 30 percent, what can families do? They can't relocate to affordable housing because they often are already living in the cheapest apartments available. They can't double up with relatives because local occupancy laws make that illegal. They can't move if they want to keep their jobs and schools and family ties. All they can do is cut back on other necessities, including healthcare, educational enrichments, and food. Research has shown that when such families finally receive a housing voucher after years on the waiting list, a voucher that lowers their rent burden to 30 percent, they do one consistent thing with their freed-up income: they take it to the grocery store. They buy more food. Their kids become less anemic, healthier. But too many American children today are not getting enough to eat—because the rent eats first.⁴

According to the latest data from the American Housing Survey, the majority of renting households below the poverty line (50.5%) spend at least half of their income on housing, with one in four of those households (26.7%) spending over 70 percent of their income on shelter costs alone.⁵

As a direct result of the rental housing crisis, the United States has a much higher eviction rate than other industrialized democracies. The number of eviction filings increased by 21.5 percent between 2000 and 2018, rising from 3,009,832 to 3,656,428 cases. That amounts to seven evictions filed each minute in the United States.⁶ Most evictions are for one or two months of rent, but many eviction cases are initiated for relatively small sums of money. For example, last year, one in seven eviction cases in Cincinnati involved a claim of less than \$500.⁷

Eviction affects communities across America (**Fig. 1**). In fact, cities with the highest rates of eviction are not large, coastal cities most often discussed in the media coverage of the housing crisis. The problem is most acute in average-size cities with average housing costs, places like Richmond, Virginia, where one in nine renter homes is evicted each year, or Tulsa, Oklahoma, where one in thirteen is. In one in six metropolitan areas, the eviction rate is higher in the suburbs than in the city itself, while small cities and rural communities have also been deeply affected by the eviction crisis (**Fig. 2**).⁸ The eviction crisis is not only New York's problem or

³ Abha Bhattarai, Chris Alcantara, and Andrew Van Dam, "Rents Are Rising Everywhere," *The Washington Post*, April 21, 2022; Redfin, "Rental Market Tracker," April 20, 2022.

⁴ Abt Associates Inc. et al., *Effects of Housing Vouchers on Welfare Families* (Washington, DC: US Department of Housing and Urban Development, 2006); Matthew Desmond, *Evicted: Poverty and Profit in the American City* (New York: Crown, 2016); Stuart Gabriel and Gary Painter, "Why Affordability Matters," *Regional Science and Urban Economics* 80 (2020): 103378; Alan Meyers et al., "Public Housing Subsidies May Improve Poor Children's Nutrition," *American Journal of Public Health* 83 (1993): 115.

⁵ U.S. Census Bureau, American Housing Survey, 2019, Table 10. These estimates exclude renters reporting no cash rent as well as those spending over 100 percent of their household income on housing costs.

⁶ Ashley Gromis, Ian Fellows, James Hendrickson, Lavar Edmonds, Lillian Leung, Adam Porton, and Matthew Desmond, "Estimating Eviction Prevalence across the United States," *Proceedings of the National Academy of Sciences* 119 (2022): 1-8.

⁷ Eviction Tracking System, Eviction Lab, Princeton University, 2022; see also Eviction Lab, Eviction Tracking System. See also Renee Louis, Alieza Durana, and Peter Hepburn, "Preliminary Analysis: Eviction Claim Amounts During the COVID-19 Pandemic," Eviction Lab, Princeton University, August 27, 2020.

⁸ Peter Hepburn, Devin Rutan, and Matthew Desmond, "Beyond Urban Displacement: Suburban Poverty and Eviction," *Urban*

San Francisco's. The crisis is harming families in every type of town, big and small, and in every region of the country.⁹

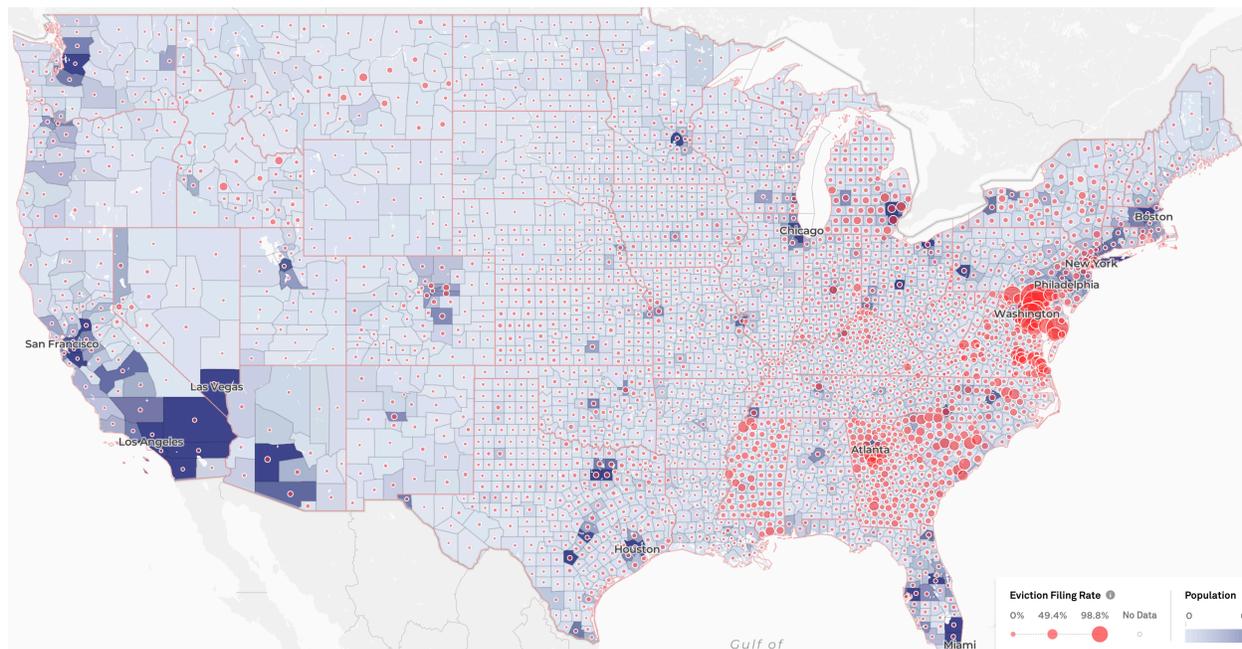


Fig. 1. Eviction filing rates (red dots) by county and population (purple shading). The Southeastern, Midwestern, and MidAtlantic regions have the highest eviction filing rates in the country. *Source:* evictionlab.org.

Eviction is incredibly harmful to families and communities. Children often lose their schools; families lose their homes and neighborhoods; they regularly lose their possessions, too, which are taken by moving companies, piled on the sidewalk, or discarded by property owners. An eviction comes with a legal record, which prevents families from relocating to safe neighborhoods and decent housing because many property owners view such a record as disqualifying. This is why research shows that after getting evicted, families relocate to worse housing than they lived in before and to neighborhoods with higher levels of crime and poverty.¹⁰ Other studies have shown that eviction causes job loss. Losing a home is such a drawn-out, stressful event that it can cause Americans to make mistakes at work and lose their footing in the labor market.¹¹ And then there is the effect eviction has on people's health. Studies have linked eviction to depression and suicide.¹² Babies born to mothers who experienced an eviction while pregnant are significantly more likely to experience adverse birth outcomes, which have been shown to have lifelong and even multigenerational consequences.¹³ Communities with high rates

Affairs Review (2022), published online.

⁹ For eviction statistics in communities throughout the United States, see www.evictionlab.org.

¹⁰ Matthew Desmond, Carl Gershenson, and Barbara Kiviat, "Forced Relocation and Residential Instability among Urban Renters," *Social Service Review* 89 (2015): 227-62; Matthew Desmond and Tracey Shollenberger, "Forced Displacement from Rental Housing: Prevalence and Neighborhood Consequences," *Demography* 52 (2015): 1751-72.

¹¹ Matthew Desmond and Carl Gershenson, "Housing and Employment Insecurity among the Working Poor," *Social Problems* 63 (2016): 46-67.

¹² Ashley Bradford and W. David Bradford, "The Effect of Evictions on Accidental Drug and Alcohol Mortality," *Health Services Research* (2019): 1-9; Matthew Desmond, and Rachel Tolbert Kimbro, "Eviction's Fallout: Housing, Hardship, and Health," *Social Forces* 94 (2015): 295-324; Michael Serby et al., "Eviction as a Risk Factor for Suicide," *Psychiatric Services* 57 (2006): 273-b.

¹³ Gracie Himmelstein and Matthew Desmond, "Association of Eviction with Adverse Birth Outcomes among Women in Georgia, 2000 to 2016," *JAMA Pediatrics* 175 (2021): 494-500.

of eviction have higher rates of crime and lower rates of voter turnout, all else equal, which implies that housing instability destabilizes and disrupts entire neighborhoods, tearing at the social fabric.¹⁴ The evidence is in and it's clear: eviction is not just a condition of poverty; it is a cause of poverty.

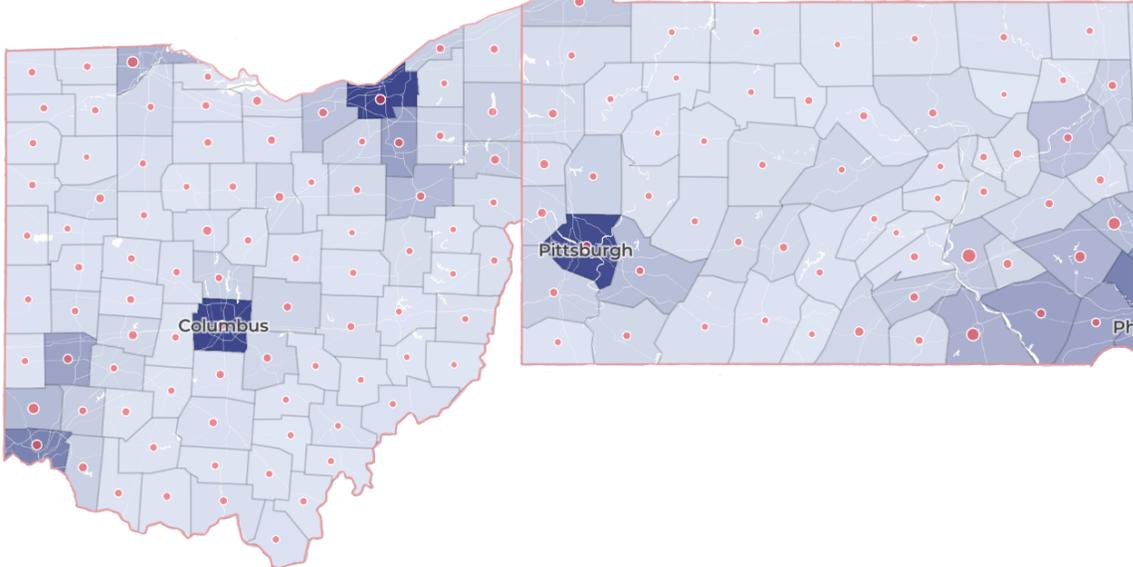


Fig. 2. Eviction rates (red dots) by county and population (purple shading) in Ohio and Pennsylvania. Rural and suburban counties in states like these have nontrivial eviction rates. *Source:* evictionlab.org.

2. Have Rents Increased So Much Because Property Owners’ Operating Costs Have?

Why have rents risen so aggressively? One possibility is that property owners’ expenses have risen (e.g., the cost of upkeep, insurance rates, water bills), and to maintain a steady income, owners pass on rising costs to tenants in the form of rent hikes. While restrictive building and zoning regulations have been shown to push up housing costs,¹⁵ the evidence indicates that other dynamics are at work. **Table 1** draws on the Rental Housing Finance Survey, which collects financial data on rental properties nationwide. Between 2012 and 2018, owners of multifamily properties (with five or more units) saw their rental revenues increase at a faster rate than their operating expenses. This was especially true for landlords who owned and operated properties with market valuations in the bottom 25th percentile, properties located primarily in low-income neighborhoods. These property owners saw their rental revenues increase by 47 percent between 2012 and 2018, but their operating expenses only increase by 14 percent.

This implies that rent increases—particularly in low-income neighborhoods where severe rent burden and evictions are most common—are not explained by rising operating costs, as revenues have outpaced expenses. Rather, increases in rent revenue reflect a market opportunity caused by both a scarcity of privately-operated affordable housing and publicly-subsidized housing, as most families who qualify for federal housing assistance don’t receive it.¹⁶ In other

¹⁴ Gillian Slee and Matthew Desmond, “Eviction and Voter Turnout: The Political Consequences of Housing Instability,” *Politics & Society* (2021): 1-27; Daniel Semenza, Richard Stansfield, Jessica Grosholz, and Nathan Link, “Eviction and Crime: A Neighborhood Analysis in Philadelphia,” *Crime & Delinquency* 68 (2022): 707-32.

¹⁵ Edward Glaeser Joseph Gyourko, and Raven Saks, “Why Is Manhattan So Expensive? Regulation and the Rise in Housing Prices,” *The Journal of Law and Economics* 48 (2005): 331-69.

¹⁶ U.S. Census Bureau, American Housing Survey, 2017, HUD-Assisted Status.

words, both the private housing market and the federal government have failed to provide American families with enough affordable housing. As a result, property owners have seized the opportunity to increase rents knowing they have a captive tenant base. The data show that recent rent hikes have been motivated primarily by profit motive, not in response to increased operating costs, especially at the bottom of the market.

Table 1. Rental Revenue and Costs per Unit in Multifamily Properties, 2012-18

All multi-unit properties	2012	2018	Change
Median monthly rental revenue per housing unit owned	\$558	\$694	24%
Median monthly costs per housing unit owned	\$451	\$532	18%
Bottom 25% of multi-unit properties by market value	2012	2018	Change
Median monthly rental revenue per housing unit owned	\$333	\$490	47%
Median monthly costs per housing unit owned	\$329	\$375	14%

Source: Rental Housing Finance Survey, 2012 and 2018. To avoid weighting sensitivity, sample is limited to multi-unit properties with at least five units. Total costs include regular costs such as mortgage payments, property taxes, operating expenses (e.g., payroll, insurance, utilities, maintenance/repairs, management company expenses), and other professional expenditures (e.g., legal, accounting, grounds/landscaping, security) as well as irregular costs such as capital expenditures (e.g., major repairs and improvements to roofs, furnaces or heating appliances, plumbing, exterior upkeep, windows, doors, floors, electrical wiring, kitchens, bathrooms, security systems, swimming pools, playgrounds, handicap-accessible installations). The National Apartment Association’s Survey of Operating Income and Expenses in Rental Apartment Communities found that annual rent revenues per unit for multifamily properties increased by 34 percent between 2012 and 2018, while operating expenses over this time period increased by 19 percent.

3. How Do Institutional Investors Impact the Rental Market?

“Institutional investors” in the rental market are market actors that are intimately connected to financial institutions. They may be financial institutions themselves (e.g., private equity funds) or indirectly connected to financial institutions through Real Estate Investment Trusts (REITs). Although institutional landlords, including REITs, have invested in multifamily properties for decades, they began noticeably entering the single-family rental (SFR) market after 2010.¹⁷ Institutional SFR landlords have primarily focused on a handful of metro areas in the American Sunbelt, including Atlanta, Phoenix, Tampa, Charlotte, and Miami, because (1) these areas have experienced a large number of foreclosures and accompanying property devaluation since 2008, but (2) property values are likely to rebound quickly owing to sustained population growth and the fact that the housing stock is relatively new.¹⁸

In 2021, it was estimated that institutional investors owned over 340,000 single-family homes, which equated to 2.3 percent of the SFR market. Although their market share is small from a national perspective, in some metropolitan areas, institutional investors have a much

¹⁷ Amherst Capital Market Update, “U.S. Single-Family Rental - Institutional Activity in 2016/2017” (New York: Amherst Capital Management, 2017); Peter Brady and Michael Conlin, “The Performance of REIT-Owned Properties and the Impact of REIT Market Power,” *The Journal of Real Estate Finance and Economics* 28 (2004):81–95; Suzanne Lanyi Charles, “The Financialization of Single-Family Rental Housing: An Examination of Real Estate Investment Trusts’ Ownership of Single-Family Houses in the Atlanta Metropolitan Area,” *Journal of Urban Affairs* 42 (2020):1321–41.

¹⁸ Gregg Colburn, Rebecca Walter, and Deirdre Pfeiffer, “Capitalizing on Collapse: An Analysis of Institutional Single-Family Rental Investors,” *Urban Affairs Review* 57 (2021):1590–1625.

larger footprint. In some neighborhoods in the Atlanta metro area, for example, institutional investors own over a third of all rental properties. The rent-setting, property-maintenance, and eviction dynamics of institutional investors can also spread to other property owners, impacting a market beyond the properties they own, and the political activities of institutional investors can also have market-wide impact. For example, in 2018, Blackstone Group spent nearly \$7 million to defeat a California ballot proposition that would have allowed municipalities to re-establish rent control. Blackstone's contributions represented \$1 out of every \$7 spent against the ballot measure.¹⁹

Studies have found institutional investors to differ from smaller-scale property owners in at least three critical ways. First, institutional landlords raise rents more aggressively. Invitation Homes, the largest SFR institutional investor, raised its rent prices by almost 11 percent in a single quarter in 2021, increasing rents by 8 percent for lease renewals and 18 percent for new tenants. In Las Vegas and Phoenix, they raised rents for new leases by 30 percent and 29 percent, respectively.²⁰ Second, studies have found that institutional landlords under-maintain their properties and attempt to transfer maintenance responsibilities onto tenants.²¹ Third, institutional landlords rely heavily on eviction. One study found that the eviction filing rate of large institutional landlords in Atlanta was roughly 20 percent higher than that of other landlords, after controlling for property and neighborhood characteristics.²² A House subcommittee recently found that four institutional landlords filed nearly 15,000 evictions between March 2020 and July 2021, at the height of the Coronavirus pandemic, when the Centers for Disease Control's eviction moratorium was still in effect.²³

Irrespective of their connections to financial institutions, studies have found that large-scale property owners evict their tenants more frequently than small-scale owners do.²⁴ Areas with more large-scale landlords also have higher rent prices, suggesting that large-scale owners push up rents.²⁵

4. How a Small Number of Landlords Drive the Eviction Crisis

Evictions occur in the same neighborhoods and even the same street blocks year after year.

¹⁹David Dayen, "Wall Street Is Spending Big to Protect Its Ability to Jack Up Rents in California," *The Intercept* (2018); Desiree Fields, "Constructing a New Asset Class: Property-Led Financial Accumulation after the Crisis," *Economic Geography* 94 (2018):118–40.

²⁰Patrick Clark, "Invitation Homes Boosts Rents 11% as Housing Crunch Persists," *Bloomberg U.S. Edition*, October 28, 2021; William Hardin III, Matthew Hill, and James Hopper, "Ownership Structure, Property Performance, Multifamily Properties, and REITs," *Journal of Real Estate Research* 31 (2009): 285–306.

²¹Desiree Fields, "Automated Landlord: Digital Technologies and Post-Crisis Financial Accumulation," *Environment and Planning A: Economy and Space* 54 (2022): 160-81.

²²Elora Less Raymond, Richard Duckworth, Benjamin Miller, Michael Lucas, and Shiraj Pokharel, "From Foreclosure to Eviction: Housing Insecurity in Corporate-Owned Single-Family Rentals," *Citiescape* 20 (2018):159–88. See also Eric Seymour and Joshua Akers, "'Our Customer Is America': Housing Insecurity and Eviction in Las Vegas, Nevada's Postcrisis Rental Markets," *Housing Policy Debate* 31 (2021): 516-539.

²³U.S. Congress, Select Subcommittee on the Coronavirus Crisis, "Examining Pandemic Evictions: A Report on Abuses by Four Corporate Landlords During the Coronavirus Crisis," Washington: Staff Report, July 2022.

²⁴Henry Gomory, "The Social and Institutional Contexts Underlying Landlords' Eviction Practices," *Social Forces* 100 (2022): 1774-1805; Dan Immergluck, Jeff Ernsthansen, Stephanie Earl, and Allison Powell, "Evictions, Large Owners, and Serial Filings: Findings from Atlanta," *Housing Studies* 35 (2020): 903-24.

²⁵John Gilderbloom, Lin Ye, Matthew Hanka, and Kareem Usher, "Intercity Rent Differentials in the U.S. Housing Market 2000: Understanding Rent Variations as a Sociological Phenomenon," *Journal of Urban Affairs* 31 (2009): 409–30.

Rather than occurring when neighborhoods are destabilized, through gentrification or other types of neighborhood change, eviction remains the status quo in pockets of American cities.²⁶

Eviction is common in some neighborhoods because a handful of landlords (and therefore buildings) evict large numbers of tenants every year. As few as 100 buildings drove one in six evictions in Cleveland and two out of every five evictions in Fayetteville, NC and Tucson, AZ (Fig. 3). Most landlords evict tenants rarely, if they ever do—even in neighborhoods that have high overall eviction rates. Yet, a small set of landlords displace large numbers of tenants, year after year. These ‘routine evictors’ inflate the overall level of instability in their cities.

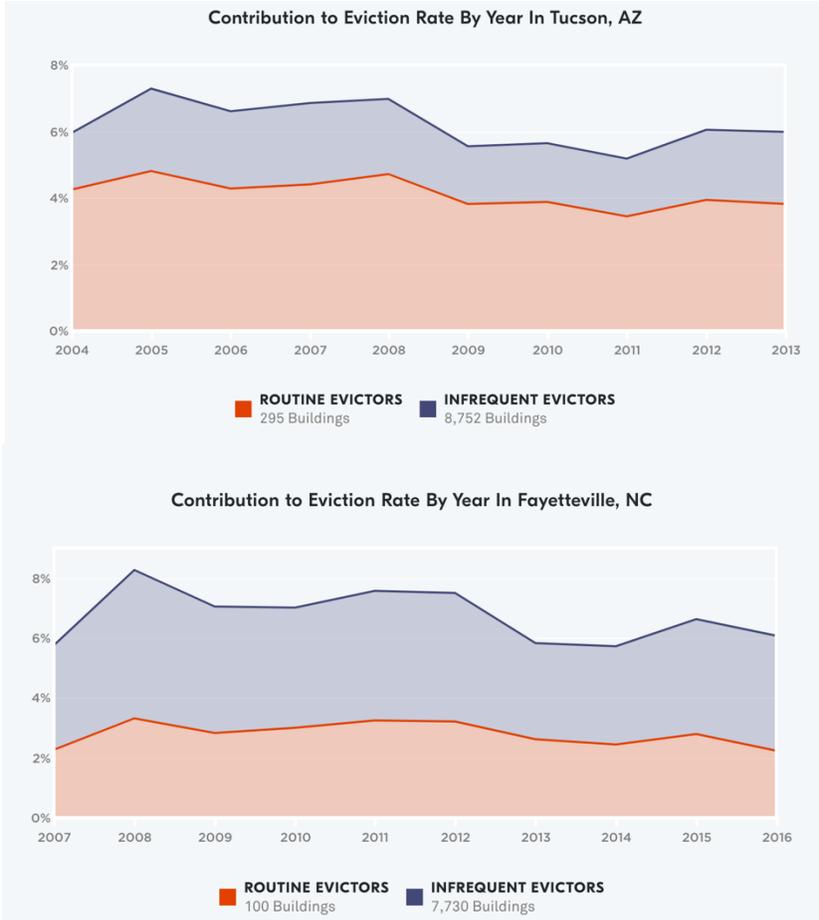


Fig. 3. The Contributions of Routine and Infrequent Evictions to the City’s Overall Eviction Rate in Tucson, AZ (2004-2013) and Fayetteville, NC (2007-2016). *Source:* Rutan and Desmond (2021).

Because just a few landlords account for large numbers of all evictions, interventions can make outsized progress toward addressing the eviction epidemic by targeting the landlords most responsible for it. A clear policy implication of this finding is that interventions into the eviction process—like establishing a right to counsel in housing court—will not affect the vast majority of property owners.

²⁶ Devin Rutan and Matthew Desmond, “The Concentrated Geography of Eviction,” *The ANNALS of the American Academy of Political and Social Science* 693 (2021): 64-81.

5. How a Mismatch Between Labor Market and Housing Market Dynamics Leads to Late Fees, Serial Evictions, and Significantly Higher Rental Costs

Traditionally, rent is owed on the first of the month. However, less than 5 percent of U.S. workers are paid monthly. Roughly a third are paid weekly, and 43 percent are paid biweekly.²⁷ This situation presents a misalignment between rent deadlines and payment schedules, as wages sufficient to cover monthly rental expenses often are not fully available when rent comes due.

What at first presents itself as a liability to property owners can be transformed into opportunity through the eviction process, as workers on weekly or biweekly pay schedules often receive automated eviction notices near the beginning of the month. These notices do not result in actual eviction, nor are they intended to. Instead, tenants are forced to “pay to stay,” handing over late fees and eviction costs associated with their case. In this way, the eviction process is used to increase rental revenue. One study that drew on data from multiple states estimated that each eviction filing translated into an average of \$180 in fines and fees for renter households, effectively raising their monthly housing costs by 20 percent.²⁸

Because housing loss is significantly costlier than paying fines and fees associated with the eviction process, tenants are incentivized to pay these costs and remain in place. That incentive grows each time a property owner files for eviction, as each filing generates a court record that can limit tenants’ future housing options. In screening prospective tenants, property owners tend to view recent eviction records as disqualifying, even in cases where the court process did not render an eviction judgement.²⁹ Ironically, then, an eviction filing is sometimes used to retain tenants, not to displace them, by rendering them ineligible for competing housing options.

First-of-the-month rent payment requirements—and accompanying late fees—are burdensome to workers paid on a bimonthly or weekly basis. Rent collection practices should be more sensitive to the reality that monthly pay schedules are, for the vast majority of American workers, a relic of the past.

6. How a Lack of Transparency in the Rental Market Harms Families

We do not know who owns our cities. Many properties are owned by Limited Liability Companies (LLCs) or other shell companies. Lack of transparency in housing ownership makes it difficult for governments to hold property owners accountable for illegal activity and property neglect. It also makes it difficult for residents to contact their landlords or to organize together (e.g., across properties) against abusive practices.

LLC ownership has been linked to property neglect. This is not attributed to the fact that LLC owners are more likely to purchase and manage older housing stock; rather, the evidence shows that LLCs invite moral hazard. Properties deteriorate more rapidly when under LLC ownership

²⁷ U.S. Bureau of Labor Statistics, Current Employment Statistics, 2022.

²⁸ Lillian Leung, Peter Hepburn, and Matthew Desmond, “Serial Eviction Filing: Civil Courts, Property Management, and the Threat of Displacement,” *Social Forces* 100 (2021): 316–44.

²⁹ Desmond, *Evicted*; Franz Hubert, “Contracting with Costly Tenants,” *Regional Science and Urban Economics* 25 (1995): 631–54.

than when they are owned by sole proprietors.³⁰

Corporate entities that limit investor’s liability can also limit their accountability. Cities have discovered that it is difficult to penalize LLC investors who allow their properties to go into tax foreclosure, since true ownership information is often hidden and the LLC—but not the owners themselves—remains on the hook. A Cleveland-based study found that large, out-of-state investors were five times more likely than their small local counterparts to be delinquent on their property taxes and allow their properties to go into foreclosure.³¹ Similar patterns have been documented in Detroit³² and Milwaukee.³³ LLCs and other mechanisms that thwart transparency and accountability enable some property owners to incorporate property neglect, eviction, and even property abandonment, into their business models, externalizing the costs of this predatory behavior onto renting families and city governments.

7. Solutions

Deepen investment in housing stability. Federal policies aimed at promoting residential stability work. After receiving a housing voucher, families move to better neighborhoods, and their children do better in school.³⁴ Children raised in public housing have better later-life outcomes than their peers.³⁵ Housing programs powerfully promote economic mobility. But the majority of our low-income renting families are denied this opportunity. Only one in six eligible families (16.8%) receive housing assistance from the U.S. Department of Housing and Urban Development in the form of public housing, a rent-reducing voucher, or a subsidized multifamily unit.³⁶ A 2012 survey found that most Public Housing Authorities Housing Choice Voucher Programs (65%) had been closed for more than a year. Today, families spend an average of 26 months on waiting lists for rental assistance.³⁷ In our largest cities, the wait time isn’t counted in years but decades. In October 2018, Los Angeles opened its waiting list for Housing Choice Vouchers for the first time in 13 years. I have two young children. If I applied for public housing today in this city, Washington, D.C., chances are I would be a grandfather by the time my application came up for review.

Last year, two bipartisan-sponsored bills were introduced in the Senate: The Eviction Crisis Act and The Family Stability and Opportunity Vouchers Act. The Eviction Crisis Act

³⁰ Adam Travis, “The Organization of Neglect: Limited Liability Companies and Housing Disinvestment,” *American Sociological Review* 84 (2019): 142–70.

³¹ Christopher Herbert, Irene Lew, and Rocio Sanchez-Moyano, *The Role of Investors in Acquiring Foreclosed Properties in Low- and Moderate-Income Neighborhoods: A Review of Findings from Four Case Studies* (Cambridge: Joint Center for Housing Studies, 2013).

³² Eric Seymour, “From REO to Ruin: Post-Foreclosure Pathways and the Production of Decline in Detroit, Michigan.” *Housing Policy Debate* 30 (2020): 431–56.

³³ Desmond, *Evicted*.

³⁴ Robert Collinson, Ingrid Gould Ellen, and Jens Ludwig, “Reforming Housing Assistance,” *The ANNALS of the American Academy of Political and Social Science* 686 (2019): 250-85; Deborah Devine et al., *Housing Choice Voucher Location Patterns: Implications for Participants and Neighborhood Welfare* (Washington, DC: US Department of Housing and Urban Development, 2003); Amy Schwartz et al., “Do Housing Vouchers Improve Academic Performance? Evidence from New York City,” *Journal of Policy Analysis and Management* 39 (2019): 131-58.

³⁵ Fredrik Andersson et al., “Childhood Housing and Adult Earnings: A Between-Siblings Analysis of Housing Vouchers and Public Housing,” NBER Working Paper No. 22721, 2018.

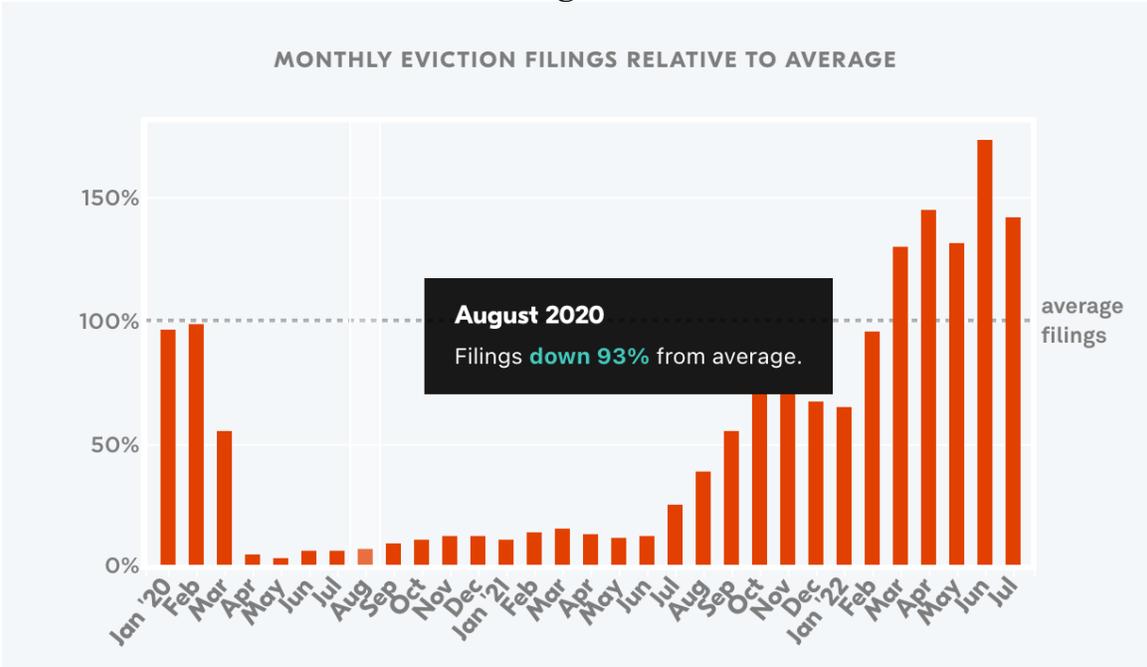
³⁶ U.S. Census Bureau, American Housing Survey, 2017, HUD-Assisted Status.

³⁷ U.S. Department of Housing and Urban Development, *Homeless Preference Survey*, 2012; Public and Affordable Housing Research Corporation, *Trends in Housing Assistance and Who It Serves*, 2019.

would go a long way toward reducing unnecessary evictions, mitigating the harm of displacement, and deepening our understanding of the problem. The Family Stability and Opportunity Vouchers Act would create 500,000 new housing vouchers for families who desperately need them and improve services to increase housing and neighborhood choice. I strongly endorse both pieces of legislation.

To address this crisis, we need short- and long-term solutions. We need to increase the supply of affordable housing by deepening investments in development and expanding public housing offerings. But we can't build our way out of this because families need relief now—not three years from now, when developers finally break ground after clearing all the red tape, not seven years from now when the doors finally open—but today. Congress could provide much needed relief by providing families more housing vouchers or extending Emergency Rental Assistance. The impact of such interventions was made manifest during the COVID-19 pandemic. At the end of 2021, several months after the national eviction moratorium expired, eviction filings were down 53 percent in Albuquerque, 54 percent in Cleveland, and 63 percent in Memphis.³⁸ Government aid in the form of rental relief was entirely responsible for these historic reductions in residential instability. But as that program is sunsetting, eviction filings are now increasing well above normal levels (**Fig. 4**).

Eviction Filings in Connecticut



³⁸ Eviction Tracking System, Eviction Lab, Princeton University, 2022.

Eviction Filings in Minnesota

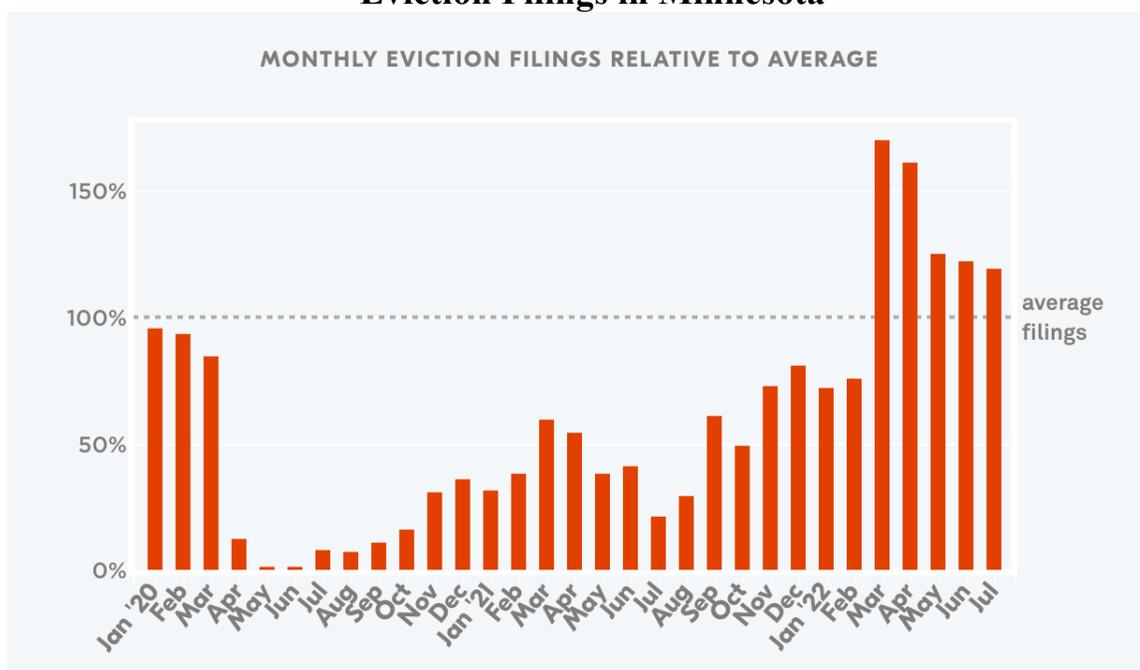


Fig. 4. Monthly Eviction Filings in Connecticut and Minnesota, Jan. 2020 to July 2022. *Source:* Eviction Tracking System, Eviction Lab, evictionlab.org.

Bring transparency and accountability to the rental housing market. Regarding a lack of transparency in the rental market, the Corporate Transparency Act (CTA) was passed in 2021 and is currently in the rulemaking process. This law will bring about a registry of beneficial owners under the Treasury’s Financial Crimes Enforcement Network (FinCEN) for corporations and LLCs that meet certain criteria. However, this registry will not be publicly available; rather, it will be available to state and local governments by court order. I support calls to make beneficial owner information from the Treasury FinCEN database publicly available.³⁹ The true owners of properties could also be revealed through FOIA requests or similar mechanisms. (Our peer nations collect and publish beneficial ownership data. For example, since 2016 the United Kingdom has had a public registry of beneficial ownership information and released a land registry dataset on corporate land ownership in 2017. Over 100 other countries have set up or committed to setting up registries of corporate ownership.⁴⁰) This could allow municipalities to hold landlords accountable for tax evasion, tax foreclosure, property neglect, and overreliance on eviction. It could also empower them to crack down on property owners who use eviction court to collect more fines and fees, treating civil court as a first, not last, resort. Requiring property owners to obtain rental licenses, too, could help ensure more transparency and accountability.

Reform housing court. In all but a handful of cities, families facing eviction have no right to an attorney. But most landlords do hire attorneys, which results in an unfair playing field. Knowing this, many families who receive eviction notices don’t show up to court, and their case results in

³⁹ D. Victoria Baranetsky, “Op-Ed: You Should Have the Right to Know Your Landlord’s Name,” *Los Angeles Times*, February 24, 2021; Aaron Glantz, “Unmasking the Secret Landlords Buying up America,” *Reveal*, December 17, 2019.

⁴⁰ Lakshmi Kumar and Kaisa de Bel, *Acres of Money Laundering: Why U.S. Real Estate is a Kleptocrat’s Dream* (Washington: Global Financial Integrity, 2021), 59-63.

a default judgement decided in a matter of seconds. When tenants are provided legal counsel, the odds of them remaining in their homes increase dramatically. Under New York City’s right to counsel in eviction court, 84 percent of represented renters facing eviction remain housed. In Cleveland, 93 percent of represented renters facing eviction avoid displacement. Deepening federal investments in the Legal Services Corporation or providing county courts with incentives and best practices could help reform an utterly broken housing court system.⁴¹ Providing tenants facing eviction with legal counsel would not affect the majority of rental property owners, who do not execute any evictions in a typical year. This intervention would impact high-evicting landlords, who place an undue burden on social services by fueling the eviction crisis.⁴²

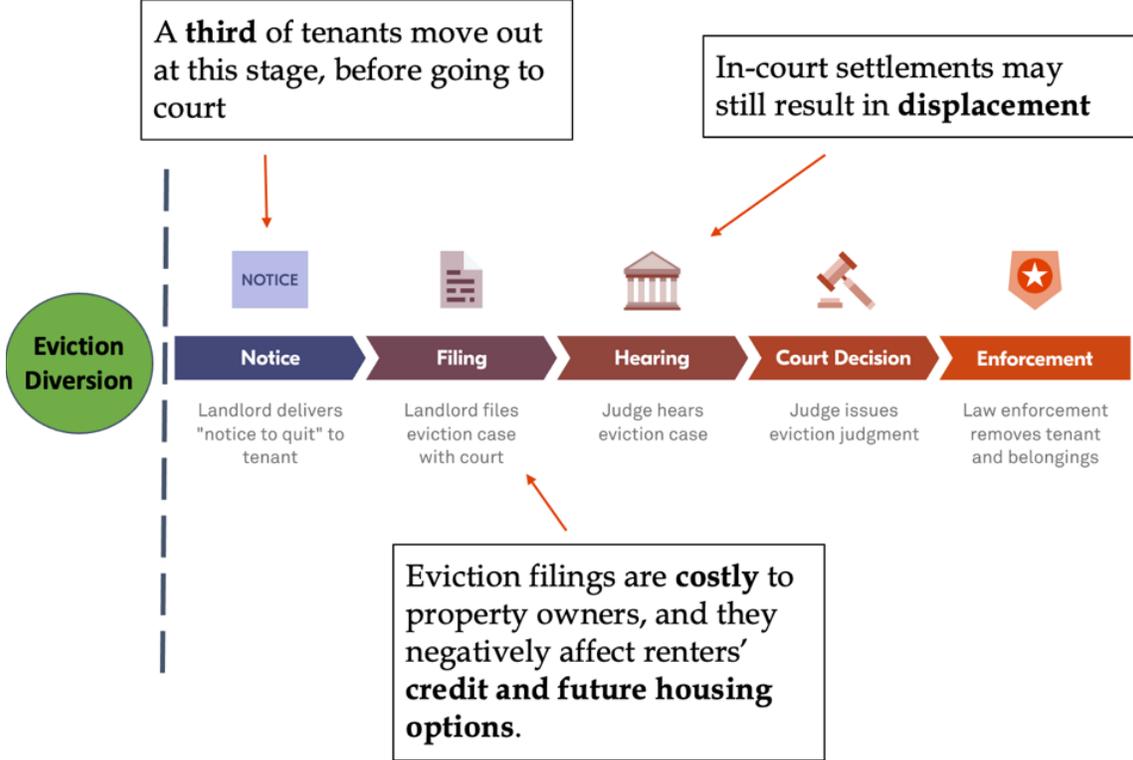


Fig. 5. Eviction Diversion is Most Effective when it Intervenes Early in the Eviction Process. *Source:* evictionlab.org.

Create eviction diversion programs nationwide. Eviction diversion programs have been shown to be effective at preventing forced moves and helping to make property owners whole. Cities have effectively used funds from the Emergency Rental Assistance Program to design and implement diversion programs. The Philadelphia Eviction Diversion Program has settled 80 percent of its cases without an eviction. The Durham Eviction Diversion Program has resulted in 73 percent of families remaining housed. In Boston, 95 percent of families threatened with

⁴¹ ACLU, *No Eviction without Representation: Evictions’ Disproportionate Harms and the Promise of Right to Counsel* (Washington: ACLU Research Brief, 2022); Ingrid Gould Ellen, Katherine O’Regan, Sophia House, and Ryan Brenner, “Do Lawyers Matter? Early Evidence on Eviction Patterns after the Rollout of Universal Access to Counsel in New York City,” *Housing Policy Debate* 31 (2021): 540-61.

⁴² Matthew Desmond and Nathan Wilmers, “Do the Poor Pay More for Housing? Exploitation, Profit, and Risk in Rental Markets,” *American Journal of Sociology* 124 (2019): 1090-1124.

eviction in public housing, but who go through the diversion program run by HomeStart, remain housed in their apartments two years later. Successful eviction diversion programs combine *advocacy* (e.g., access to legal counsel, case management) and *assistance* (e.g., rental assistance, cash grants) to work toward an *alternative* to eviction (e.g., court-mandated mediation, payment plan).⁴³ Eviction diversion programs that intervene early in the eviction process and that mandate participation as a prerequisite for eviction are the gold standard models (**Fig. 5**). Congress could incentivize county courts to establish permanent eviction diversion programs, helping to bring about a more humane and rational adjudication process.

Collect better data. The federal government does not collect data on evictions, even evictions from government-subsidized housing. A recent study of 25 million eviction filings issued between 2006 and 2016 found that the average Public Housing Authority files roughly 40 evictions each year, or 7.6 cases for every 100 public housing households. Public housing complexes were responsible for approximately 5.8 out of every 100 eviction filings nationwide, while only 3.5 in 100 renting households resided in public housing.⁴⁴ Yet the U.S. Department of Housing and Urban Development does not track evictions executed by the Public Housing Authorities it oversees. It should, incorporating that information into its evaluation criteria. And the federal government, more generally, should collect high-quality information on evictions. The only source of national data on eviction comes from the Eviction Lab at Princeton, which I direct. But I will not collect these data in perpetuity. Reliable data on eviction allow us to assess the scope of the problem and to evaluate the effectiveness of housing policies. These data are the only way to detect violations of the Fair Housing Act caused by the eviction process and are useful for understanding the prevalence, causes, and consequences of housing instability and to designing informed public policy.

8. The Bottom Line

I wish I could have provided a more temperate testimony. But we should not use our softer voices in times of emergency. Now is no time for moderation, for indecisiveness, for the same, tired debates about spending. A recent study found that simply collecting unpaid federal income taxes from the top 1 percent of households would bring in roughly \$175 billion a year.⁴⁵ There are plenty of ways to pay for deeper investments in renting families without increasing the deficit. What we cannot do is look renting families in the eye, those families spending sixty or seventy percent on housing costs, those families living in cars and garages and attics and storage sheds, and say to them, “You know, we’d love to help you, but we just can’t afford to,” because that is a lie. Now is the time to act. The “cumulative impact of years of inadequate federal funding for rental assistance”⁴⁶ has contributed to the current rental housing crisis. Congressional disinvestment in renting families reflects a dereliction of duty.

Trying to promote economic opportunity without addressing the housing crisis is like

⁴³ Mark Treskon, Solomon Greene, Olivia Fiol, and Anne Junod, *Eviction Prevention and Diversion Programs: Early Lessons from the Pandemic* (Washington, DC: Urban Institute, April 2021).

⁴⁴ Ashley Gromis, James Hendrickson, and Matthew Desmond, “Eviction from Public Housing in the United States,” *Cities* (2022), published online.

⁴⁵ John Guyton, Patrick Langetieg, Daniel Reck, Max Risch & Gabriel Zucman, “Tax Evasion at the Top of the Income Distribution: Theory and Evidence,” National Bureau of Economic Research, Working Paper No. 28542, March 2021.

⁴⁶ Joint Center for Housing Studies of Harvard University, *The State of the Nation’s Housing, 2019*, 36.

pouring water in a leaky bucket. When we boost incomes at the bottom—through government programs or economic growth—without addressing rising rents, those gains are often recouped by the housing market. A study conducted by the Federal Reserve Bank of Philadelphia found that when states raised minimum wages, that boosted families’ ability to pay rent—at least at first. But landlords quickly responded to the wage bumps by increasing rents, which diluted the effect of the policy.⁴⁷ The implication is that investing in affordable housing isn’t only necessary to ease families’ rent burdens and promote community stability. It is also essential because the success of all other economic mobility efforts depends on it.

⁴⁷ Sumit Agarwal, Brent Ambrose, Moussa Diop, “Do Minimum Wage Increases Benefit Intended Households? Evidence from the Performance of Residential Leases,” Federal Reserve Bank of Philadelphia, Working Paper 1928, July 2019. See also Atsushi Yamagishi, “Minimum Wages and Housing Rents: Theory and Evidence,” *Regional Science and Urban Economics* 87 (2021): 1-13.