

Statement by Matthew Desmond

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

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“On the Brink of Homelessness: How the Affordable Housing Crisis and the Gentrification of America Is Leaving Families Vulnerable”

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Chairwoman Waters, Ranking Member McHenry, and members of the Committee, thank you for the opportunity to testify today before the House Committee on Financial Services.

For almost a century, there has been a consensus in America that families should spend 30 percent of their income on housing costs. That allows us enough money to afford other basic necessities and invest in our children and future. Today, however, many Americans are crippled by the high cost of housing. According to the latest data from the American Housing Survey, the majority of renting households below the poverty line (51.5%) spend at least half of their income on housing, with one in four of those households (26.3%) spending over 70 percent of their income on shelter costs alone.¹

The affordable housing crisis is caused by three main factors. First, incomes for many American families have been stagnant over the last several decades, with those lacking a college

¹ U.S. Census Bureau, American Housing Survey, 2017, 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.

education among the hardest hit.² American productivity has more than doubled since 1980. Yet during this time the bottom 90 percent of workers saw annual earnings gains of only 15 percent.³ Nearly a third of the American workforce—41.7 million laborers—earn less than \$12 an hour, according to a 2016 study.⁴

By many indicators, the American economy is strong. Unemployment is down, the Dow Jones Industrial Average is north of 25,000, and millions of jobs are going unfilled. But increasingly, for many Americans, the question is not, “Can I land a job?” (The answer is almost certainly yes.) Instead the question is, “What kinds of jobs are widely available, particularly for people without much education?” By and large, the answer is: jobs that do not pay enough to live on.

That brings us to the second main cause of the crisis: the alarming rise in housing costs. Over the last several years, as many American families watched their incomes flatline or even fall in real terms, their rents and utility costs were rising. Nationwide, median asking rent *more than doubled* over the last two decades, rising from \$483 in 2000 to \$1,002 in 2019. All regions of the country have experienced a surge in rents. Since 2000, median asking rent has increased by 72 percent in the Midwest, 108 percent in the South, 119 percent in the Northeast, and 146 percent in the West.⁵

Rents have risen much faster than wages.⁶ Yet Congress has not yet intervened to address this morally-urgent problem. The “cumulative impact of years of inadequate federal funding for

² U.S. Census Bureau, Current Population Survey, Table H-13.

³ Wojciech Kopczuk, Emmanuel Saez, Jae Song, “Earnings Inequality and Mobility in the United States: Evidence from Social Security Data Since 1937,” *The Quarterly Journal of Economics* 125 (2010): 91-128.

⁴ Economic Policy Institute and Oxfam, *Few Rewards: An Agenda to Give America’s Working Poor a Raise*, 2016.

⁵ U.S. Census Bureau, Current Population Survey/Housing Vacancy Survey, October 29, 2019, Table 11A. Figures from 2019 are from the third quarter of that year.

⁶ 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.

rental assistance”⁷ is the third factor driving the housing crisis. 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.⁸ 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.⁹ 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.

As a result of these combined factors, the United States has transformed from a nation where eviction was rare and drew crowds to a nation where losing your home has become commonplace.¹⁰ I direct the Eviction Lab at Princeton University, a research team that has assembled the first-ever national database of evictions in America. According to our most recent estimates, between 2000 and 2016, more than 61 million eviction cases were filed in the United States. In 2016 alone, 3.7 million cases were filed, representing just over 8 eviction cases per 100 renter households. This number far exceeds the 1.2 million completed foreclosures issued at the height of the 2010 crisis.¹¹

Eviction affects urban, suburban, and rural communities across America. In fact, cities with

⁷ Joint Center for Housing Studies of Harvard University, *The State of the Nation’s Housing*, 2019, 36.

⁸ U.S. Census Bureau, American Housing Survey, 2017, HUD-Assisted Status.

⁹ 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.

¹⁰ Matthew Desmond, *Evicted: Poverty and Profit in the America City* (New York: Crown, 2016); Matthew Desmond, “Unaffordable America: Poverty, Housing, and Eviction,” *Fast Focus: Institute for Research on Poverty* 22 (2015): 1-6.

¹¹ Ashley Gromis, et al., “Estimating the National Prevalence of Eviction Using Millions of Public Court Records,” Working Paper: Princeton University, Eviction Lab, 2020; Core Logic, “United States Residential Foreclosure Crisis: Ten Years Later,” (2017).

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. Small cities and rural communities have also been deeply affected by the eviction crisis. Our research shows that many small towns across the country have eviction rates that rival those of the highest-evicting cities. Take Centreville, Illinois, (pop. 5,012), which sees one in nine renter homes evicted each year.¹²

The housing crisis is not only New York's problem or San Francisco's. The crisis is harming families in every type of town, big and small, and in every region of the country.

Eviction causes loss. 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. Eviction records also bar families from public housing since Public Housing Authorities count eviction as a mark against their application, systematically denying help to the families who need it the most. 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.¹³

Studies show that eviction causes job loss. Losing a home is such a drawn-out, stressful event, it can cause Americans to make mistakes at work and lose their footing in the labor market.¹⁴

¹² For eviction statistics in communities throughout the United States, see www.evictionlab.org.

¹³ 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.

¹⁴ Matthew Desmond and Carl Gershenson, "Housing and Employment Insecurity among the Working Poor," *Social Problems* 63 (2016): 46-67.

And then there is the effect eviction has on people’s mental health. Studies have linked eviction to depression, drug overdose deaths, and suicide. Between 2004 and 2010, years when housing costs were soaring across the country, suicides attributed to forced displacement from housing doubled.¹⁵ This body of research shows that eviction is not just a condition of poverty; it is a cause of poverty.

The good news is that federal policies aimed at promoting residential stability work. When families finally receive a housing voucher after years on the waiting list, when they are finally provided the opportunity to spend 30 percent of their income on rent, not 60 or 70 percent, studies show those families do one consistent thing with their freed-up income: they take it to the grocery store. They buy more food. Their children become healthier.¹⁶ After receiving a housing voucher, families move to better neighborhoods, and their children do better in school.¹⁷ Children raised in public housing have better later-life outcomes than their peers.¹⁸ Housing programs powerfully promote economic mobility. But the majority of our low-income renting families are denied this opportunity, and their children are not getting enough to eat—because the rent eats first.

Last month, 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 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

¹⁵ Ashley Bradford and W. David Bradford, “The Effect of Evictions on Accidental Drug and Alcohol Mortality,” *Health Services Research* (2019): 1-9; Matthew Desmond, Matthew, 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): 273-74.

¹⁶ Abt Associates Inc. et al., *Effects of Housing Vouchers on Welfare Families* (Washington, DC: US Department of Housing and Urban Development, 2006); Alan Meyers et al., “Public Housing Subsidies May Improve Poor Children’s Nutrition,” *American Journal of Public Health* 83 (1993): 115; Sandra Newman and Scott Holupka, “Housing Affordability and Investments in Children,” *Journal of Housing Economics* 24 (2014): 89–100.

¹⁷ 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 (2020): 131-58.

¹⁸ 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.

would create 500,000 new housing vouchers for families who desperately need them and improve services to increase housing and neighborhood choice. I urge this committee to work across party lines to generate complementary legislation in the House.

Eviction is destabilizing families, communities, and schools, hindering children from reaching their full potential. Everyone needs a stable, affordable home to thrive. I ask that Congress act decisively and quickly to address this housing crisis.