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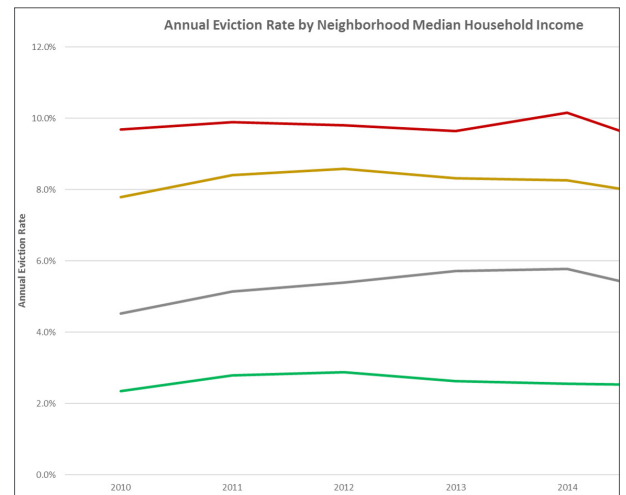
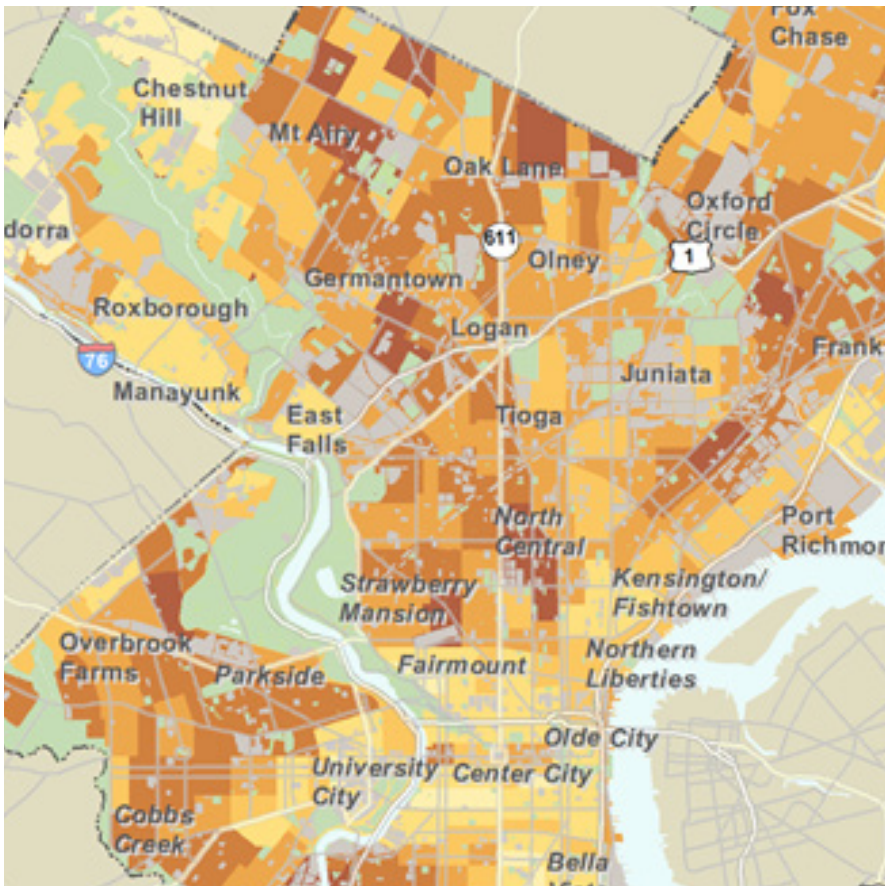


Policy Brief:

Evictions in Philadelphia

Prepared by REINVESTMENT FUND

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Introduction

In 2016, Matthew Desmond published his truly extraordinary study of evictions in Milwaukee, WI titled Evicted: Poverty and Profit in the American City. By embedding himself with several very poor families struggling to find and stay in decent rental housing, Desmond shines a light on this issue from the perspectives of the families, the neighbors/neighborhoods within which they live and those who own/manage rental housing occupied by poor families. That deep set of experiences and Desmond's ability to chronicle and analyze them, bolstered by quantitative survey data, offered an extremely rich understanding of this important, albeit under-studied issue.

So inspiring was Desmond's work that we at Reinvestment Fund decided to examine the eviction issue here in Philadelphia, PA. A quick survey of the literature shows little scholarly work on this topic – other than Desmond's – in recent times, thus making our inquiry all the more necessary. Reinvestment Fund is a Community Development Financial Institution (CDFI) located in Philadelphia, operating nationally, that through our loans and investments has created or preserved/rehabilitated more than 21,000 affordable rental and homeowner opportunities mostly within the mid-Atlantic area. TRF Development Partners, Reinvestment Fund's development arm, has been working in a highly distressed community in East Baltimore – Oliver – and in that area has created or preserved more than 300 housing units, mostly rental, for low- and moderate income families. While we and others have reasonable anecdotal and practical information and experience with the eviction issue, as a learning organization we felt it time to develop a body of facts on this topic for the city of Philadelphia.

This brief includes an overview of select housing market data in Philadelphia followed by a summary of the eviction filings: rates, patterns and areas for further inquiry into the eviction issue in the city of Philadelphia. Eviction filing records for this brief cover the period 2010-2015, inclusive, and originate with Philadelphia's Landlord-Tenant Court (LTC).¹

Eviction Process in Philadelphia

Landlord-Tenant rules vary greatly by jurisdiction. In Philadelphia, the eviction filing is not an order for the tenant to vacate the property; it is the beginning of the process. Once the eviction is filed, several outcomes are possible. One outcome is that the landlord and tenant agree to mediation (with or without the assistance of a mediator appointed by the court). Another possible outcome, if the tenant does not appear for the hearing, is a default judgement. Still another outcome is that the judge finds in favor of one of the parties. Tenants do have certain rights of appeal. If, an agreement is not reached and/or the judge finds in favor of the landlord and that decision is not appealed, the landlord must then go back to court and obtain a Writ of Possession, which is executed by a Landlord-Tenant Officer or the Sheriff. It is at that point that the tenant must physically vacate the property.¹

¹ LTC data were supplied by Jonathan Pyle, Contract Performance Officer, Philadelphia Legal Assistance. We are extremely grateful to Mr. Pyle and PLA for making these data available to us in support of our efforts to further a data-informed discussion of this critical policy issue.

Population, Housing Units and Renter Cost Burdens in Philadelphia

Philadelphia is the nation's 5th largest city with a population of 1.6 million residents. After decades of population decline (peaking at over 2.0 million in 1950), Philadelphia's population stabilized in 2005 and is now growing slowly.

Since 2010, the stock of owner occupied housing units dropped by 1.6% while that of renter occupied units grew at a rate 3.2% (or 1.5 percentage points). The increasing number of rental units therefore drove the overall growth in total occupied housing units (i.e., households) over this period.

Overall, the number of renter households spending more than 30% of their income on rent increased slightly, but the percentage cost-burdened actually declined by 4.3% (2.5 percentage points). However, among low/moderate income renters (i.e., renter households with income below \$35,000), the pattern is reversed - the number of cost-burdened renters declined 2.7%, while the percentage of cost-burdened households increased 4.8% (3.9 percentage points).

Throughout Philadelphia, renters face considerable challenges associated with the poor condition and restricted supply of rental housing. HUD records related to disproportionate housing needs in Philadelphia (i.e., housing units with one or more of the following conditions: over-crowded, cost-burdened, lacking a complete kitchen or lacking complete plumbing) show that 47.3% of all households have at least one of these conditions, and that 24.3% have severely disproportionate housing needs.² In addition, in the city's 2016 Assessment of Fair Housing the Philadelphia Housing Authority stated that the supply of publicly subsidized rental housing is sufficient to address only 12% of the need;³ and a recently released study by the Federal Reserve Bank of Philadelphia notes that 20% of the federally subsidized rental units will reach the end of their period of affordability and some portion of them, particularly in appreciating neighborhoods, may become market rate units.⁴

² See: <http://bit.ly/2hYcSH0>

³ See: <http://www.phila.gov/dhcd/wp-content/uploads/2016/10/assessment-of-fair-housing-october-2016.pdf>

⁴ See: <https://www.philadelphiafed.org/community-development/publications/cascade-focus>

		2010	2011	2012	2013	2014	2015	Percent Change, 2010-2015
Total Population		1,528,306	1,536,471	1,547,607	1,553,165	1,560,297	1,567,442	2.6%
Total Housing Units		670,022	670,265	667,247	667,625	670,445	672,657	0.4%
Occupied Housing Units								
	Total (i.e., Households)	575,413	576,429	579,874	582,501	577,862	581,604	1.1%
	Owner Occupied	311,284	311,303	302,551	297,098	300,561	306,207	-1.6%
	Renter Occupied	264,129	265,126	277,323	285,403	277,301	275,397	4.3%
	Percent Renter Occupied	45.9%	46.0%	47.8%	49.0%	48.0%	47.4%	3.2%
Cost Burdened Renters								
	<u>All Renters</u>							
	Units Paying Rent	238,432	242,853	252,747	259,041	254,585	253,807	6.4%
	Number Paying 30% Or More	140,372	141,152	143,905	149,206	146,313	143,067	1.9%
	Percent Paying 30% or More	58.9%	58.1%	56.9%	57.6%	57.5%	56.4%	-4.3%
	<u>Renters w/Income Under \$35,000</u>							
	Units Paying Rent	149,935	152,438	152,407	146,499	142,793	139,180	-7.2%
	Number Paying 30% Or More	123,488	126,867	124,199	126,012	121,275	120,136	-2.7%
	Percent Paying 30% or More	82.4%	83.2%	81.5%	86.0%	84.9%	86.3%	4.8%

Table 1: General Population, Housing Unit and Cost Burden Estimates for Philadelphia, ACS 1-year Estimates 2010-2015

Eviction Filings

Although there are unquestionably more evictions than there are eviction filings (landlords may ask tenants to leave or change the locks without notifying the court system), we do not know what share of all evictions these filings represent in Philadelphia. What we do know is that while recorded eviction filings are an important indicator of vulnerable tenancy, they substantially underrepresent the population of renters living in tenuous circumstances. Matthew Desmond estimated that in Milwaukee “...for every eviction executed through the judicial system, there are two others executed beyond the purview of the court, without any form of due process.”⁵

Table 2 presents the number of unduplicated eviction filings⁶ in the city of Philadelphia from 2010 to 2015, along with an “eviction rate” that represents the number of filings as a percentage of the number of renter occupied units. Over this period, the citywide eviction rate has fluctuated between 7.0% and 7.8%, which equates to roughly 1 in 14 renters being subject to a court recorded eviction filing each year.

	2010	2011	2012	2013	2014	2015
Renter Occupied Units (1-Year ACS)	264,129	265,126	277,323	285,430	277,301	275,397
Evictions	19,413	20,794	21,102	20,811	21,129	19,328
Eviction Rate	7.3%	7.8%	7.6%	7.3%	7.6%	7.0%

Table 2: Evictions and Eviction Rate

⁵ See Desmond, p. 331.

⁶ Our review of the data suggested that there were frequently multiple filings against the same household/address within a short period of time but upon review, the multiple filings were essentially technical corrections (e.g., one of the tenants on the lease was omitted from the filing). To the extent possible, these were removed from the counts.

Eviction rates in Philadelphia are not evenly distributed across city neighborhoods. Figure 1 (see page 7) displays the annualized eviction rate for 2014 and 2015 for Philadelphia census tracts. Relatively low eviction rates in the Center City neighborhoods of Philadelphia (including parts of West Philadelphia near the University of Pennsylvania and Drexel University) correspond to areas that in recent years have experienced significant new construction of high-end apartment buildings and rehabilitation activity as well as, in some instances, fairly dramatic shifts in the household and population profiles.

On the fringes of the inner core and university areas, eviction rates are considerably higher. South of Center City, there are elevated rates in the Gray’s Ferry and Point Breeze neighborhoods. In the northern reaches of Philadelphia, elevated eviction rates are found in the Oak Lane, Olney and Germantown neighborhoods. Several communities in the lower northeast section (e.g., Frankford and Mayfair) also show elevated rates, along with the west/southwest part of Philadelphia, in communities such as Elmwood and Kingsessing. Many of these areas have long been among the city’s relatively stable middle neighborhoods, and a number of them also experienced heightened foreclosures during the housing crisis; for them, rising evictions may be another symptom of increasing instability.

In addition to the place-based variations in eviction filings, across the city we observe that neighborhood income and racial composition are also associated with different levels of evictions. Census records from 2013 show that the median household income in Philadelphia was \$37,192. Table 3 presents eviction rates for different ranges of median household income at the Census tract level, and suggests that communities with incomes substantially below the city median experience notably higher eviction rates than those with higher incomes. For example, communities where the typical household income was at or below \$25,000 experienced a rate that is 3.6 times greater than the rate in the highest income areas in 2015 (9.1% versus 2.5%) While there has been a general sense among housing experts that lower income households are more likely to experience eviction, the magnitude of the discrepancy between well-off and lower and moderate income neighborhoods in Philadelphia has not previously been determined. Racial disparities are equally stark. Table 4 presents eviction rates for neighborhoods with increasing concentrations of African American/Black residents. From 2010 to 2015, eviction rates in predominately African American/Black neighborhoods (tracts that were 80% or more African American/Black) were generally more than three times that of predominantly White areas.

Units based on 2010-2015 5-Yr ACS	2010	2011	2012	2013	2014	2015
Evictions (<\$25k HH Income)	6,728	6,875	6,807	6,696	7,055	6,307
Evictions (\$25k-\$45k HH Income)	9,396	10,152	10,363	10,039	9,973	9,374
Evictions (\$45k-\$70k HH Income)	2,766	3,147	3,293	3,493	3,533	3,088
Evictions (>\$70k HH Income)	523	620	639	583	568	559
Eviction Rate (<\$25k HH Income)	9.7%	9.9%	9.8%	9.6%	10.2%	9.1%
Eviction Rate (\$25k-\$45k HH Income)	7.8%	8.4%	8.6%	8.3%	8.3%	7.8%
Eviction Rate (\$45k-\$70k HH Income)	4.5%	5.1%	5.4%	5.7%	5.8%	5.1%
Eviction Rate (>\$70k HH Income)	2.4%	2.8%	2.9%	2.6%	2.6%	2.5%

Table 3: Eviction Filings and Rates by Census Tract Income Level⁶

⁶ Important to note that as rates are being computed by the racial composition of Census tracts, the 1-Year ACS is not available. Accordingly, we are using the 5-Year ACS, 2009-2013 for all years.

Units based on 2010-2015 5-Yr ACS	2010	2011	2012	2013	2014	2015
Evictions (<10% Black)	2,001	2,328	2,446	2,386	2,418	2,175
Evictions (10-40% Black)	4,768	5,055	5,249	5,400	5,435	4,990
Evictions (40-80% Black)	5,432	5,710	5,635	5,380	5,464	4,927
Evictions (>80% Black)	7,212	7,701	7,772	7,645	7,812	7,236
Eviction Rate (<10% Black)	3.1%	3.5%	3.7%	3.6%	3.7%	3.3%
Eviction Rate (10-40% Black)	5.6%	5.9%	6.2%	6.4%	6.4%	5.9%
Eviction Rate (40-80% Black)	10.5%	11.0%	10.9%	10.4%	10.6%	9.5%
Eviction Rate (>80% Black)	10.1%	10.8%	10.9%	10.8%	11.0%	10.2%

Table 4: Eviction Filings and Rates by Census Tract Percent Black/African American

Figure 2 (see page 8) displays tract level eviction rates and identifies those areas that are predominantly African American/Black, above average Hispanic concentrations and below the citywide median household income. Figure 2 affirms the patterns observed in Tables 2 and 3, while also highlighting the interconnectedness between income, racial/ethnic composition and neighborhood eviction rates.

There are very few areas in the city with high eviction rates that are not also below average income and/or home to a substantial racial/ethnic minority population.

A preliminary statistical evaluation of the relationship between eviction rates and the racial composition, income level and tenure mix (i.e., the percentage owner/renter occupied) of neighborhoods suggests that the racial composition of a neighborhoods exerts a substantial and statistically significant independent effect – over and above any influence of income and tenure – on neighborhood eviction rates. Indeed, net of an area’s median household income and tenure differences, ***each one percentage point increase in the percent African American/Black residents in a Census tract is associated with a 0.36 percentage point increase in the eviction rate.***⁷

Conclusions

As many researchers and policymakers have noted, rising rents and stagnant incomes have put increasing economic pressure on the nation’s renter households. The National Low Income Housing Coalition reports in *Out of Reach 2015* that the annual household income needed for a 2-bedroom rental unit in Philadelphia at the fair market rent is \$46,240, well above Philadelphia’s median household income in 2015 (\$41,233) – up from the \$37,192 Philadelphia median reported earlier for 2013. Indeed, a household would need the combined incomes of 3.1 full time jobs at the current minimum wage to afford a 2-bedroom unit at the established fair market rent.⁸ To the extent that evictions are influenced by household income and the related economic stability as Desmond demonstrates, the immediate prospects are not bright for low and moderate income Philadelphians without significant multi-faceted policy changes and resource (re-)allocations.

⁷ This finding, using a different approach to the data, is consistent with findings in the City of Philadelphia’s Assessment of Fair Housing. In it, the City states: “Eviction filings were more common in distressed and middle markets than in strong markets (10 percent and 9 percent compared to 5 percent) ... Within each market type (strong, middle, distressed), areas with heavily Black populations had eviction filing rates that were about twice as high as in areas with a smaller Black presence.” (p. 198)

⁸ See: <http://bit.ly/2iMnk50>

With further analysis of the court records we intend to explore the relationship between evictions and appreciating housing markets. Additional research will also explore the difference in eviction rates between African American neighborhoods and Latino neighborhoods; community groups that work in the Latino community assert that many of their clients pay rent exclusively in cash. This may mean they are in unlicensed rental housing and are not able to avail themselves of any protections provided by the court system. Future research needs to include understanding the magnitude of the unlicensed rental housing issue in Philadelphia and the communities it may affect.

More Philadelphians than just tenants and landlords feel the impacts of the 20,000+ evictions. Consider the many neighbors and neighborhoods impacted. For Reinvestment Fund, tenant evictions are actually the manifestation of a set of issues that have broad and long-term impacts themselves. As an example, what happens to a child's ability to thrive in school when they must move from place-to-place (and therefore school to school) on a frequent basis because their family was evicted? And what happens in classrooms where a substantial portion of the children turn over from one term to the next? How do elevated rates of evictions in a community relate to and impact the people- and place-based social determinants of health? Or, as modest income communities (i.e., middle neighborhoods) struggle to maintain a reasonable level of stability and quality of life in the face of acute levels of frequent, involuntary turnover, what are the future prospects for these vitally important areas in any city? These and other questions will drive future inquiries and policy recommendations that follow.

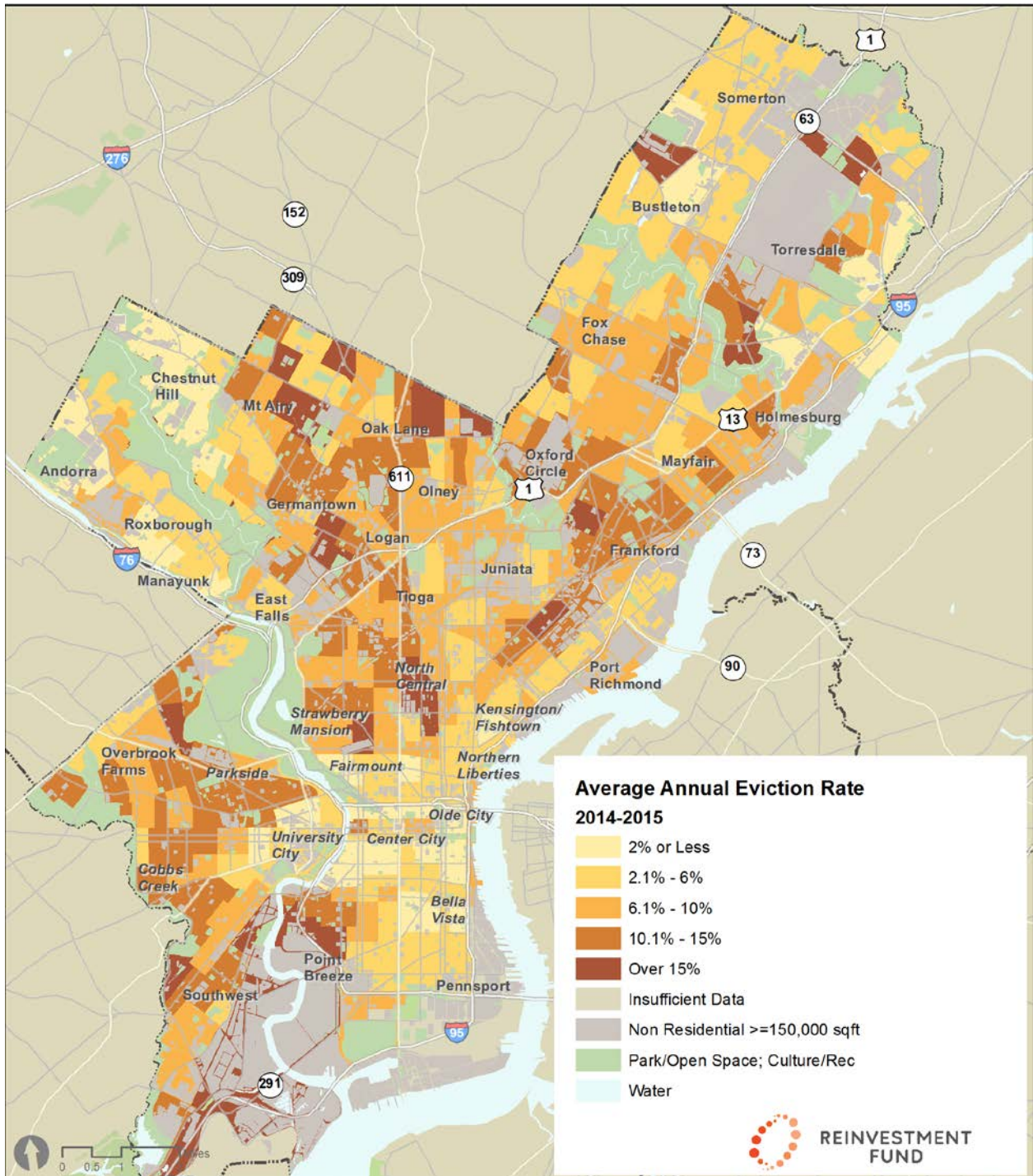


Figure 1: Estimated Annual Eviction Rate, 2014-2015 (Source: ACS 2009-2013 and Philadelphia Court System)

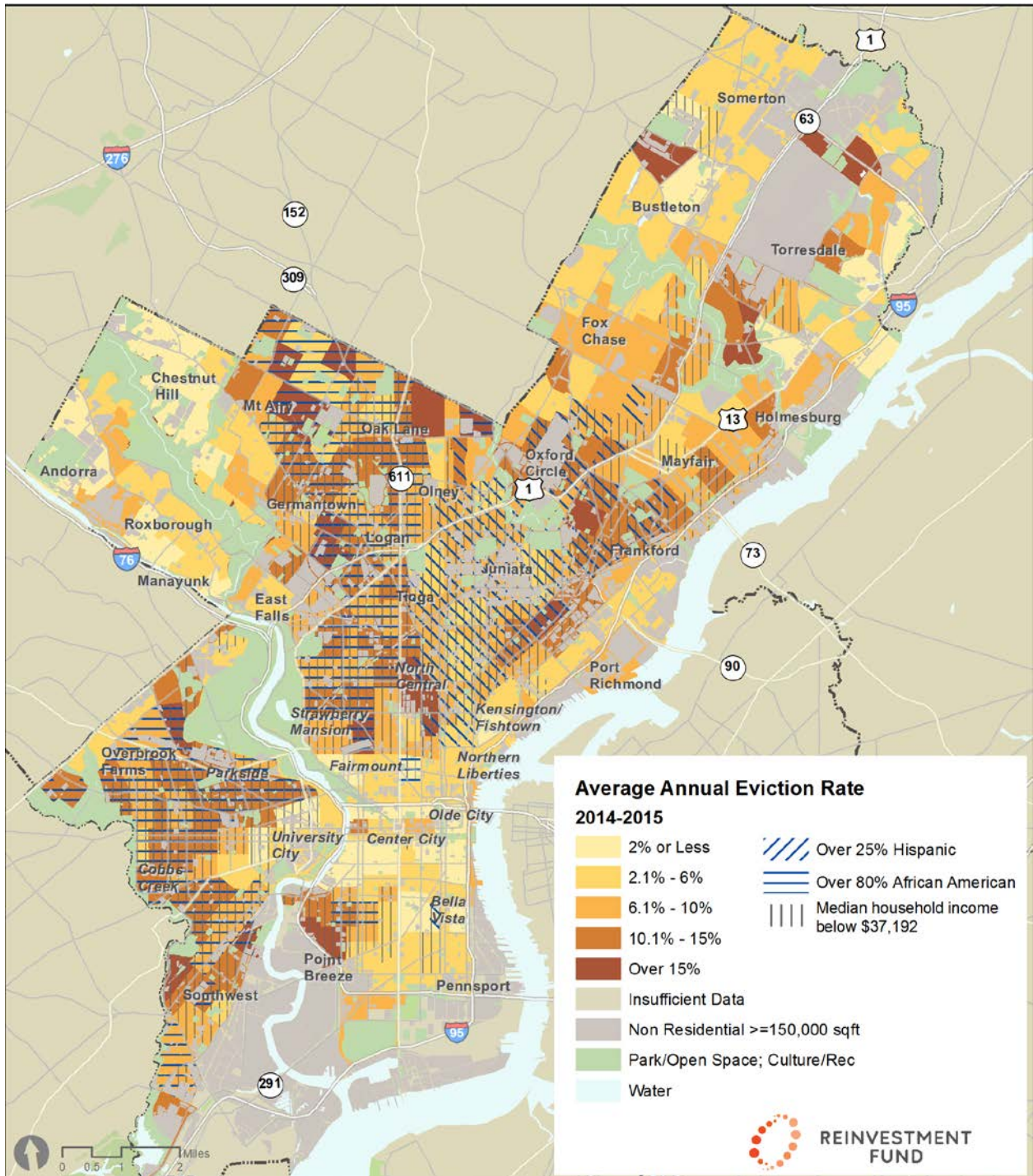


Figure 2: Estimated Annual Eviction Rate with Race, Ethnicity and Household Income (Source: ACS 2009-2013 and Philadelphia Court System)

Reinvestment Fund has published a range of reports addressing critical public policy issues. The highlighted reports below represent recent housing research projects. For details, please visit our Policy Publications site:

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