

***How Much Does a Dollar Cost?
Understanding Eviction Judgment Amounts in the United States***

Lavar Edmonds^{1*}, Peter Hepburn¹, Ashley Gromis¹, and Matthew Desmond¹
September 18, 2018

* Presenting Author

¹ Princeton University

Abstract: A growing body of literature studies the role of eviction as a mechanism underlying housing instability and urban inequality in the United States. Little research, however, has focused on the financial aspects of the eviction process—in particular, the court proceeding and its outcome—and the extent to which it exacerbates tenant debt. Using a unique data set of court-ordered eviction records and neighborhood demographic and socioeconomic characteristics for over 400,000 renter households across 19 states in 2014, we conduct the first large-scale analysis of eviction judgment amounts. We present several key findings: a plurality of eviction judgment amounts was for approximately two months of rent; over one-third of tenants incurred judgment amounts of less than one month of rent; and the judgment-to-rent ratio increases with increases in the proportion of Black residents and the vacancy rate, and in neighborhoods where the state requires personal service in issuing notice of an eviction seeking a money judgment. Our results suggest that, to alleviate the debt incurred through evictions, policymakers should re-evaluate the role courts and legal infrastructure play in the eviction process and consider expanding emergency assistance options for renters.

Introduction

A growing body of literature explores the role of eviction as a mechanism underlying housing instability and urban inequality in the United States. Research in this field has documented links between individual, neighborhood, and institutional characteristics and eviction rates (Desmond 2012; Desmond and Valdez 2013; Desmond et al. 2013; Desmond 2016).

While this literature provides some sense of the scale of eviction—a process that affects over one million renter households a year (Desmond et al., 2018a)—the financial aspect of eviction has not been a major focus so far. We know little about the costs of eviction and the scale of court-ordered and -enforced debts that result from these cases. How many evictees owe their former landlords money after being evicted, and how much is common? How do these amounts vary, and what role do they play in widening racial debt gaps? If eviction is accompanied by greater or lesser amounts of court-enforced debt, this could represent a significant barrier to financial and housing stability, in addition to wealth accumulation, thereby exacerbating inequality.

In this paper, we draw on a unique set of over 400,000 eviction case court records filed across 623 counties in 2014 to study eviction judgment amounts. This study represents the first large-scale analysis of the financial costs associated with eviction, and begins to offer answers to the questions posed above. Analysis proceeds in three steps. First, we provide a series of descriptive results on the average amount of money associated with eviction judgements at the state and household levels. Second, we conduct regression analyses to examine the neighborhood characteristics that influence money judgement amounts, expressed in terms of months of back-rent owed. Third, we plan to expand our study longitudinally and provide an analysis of changes over time in eviction judgement amounts.

Our preliminary results indicate that there is wide variation in eviction judgment amounts within and between states. We find that eviction judgment amounts are typically equivalent to the value of two months' worth of rent, but this ratio varies considerably across neighborhoods and counties. Moreover, a large share of tenants receive eviction judgments for an amount less than one month's rent. Regression results indicate that residents of majority-Black neighborhoods, independent of economic and housing market conditions in their neighborhoods, incur higher judgment amounts. We also show higher eviction judgment amounts in higher vacancy neighborhoods and neighborhoods in states where personal service is required to notify tenants of an eviction case seeking money was filed against them.

Data and Methods

Our data are drawn from a novel source of individual-level court records from eviction cases collected by LexisNexis Risk Solutions.¹ This data set consists of eviction records from cases filed in 2014 in 623 counties across 19 states.² Data were thoroughly cleaned and validated; counties were included in the analytic sample only if the number of cases in the data was within 15% of expected case volumes based on estimates compiled in state-reported case statistics. The full data set consists of 413,030 eviction cases; these includes cases heard within 8,922 Census tracts across the country (roughly 12% of all tracts).

¹ For a more detailed explanation of LexisNexis, their data collection methods, and our cleaning of their data, see Desmond et al (2018b).

² These states are Alabama, Delaware, Florida, Georgia, Iowa, Kentucky, Massachusetts, Maine, Michigan, Minnesota, Missouri, Nebraska, New Mexico, Nevada, Ohio, Texas, Utah, and Virginia.

These eviction case data include names and addresses of plaintiffs (landlords) and defendants (tenants); how the case was settled (e.g., eviction judgment or case dismissal); filing and judgment dates; and the money judgment amounts, if awarded. Any given eviction filing can take a number of different turns through the court system (e.g., dismissal, finding for the defendant or the plaintiff, settlement, etc.). Cases that result in an eviction judgement for the plaintiff (landlord) may or may not have an associated money judgement. Money judgements typically can encompass costs for a number of components, including award for back-owed rent, property damages, interest, late fees, or fees associated with the court case. Our judgement amounts, however, are restricted to the principal judgment amount on the case, prior to the addition of any extra fees.

These records do not contain demographic information for either the plaintiff or defendant; information on other residents (including the presence of children in a defendant's household); indication of the defendant's employment status; or lease information. The absence of the latter is particularly notable as we cannot see the monthly amount of rent owed to the landlord, which is likely an important determinant of money owed by tenants when evicted. Due to this lack of individual-level information, we carry out our regression analyses at the aggregate level where other data on demographic, rental, and economic characteristics are available.

We supplement our eviction case data with Census tract-level demographic, economic, and housing market data from the American Community Survey (ACS). Because 5-year estimates are the only ACS reports that provide data at the tract level, we use the 2012-2016 5-year estimates, with 2014 as the midpoint year of this range. These data include information on renter-household racial/ethnic composition, household head by gender and age, household income and rent, poverty rate, economic inequality measures, and the rental housing vacancy rate, all at the tract level. We leverage these data to estimate the effect of differing neighborhood compositions on eviction judgement amounts.

We conduct our analysis in three stages. First, we present descriptive statistics to illustrate the breadth of judgment amount variation across the country. These descriptive statistics present the first opportunity to look systematically at money judgement amounts on eviction cases across the U.S. As a robustness check, we compare these estimates with similar figures calculated using data received directly from state court systems for two states in the analysis (Alabama and Virginia).

Second, we estimate linear regressions to model the relationships between judgment amounts and neighborhood characteristics. We estimate the average number of months of back-rent owed in a tract as:

$$\ln(Y_i) = \alpha + \beta'_1 \mathbf{x}_i + \beta'_2 \mathbf{z}_i + \beta'_3 \mathbf{u}_i + \beta'_4 \mathbf{v}_i + \beta'_5 \mathbf{w}_i + \gamma_r + \delta_s + \epsilon_i$$

Y_i is the mean number of months of back-rent represented by judgment amounts on eviction cases heard within tract i . This was calculated by dividing the mean eviction judgment amount within a tract by the tract's median gross rent.³ The log transformation of this variable restructures the underlying distribution as approximately normal and allows us to interpret magnitudes in terms of percentage changes in judgment-to-rent ratios. \mathbf{x}_i is a vector of tract-level household demographics: the percentage of households by race, gender, age, and education level of the household head, households with children, and immigration status. \mathbf{z}_i is a vector of tract-level economic indicators, including the Gini index of tract incomes, the poverty rate, and median renter income. \mathbf{u}_i is a vector of variables approximating the housing market in the neighborhood: the vacancy rate, the median

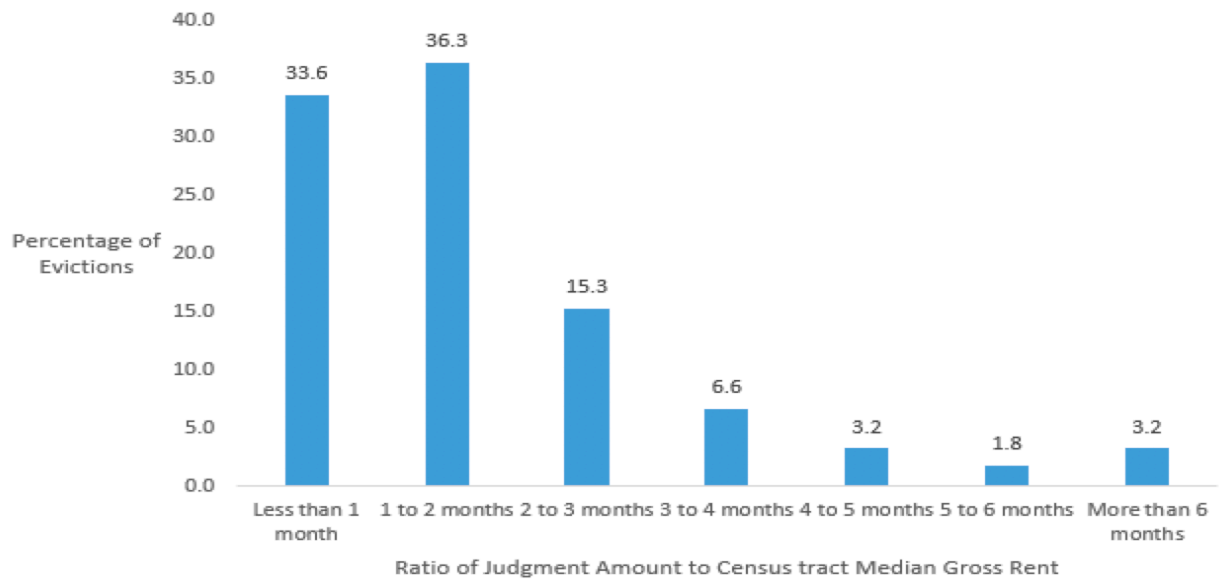
³ We also conducted the analysis using the median judgment amount within a tract and found no substantively different results.

gross rent, the number of renter households, and the percentage of households who are renters. v_i is a vector of variables proxying legal infrastructure and court activity that we hypothesize may influence judgment amounts. These include the eviction filing fee, the filing rate, the proportion of cases in the tract identified as serial cases, and an indicator variable for whether the state’s eviction law mandates that tenants be personally served in order for a landlord to seek a money judgment. w_i is a vector of controls for a tract’s population and the type of residential area (urban or rural). Lastly, γ_i and δ_i are state and regional fixed effects, respectively, allowing us to control for systematic differences in a given state s or region r that impact judgment amounts in the tract. Effects on judgment-to-rent ratios are observed in each β , which are linear parameter vectors for each vector of covariates.

In the third step of analysis—which is ongoing and will be ready for presentation at PAA—we plan to provide a detailed longitudinal analysis of eviction judgement amounts in Wisconsin between 2000 and 2016. Case filings received directly from the state allow us to demonstrate changes over time including, crucially, during and after the Great Recession. This provides us with an intriguing comparison of housing-related debts accrued by households through evictions compared to foreclosures.

Preliminary Results

Figure 1. Distribution of ratio of judgment amounts to monthly rent



In Figure 1, we show the distribution of the ratio of eviction judgment amounts to median gross rent in the Census tract in which a household resides.⁴ A plurality of renters in our data received judgment amounts approximating one to two months’ worth of rent (36.3%). There is also a sizeable portion of tenants (over one-third) who received eviction judgments for less than what is typically paid for one month’s rent in the area. On average, this amounted to an eviction judgment amount of roughly \$615. Further, our data suggest few renters receive eviction judgments

⁴ For robustness, we also conducted this analysis using median gross rents at the Census Block group level and found no substantive difference in our findings.

amounting to several months of back rent: less than 15% of renters in our sample incurred eviction judgment amounts totaling more than three months of rent.

Table 1. Summary statistics for eviction judgment amounts, 2014

State	Number of cases	Mean	Standard Deviation	Min	Max	Judgment Amount to Rent Ratio
Alabama	3,735	2,615.54	2,007.73	50	10,000	3.6
Delaware	8,358	1,799.59	1,750.77	50	15,000	1.8
Georgia	23,287	1,584.79	1,064.72	50	8,100	1.8
Massachusetts	8,593	2,476.65	2,045.97	50	13,900	2.2
Michigan	3,000	1,800.56	1,728.49	93	25,000	2.3
Missouri	5,151	2,330.35	1,741.53	50	12,293	3.1
North Carolina	26,503	1,147.88	1,072.88	50	10,000	1.4
New Mexico	6,158	1,640.87	1,025.64	50	10,000	2.1
Ohio	6,743	2,622.12	2,260.50	50	15,000	3.6
Texas	40,758	1,426.78	1,167.07	50	10,000	1.6
Utah	2,754	2,460.99	2,146.69	52	16,775	2.7
Virginia	42,167	1,151.65	1,337.52	50	25,000	1.0
<i>Total</i>	<i>177,207</i>	<i>1,535.48</i>	<i>1,464.02</i>	<i>50</i>	<i>25,000</i>	<i>1.8</i>

Note: Ratio was calculated using median monthly gross rent for the state as tabulated in the 2012-2016 ACS 5-year estimate.

Table 1 presents descriptive statistics for eviction case judgment amounts by state. The final column provides an estimate of the ratio of eviction judgement amount to gross median rent, which is calculated at the Census tract level and averaged across all available tracts in the state. This provides us an estimate of how many months of rent an eviction judgment in each state represents (e.g., in New Mexico, tenants receive eviction judgments for, on average, about two months of rent).

There are several patterns that bear note. First, supporting the estimates displayed in Figure 1, most states saw judgment amount to rent ratios around 2.0, indicating eviction judgment amounts were, on average, for around two months' worth of rent. Second, there is considerable variation in judgment amounts within each state; standard deviations are nearly as large as the means. By extension, states also show variation in the ratio of judgment amounts to rent, with ratios varying from Virginia at 1.0, up to 3.6 in Alabama.

Together, these estimates provide approximations of the relationship between eviction judgment amounts and rent. It is important to bear in mind, though, that exogenous factors affect the amount sought in an eviction case, such as the cost of living and use of the court system by landlords as a rent collection strategy. To examine the effects of these characteristics, we estimate a linear regression model with average money judgement amount as the outcome.

Table 2. OLS regression estimates for neighborhood-level characteristics, 2014

Dependent variable: Log of ratio of tract-level judgment amount to tract-level median gross rent		
	<u>Model 1</u>	<u>Model 2</u>
Filing fee	-0.001 (0.001)	-0.001 (0.001)
Case filing rate	-0.007*** (0.001)	-0.009*** (0.001)
Personal service	0.787*** (0.206)	0.784*** (0.206)
Filing rate * Personal service		0.005*** (0.001)
% Serial cases	-0.005*** (0.001)	-0.005*** (0.001)
% White	0.0008 (0.001)	0.0004 (0.001)
% Black	0.002*** (0.001)	0.002*** (0.001)
% Children	0.001* (0.001)	0.001* (0.001)
% Younger HH head (15-24)	-0.001 (0.001)	-0.001 (0.001)
% Female HH head	0.000 (0.001)	0.000 (0.001)
% Immigrant	0.002** (0.001)	0.0017* (0.001)
% Bachelor's degree	0.001 (0.001)	-0.001 (0.001)
Immigrant * Bachelor's degree		0.0001*** (0.00004)
Vacancy rate	0.002** (0.001)	0.002** (0.001)
Poverty rate	-0.001 (0.001)	-0.001 (0.001)
Gini index	-0.003** (0.001)	-0.003** (0.001)
South	0.196 (0.120)	0.198 (0.121)
West	0.652*** (0.165)	0.617*** (0.164)
Midwest	0.844*** (0.171)	0.815*** (0.171)
N	6,879	6,879
R ²	0.38	0.39

Notes: Robust standard errors clustered by county presented in parentheses. Regressions include controls for median gross rent, % of renter-occupied households, number of renter households, total population, and population density (all at the tract-level), and state effects. *South* includes Alabama, Delaware, Georgia, North Carolina, Virginia, and Texas. *West* includes New Mexico and Utah. *Midwest* includes Michigan, Missouri, and Ohio. *Filing Rate* is mean centered in the interaction term with *Personal Service*. *% Bachelor's Degree* is mean centered in the interaction term with *% Immigrant*.
*** p< 0.01, ** p< 0.05, * p< 0.10

In Table 2, we present linear regression estimates from a pair of models predicting the ratio of eviction case judgment amounts to rent at the neighborhood-level. Model 1 shows the regression results when predicting the ratio with a broad set of covariates and tract-level controls; Model 2 refines the model by interacting some of the predictors to better explore the dynamics at play. Results suggest there are notable differences in judgment amounts contingent on neighborhood characteristics. Three findings particularly stand out.

First, our results indicate that eviction judgment amounts are higher in neighborhoods with larger proportions of Black renters. Following Model 1, a one standard deviation increase in the proportion of Black residents in a neighborhood corresponded with a 5.3% increase in the judgment-to-rent ratio. This finding holds even after controlling for economic factors (such as poverty) and housing market indicators (such as rent and vacancy rates). In subsequent sections of this paper, we probe this result further and provide a discussion of possible driving forces.

Second, in both models, the ratio of judgment amounts to rent was higher in neighborhoods with higher vacancy rates. This is our anticipated finding. High vacancy rates may lower a landlord's willingness to evict a tenant who has fallen behind on rent. If the space is harder to fill, he or she may tolerate a larger rent debt before ultimately involving the courts.

Third, we observed a particularly large coefficient on the variable capturing how eviction notices are served to tenants. In both models, we estimate that a neighborhood in a state where personal service is required would see a 78% higher judgment amount to rent ratio than one in a state that allows alternative methods (e.g., posting the notice to the renter's door and mailing a copy of the notice to the residence). This, too, aligns with what we would expect: given the challenges that can come with having to serve a tenant personally landlords are likely to evict (and seek a money judgment) more often when the amount is larger.

Policy Implications

As legislators and housing advocates work towards developing sensible policies to address residential instability and inequality, our research highlights as-yet-unexplored factors related to housing debt that merit further consideration. Our preliminary findings suggest that policymakers should review the active role that courts and the legal infrastructure play in the eviction and debt-creation process. Rather than viewing courts as neutral arbiters, our findings suggest that they directly and indirectly impact the process in ways that are not merely procedural. Our findings also provide support for smaller financial interventions for low-income households to prevent eviction. While eviction case judgment amounts often represent around two months of rent, our results indicate that over one-third of renters received eviction judgments for less than one month's rent, and thus would likely benefit from accessible housing assistance resources when unexpected income shocks occur.

Further Analysis

As noted above, we will use longitudinal eviction case data from Wisconsin to extend this analysis. This will allow us to examine relationships between neighborhood characteristics and eviction judgment amounts over time and to incorporate time-varying phenomena (e.g., gentrification). The Wisconsin data also include additional details which will enable us to directly test hypotheses about judicial components affecting variation in judgment amounts (e.g., legal representation for defendants and plaintiffs).

References

- Desmond, Matthew, "Eviction and the Reproduction of Urban Poverty," *American Journal of Sociology* 118 (2012): 88-133.
- Desmond, Matthew, and Nicol Valdez, "Unpolicing the Urban Poor: Consequences of Third Party Policing on Inner-City Women," *American Sociological Review* 78 (2013): 117-41.
- Desmond, Matthew, Weihua An, Richelle Winkler, and, Thomas Ferriss, "Evicting Children," *Social Forces* 92 (2013): 303-27.
- Desmond, Matthew, *Evicted: Poverty and Profit in the America City*. New York: Crown, 2016, pp. 418.
- Desmond, Matthew, Ashley Gromis, Lavar Edmonds, James Hendrickson, Katie Krywokulski, Lillian Leung, and Adam Porton. Eviction Lab National Database: Version 1.0. Princeton: Princeton University, 2018a, www.evictionlab.org
- Desmond, Matthew, Ashley Gromis, Lavar Edmonds, James Hendrickson, Katie Krywokulski, Lillian Leung, and Adam Porton. Eviction Lab Methodology Report: Version 1.0. Princeton: Princeton University, 2018b, www.evictionlab.org/methods.