Who Owns the City? How Landlord Characteristics Affect Tenant Experiences

Urban sociology is characterized by asymmetric information, wherein much is known about the residents of a city but next to nothing about the landlords who own it. Data about the former group comes from the US Census, which provides extensive demographic information about renters and homeowners. But there is no equivalent census of landlords. Even if we obtain property ownership records, corporate entities like limited liability corporations often obscure their owners' true identities. As a result, urban sociology has largely ignored the role of landlords (Sampson 2012; Wilson 1987; Massey and Denton 1993).

This is a problem because landlords make decisions that directly affect important urban social structures (Logan and Molotch 1987). For example, they set rent prices, affecting housing affordability. They choose who will live in which properties, influencing patterns of segregation. And they decide when and whether to evict their tenants, affecting residential turnover. While economic considerations enter into these decisions, landlords still exercise a large degree of discretion (Gilderbloom 1985; Rosen 2014; Desmond 2016). Landlords thus appear to be key players in several urban processes, but we have never been able to test these claims in a rigorous, empirical way. We do not even know such basic questions as whether different types of landlords, for example large corporate realtors versus small, part-time landlords, differ in the way they screen tenants, choose rent prices, and decide to evict. Using a novel dataset, this paper attempts to answer such questions.

Data and methods

I focus on Boston's rental market between 2004 and 2016. Boston represents an ideal location for this study for several reasons. First, Boston has a large rental market - only about one third of its residents are homeowners. Second, it has a diverse rental market - Boston contains extremely wealthy, predominantly white tracts with median household incomes over $150,000, as well as extremely poor, predominantly Black tracts with incomes below $20,000. This high degree of ethnoracial and economic diversity allows us to see how landlords interact with tenants with different levels of social and economic power. Third, Boston has a lot of publicly-accessible data.

To analyze differences between types of landlords I first needed to put together a system of datasets describing the residential environment (properties and landlords) and residential events (evictions, housing problems, and 911 calls about landlord-tenant conflict). Fig. 1 shows how these pieces fit together. In the residential environment, units are nested within properties which are nested within land parcels and owners. I created the three levels of geography - units, properties, and land parcels - using tax assessment and street address management datasets from the City of Boston data portal (data.boston.gov). Because tax assessment files exist for each year between 2004 and 2018, my residential files also vary with time. I created the owner (landlord) dataset by using owner names from the tax assessment files to scrape two websites (corp.sec.state.ma.us and masslandrecords.org) with detailed information on corporation and land trust personnel. By connecting that data to the property ownership files, I was able to know when the trusts and corporations in Boston were formed and who their officers and beneficiaries are. I used that data to create a network of relationships between owners and organizations, an example of which is shown in fig. 2. In this instance, two people own a large number of

companies in common, through which they own properties in Boston. Because of their high degree of co-ownership, I considered these two people to be the same landlord. I then collected and geocoded data on residential events like evictions, reports of housing problems, and 911 calls about landlord-tenant conflict. The events data (fig. 1) came from a number of sources. The eviction data I scraped from www.masscourts.org. 911 calls I obtained from the Boston Police Department, as part of my appointment at Boston Area Research Initiative. The housing complaints I downloaded from the Boston data portal. Each of these datasets I geocoded to each level of the residential environment (except 911 calls which I could geocode only to the land parcel) as seen in fig. 1.

With the data assembly complete, I was able analyze how residential events, like eviction, housing complaints, and 911 calls about landlord-tenant conflict, differ by landlord type. I began with a simple typology of landlords - those who own less than 10, 10 to 25, and more than 25 units. I wanted to make comparisons between similar rental properties whose only difference was their landlord, so I matched properties owned by medium-size and large landlords to rental properties owned by small landlords. I matched based on a large number of variables, including the properties' valuations, geographic locations, and building styles. This gave me four groups of rental properties - those owned by medium and large landlords, and two groups of matched small landlord properties. I then compared the rate and characteristics of evictions, housing complaints, and 911 calls at the properties. Those results are reported below. Next, I plan to test whether the associations I found between landlord type and residential events are causal, by examining properties where the landlord type changed between 2004 and 2016. I will estimate fixed effects models at the property level to see whether changes in landlord are associated with changes in event rates. I also want to examine other ways of typologizing landlords besides their number of holdings. For example, I want to compare landlords of different imputed races and genders, and those who employ a property manager to those who do not.

Preliminary results

Landlords who own a large number of units evict at much higher rates than those with few units. Fig. 3 shows eviction rates for properties owned by landlords with less than 10, 10-25, and 25 or more units. Small landlords evict at a rate of 2.5% (.025 evictions per unit, per year), while for medium landlords it is almost 5%, and for large landlords it is above 8% (all differences are very statistically significant). To further ensure comparability between the properties, the sample for these analyses was limited to triple-decker buildings with three units, in high-eviction tracts in Boston. Full samples show the same results. That the difference in rates is so large for otherwise similar properties suggests that large landlords evict more readily than small ones.

Large landlords also evict over less money than do small landlords. We can estimate the amount of back rent owed by tenants using the amount they owe landlords in court judgments. The average judgment money for evictions by small tenants is $3,700 while for large landlords it is $3,100. This is further evidence that large tenants are quicker to evict tenants than are small landlords.

Although small landlords evict less often, their evictions are much more complicated, conflicted, and drawn out. After filing an eviction, landlords can drop the case at any time, but small landlords are much less likely to do so. It is quite common for tenants not to show up to eviction

proceedings, but tenants of small landlords rarely miss their court date. Those tenants are also much more likely to request a trial rather than resolve the eviction through arbitration and to file counterclaims and discovery requests. These results paint two contrasting pictures of the eviction process. For large landlords, eviction is straightforward, short, and typically resolved without going before a judge. For small landlords, eviction is long, complicated, and filled with legal conflict.

Evictions by small landlords also appear to be mixed up with the reporting of housing problems. Fig. 4 shows the probability of making a complaint about housing conditions, per three month period, in the two years before and year after an eviction. Separate lines are drawn for each of the four landlord groups. One year before or after an eviction, the four groups show similar rates, around 2.5% (.025 reports per unit, per 3 months). However, immediately before and after an eviction, the tenants of small landlords report at rates over 15%, while those of large landlords report at only 6%. These results could be due to several explanations. First, landlords may be evicting in retaliation when tenants file complaints. Second, tenants may be reporting in retaliation when landlords evict them. Third, there may be a more complicated process, in which there is an informal trade of rent for repairs, and when either side breaks it by evicting or reporting the other follows suit. Whatever the explanation, it is striking that the pattern is so much larger among small landlords and suggests that maintenance complicates their eviction process in a way not true of large landlords.

Like housing reports, 911 calls about landlord-tenant conflict peak during evictions for small landlords but not for large ones. One year before or after the eviction, all groups have similar rates, around 1% every three months. However, during the eviction process, that rate increase to over 8% for small landlords, but only to about 2% for large landlords. This is further evidence that while less common, evictions by small landlord are characterized by more interpersonal conflict.

Implications

Although I have only reported the findings regarding one process (eviction) and one dimension of landlord type (number of holdings), these findings suggest that different types of landlords manage their properties in very different ways. That evictions differ in both frequency and character between types of landlords suggests that the processes by which large and small landlords interact with their tenants may differ substantially. For example, perhaps large landlords use bureaucratized organizations to deal with tenants while small landlords interact with them interpersonally. In that case, it would make sense that landlords evict more often because they may have a rule that says to evict whenever a tenant misses rent. Small landlords may be more likely to grant concessions but those informal deals may also spiral out of control and lead to conflict. While plausible, much more research is necessary to know whether this is the true explanation for the contrasts we see. Another reason might be that the tenants of large and small landlords are systematically different. I have limited that possibility by matching landlords based on properties, but it is still plausible. In that case, however, it would still point to differences in landlord behavior, because we would have very similar buildings inhabited by vastly different people, only because the buildings' owners are different.

Data Infrastructure

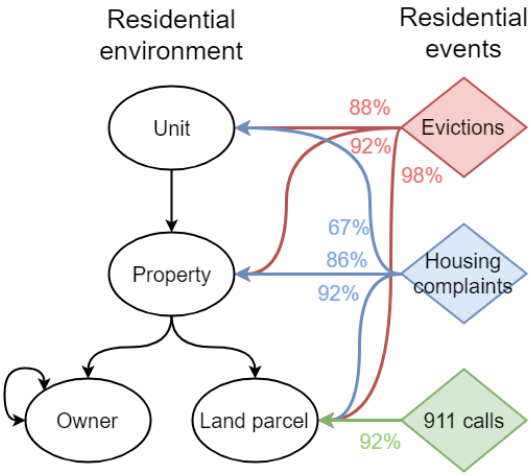

Fig. 1 - Data infrastructure. Circles represent datasets describing a nested geographical infrastructure for the city. Units are located within properties which are located within land parcels and owners. Owners have relationships between themselves, represented in fig. 2. Diamonds represent datasets describing events. The colored arrows show how these events are geocoded within the geographical infrastructure and the percentages are the proportion that were successfully geocoded at each level.

Network of Owners

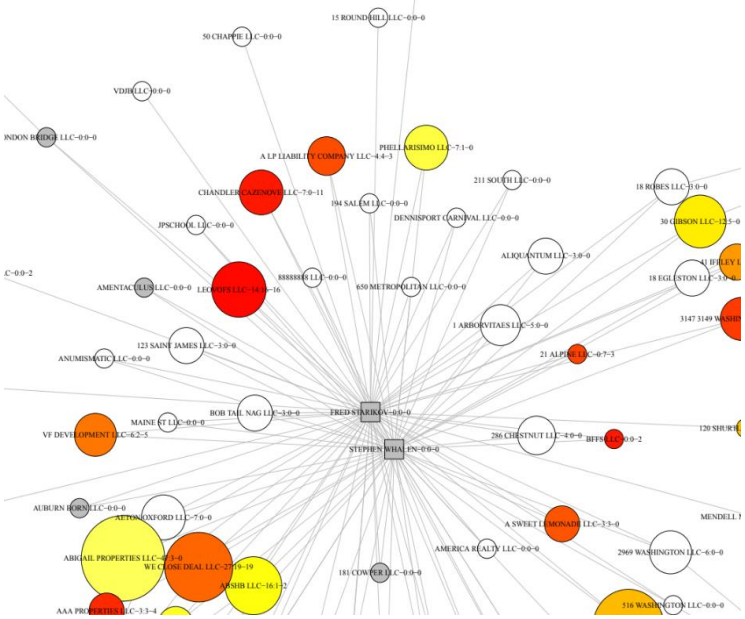

Fig. 2 – Network of owners. Circles represent corporations and squares represent people. This segment shows two people who own a number of corporations in common. The size of the circle represents the number of units the corporation owns and the color represents the rate of eviction and housing complaints per unit (red is more; white is less; grey means they own no units).

Eviction Rate by Landlord Type

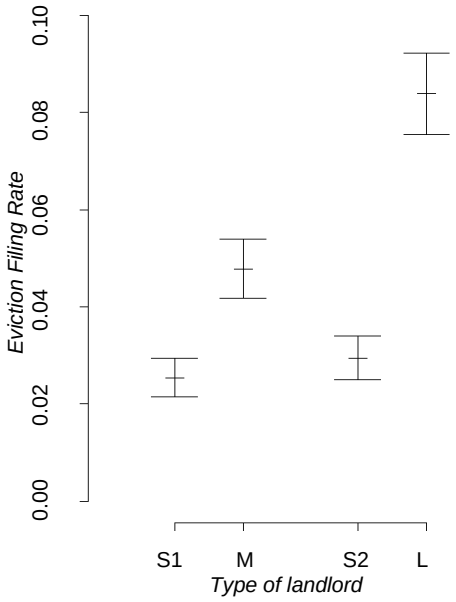

Fig. 3 - Eviction filing rate by landlord type. S1 and S2 are small landlords matched to medium (M) and large (L) ones, respectively.

Probability of Housing Complaints During Evictions by Landlord Type

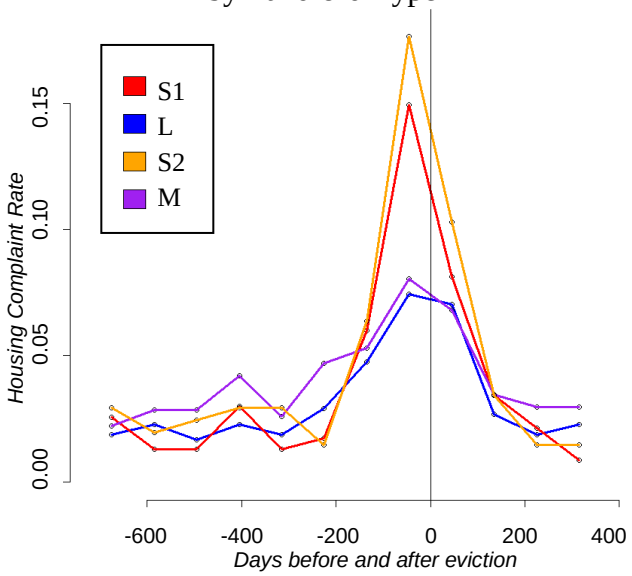

Fig 4. - Probability of a housing complaint at properties where an eviction occurred, relative to the date of the eviction. Red and orange lines are small landlords (S1 and S2) and purple and blue lines are medium (M) and large (L) landlords, respectively.

Sources

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