Eviction Filings, Unemployment, and the Impact of COVID-19

A report prepared by:

Peter Rosenblatt, Loyola University Chicago Department of Sociology / Center for Urban Research and Learning

Randall Leurquin, Lawyers' Committee for Better Housing

Mark Swartz, Lawyers' Committee for Better Housing

Gina Spitz, Loyola University Chicago / Center for Urban Research and Learning

With assistance from:

Travis Moody, Loyola University Chicago Department of Sociology / Center for Urban Research and Learning

Emily Drane, Loyola University Chicago / Center for Urban Research and Learning

Isabelle Abbott, Loyola University Chicago / Center for Urban Research and Learning

Grace Rock, Lawyers' Committee for Better Housing

December 2020

Through its research and partnerships, the Center for Urban Research and Learning (CURL) at Loyola University Chicago creates innovative solutions that promote equity and opportunity in communities throughout the Chicago metropolitan region and beyond. CURL provides links to regional, national, and international networks in pursuit of new ideas and approaches that address grassroots needs.

CURL pursues this goal by building and supporting collaborative research and educational efforts. These partnerships connect Loyola faculty and students with community and nonprofit organizations, civic groups, and government agencies. Such collaborations effectively link knowledge in the community with knowledge in the university. This helps to build sustainable communities that enhance the quality of life for all citizens.

Lawyers' Committee for Better Housing's (LCBH) mission is to provide free legal and supportive services to improve housing stability for lower income renters while advocating for the rights of all renters until everyone in Chicago has a safe, decent, and affordable place to call home. For over 40 years LCBH has exclusively served Chicago renters living in private (non-subsidized) rental housing who are facing unjust evictions or living in substandard housing. Using a fundamentally different approach to prevent homelessness, LCBH intervenes before renters are forced out of their homes and holistically addresses the short-term housing crisis and its underlying causes by combining legal aid with social services and public policy initiatives.

In May 2019, LCBH launched the Chicago Evictions Data Portal (https://eviction.lcbh.org/) as a resource to help investigate Chicago's chronic eviction problem.

Introduction

As we near 2021, with COVID-19 cases again on the rise, the future is uncertain for Chicago renters. In Illinois, there has been a statewide ban on filing most residential evictions[1] since the spring which is set to expire January 9, 2021, but may again be extended. In September, the Centers for Disease Control and Prevention (CDC) ordered a temporarily halt to residential evictions[2] through the end of the year. Negotiations for additional federal COVID-19 relief funds are at a standstill but this may change now that the election has concluded. We find ourselves faced with a potentially massive backlog of eviction filings when the Illinois moratorium ends. This is compounded by the impact of COVID-19 related job loss on the ability of many Chicagoans to pay rent, particularly low-income renters and households of color who were already disproportionately housing cost burdened (paying more than 30% of their income on rent) and more likely to be working in occupations vulnerable to any COVID-19 related shutdown.

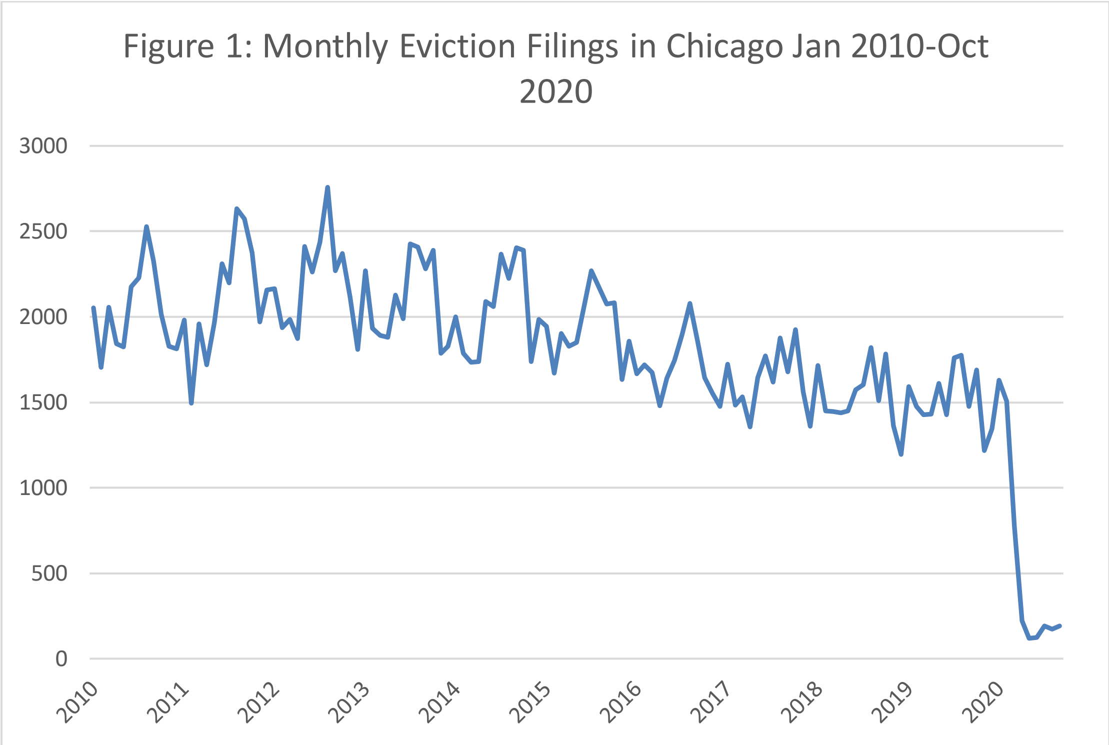
As LCBH was planning the release of new eviction data, we were hit with the COVID-19 pandemic and put the project on hold. COVID-19 led to a massive spike in unemployment, the passage of the CARES Act, and the closing of the courts. The country soon realized the pandemic would not be short-lived and many questions and concerns about renters, evictions and homelessness started to be raised. Realizing that our data might be able to speak to these concerns, LCBH joined with one of our data partners – Loyola University Chicago's Center for Urban Research and Learning (CURL) – to study the relationship between unemployment rates and eviction filings as a way to further understand trends in eviction filings, and also to provide insight into how COVID-19 may impact evictions in Chicago.

This report, released in tandem with eviction data from 2018 and 2019, uses statistical modeling of the historical relationship between unemployment and eviction filings to estimate evictions that might have otherwise been filed during the Illinois eviction moratorium. It also addresses current concerns about a potential wave of eviction filings due to COVID-19.

[1] Unlike previous executive orders banning residential evictions, the orders issued November 13 and December 11 require tenants who haven't fully paid rent to provide their landlords a written declaration swearing that they make less than $99,000 this year ($198,000 for couples); fell behind on rent due to COVID-19; used best efforts to make partial rent payments; and would become homeless or have to double-up if evicted.

[2] In October the CDC issued guidance on the order stating: "The Order is not intended to terminate or suspend the operations of any state or local court. Nor is it intended to prevent landlords from starting eviction proceedings, provided that the actual eviction of a covered person for non-payment of rent does NOT take place during the period of the Order." This new guidance would thus allow eviction filings to resume if the statewide ban is not extended.

Trends in Eviction Filings



Over the past decade, Chicago has seen close to a quarter of a million residential eviction filings. From 2010 to 2019, Chicago saw an average of more than 22,500 eviction filings per year. Last year, with the initial release of the Chicago Evictions Data Portal covering 2010-2017, we reported a trend that eviction filings were in decline. With the release of new data for 2018 and 2019, we see a continuation of this trend. From a peak of more than 26,000 filings in 2012, eviction filings had fallen to 18,200 in 2019.

Figure 1 highlights this overall trend of decline across the decade. A portion of this observed decline can likely be attributed to the end of the subprime mortgage crisis; previous analysis by LCBH showed that nearly 1 in 10 rental units were impacted by foreclosure, and that mortgage lenders that took title to rental properties through the foreclosure process evicted large numbers of renters. With the number of foreclosures declining by the middle of the 2010s, associated evictions have also declined, but this could not readily explain declines in more recent years. LCBH speculated on other factors which may have contributed to the reduction in Chicago eviction filings. Chicago's minimum wage has been increasing incrementally since 2014. Chicago's population has been fairly steady since 2010, but there has been a notable decline in African American residents who, as discussed below, see a disproportionate number of evictions filed against them.

This report focuses on another factor that influences trends in eviction filings: the monthly unemployment rate. Like eviction filings, the unemployment rate has also declined across the past decade. Using our data on monthly eviction filings between 2010-2019, and data from the Bureau of Labor Statistics on the monthly unemployment rate in Chicago over the same time period, we fit a regression model of the number of evictions filed on the unemployment rate of the previous month (a 1-month lag), controlling for season and year.[6] We found a positive and statistically significant relationship between the lagged unemployment rate and eviction filings. According to our model, a one-percent increase in the unemployment rate is associated with an additional 82 evictions filed in Chicago the following month.[7]

This model is also useful for understanding the steep fall-off in eviction filings in 2020. The Illinois moratorium prevents most eviction filings, but tenants are still responsible for paying their rent. This means that whenever the moratorium ends, tenants may find themselves owing a significant amount of back rent, leading to a wave of eviction filings. This issue is compounded by the large increase in unemployment following the COVID-19 related shutdown. With tens of thousands of Chicagoans having lost their jobs, the wave of filings we expect to see when the moratorium ends may turn out to be a tsunami.

The question of how many evictions may occur once eviction filings are allowed to resume has housing advocates, policymakers, and scholars across the country worried. Our model of the relationship between unemployment and eviction can help address this issue by predicting how many evictions might have otherwise been filed while the courts were effectively closed.

[6] We thank Cristian Paredes, Loyola University Chicago Department of Sociology, for his assistance and insight with this model.

[7] Our model has a constant of 1,111. This represents the number of eviction filings we would see with a 0% unemployment rate. Future research will incorporate other factors that shape eviction filings in Chicago.

Predicted Eviction Filings

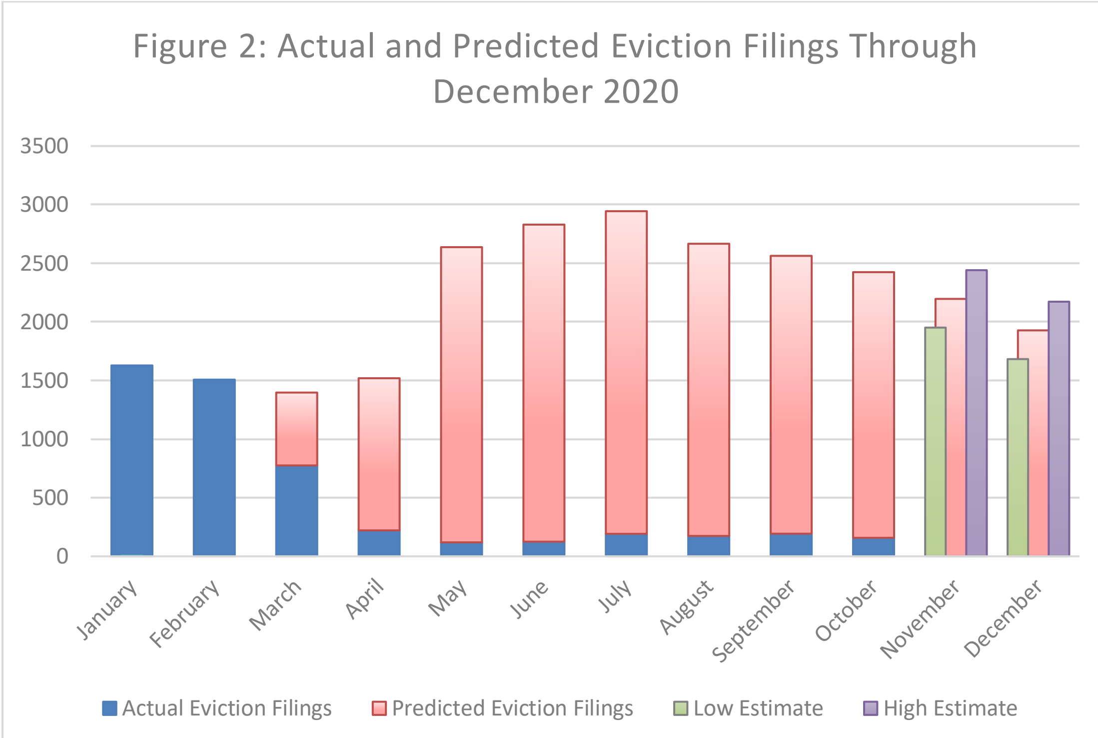


Figure 2 shows the actual and estimated number of monthly eviction filings in Chicago through December 2020. The dark blue bars show the preliminary count of residential evictions that have been filed between January and October. They show how the number of eviction filings dropped dramatically in the months following the COVID-19 outbreak when the Illinois moratorium began.

The light red bars are estimates of how many eviction filings we might have expected to see based on the monthly unemployment rate in Chicago. The estimates are based on the previous month's unemployment rate, which is why we see a large increase in the estimated number of eviction filings in May, following a large rise in unemployment in April (to 18.7% in Chicago according to the Bureau of Labor Statistics (BLS)).[8] The BLS unemployment rates are used to generate our eviction filing predictions through October. For the final two months of 2020, we used an estimated unemployment rate, based on a general assumption that unemployment will continue to decline.[9] We calculate our projections by this estimated unemployment rate, and

[8] Our estimates use the monthly non-seasonally adjusted unemployment rate for the City of Chicago from the Bureau of Labor Statistics (BLS) Local Area Unemployment Statistics program. See the previous section for a discussion of this model. We do not assume any further legislation related to eviction or unemployment beyond a continuation of the Illinois eviction moratorium through the end of the year.

[9] For instance, see this poll from fivethirtyeight of economic forecasts for the end of 2020 made by quantitative macroeconomists, that suggests a likelihood of single-digit unemployment for the country as a whole by December. Because our projections use a lagged unemployment rate, our estimates don't go quite that low: we use a 11% for November and 10% for December for our initial eviction filing predictions, with a range of +/- 3% for our high and low projections for those months.

also include projections for unemployment rates that are 3% lower and 3% higher over the final two months of the year. This range is shown by the narrow bars for November and December in Figure 2.

Summing our projections across the entire year, we get a total of more than 21,000 potential evictions that could be filed in January. This is an overwhelming number of evictions to be filed in a month, or even over the first two or three months of 2021. For comparison, recall that the average in the first two months of 2020 was 1,567 evictions.

Other Factors Influencing Eviction Filings

However, there are reasons to think the total number of backlogged evictions could be lower.

CARES Act

The CARES Act, signed into law on March 27, 2020, provided a supplement to unemployment insurance for COVID-19 related job loss. This increased existing unemployment benefits by an additional $600 per week. The supplement ended July 31, 2020 but likely helped some households avoid falling behind on rent, and unlike blanket moratoriums on eviction, could mean that these households are at lower risk of eviction, especially if they have been able to resume their employment.

Rental Assistance Programs

As a result of the CARES Act, state and local governments received additional federal funding to assist response and recovery efforts related to COVID-19. Illinois and Chicago have allotted some of these CARES Act funds for rental assistance.

- The Illinois Housing Development Authority (IHDA) was tasked with directing $150 million in Emergency Rental Assistance program for households who have lost income due to COVID-19. The program aimed to give grants to 30,000 Illinoisans; over 80,000 renters applied.
- The City of Chicago set aside $33 million for rental assistance, which includes $20 million in federal COVID-19 relief funds. Renters were able to apply for grants from Chicago's Department of Housing, with the goal of helping 10,000 Chicago households; over 12,000 households applied.

These programs should help thousands of renters stay in their homes. However, they may be inadequate in comparison to the number of renters struggling to pay rent. Governor Pritzker, during a press conference announcing the state program admitted, "we won't be able to give every deserving family help." Earlier this year, the Chicago Department of Housing offered $1,000 payments for emergency housing assistance for 2,000 families; 83,000 Chicagoans applied.

Chicago's COVID-19 Eviction Protection Ordinance

In most instances in Chicago, a landlord seeking to evict a renter must first give the renter five days' notice. Chicago's recently-passed Eviction Protection Ordinance, stipulates that if, within those five days, the renter provides a "Tenant Notice of COVID-19 Impact," the landlord must allow for an additional seven-day "cooling off" period prior to filing an eviction. The landlord must make a good faith effort with the renter to reach a reasonable alternative to eviction before moving ahead with an eviction filing, including offering repayment plans and third-party mediation. Those able to make payment plan arrangements (or other resolutions) can prevent the eviction filing altogether, which could have the impact of reducing the total number of evictions filed. The ordinance only applies to non-payment of rent cases, meaning that evictions for other reasons, such as lease violations, may still be filed. From our research, we know that roughly 20% of evictions in Chicago are filed for reasons other than non-payment of rent.

Payment Plans

Some renters and landlords may have independently established payment plans to incrementally catch up on rent not paid during the eviction moratorium; these may result in renters avoiding eviction altogether, although in other cases it may mean that renters default on these payment plans at a later date, potentially spreading out evictions that otherwise would have happened when the moratorium expires.

Paying Rent with Credit

Some renters have resorted to paying rent with credit cards, one report shows a 7% increase in credit card usage to pay rent over last year. As the pandemic continues, there are real concerns about how much debt these renters can sustain.

Move-outs

Some renters have already moved out. A recent Pew Research Center survey found around one-in-five U.S. adults (22%) say they either changed their residence due to the pandemic or know someone who did. Among those surveyed, 3% say they themselves moved permanently or temporarily due to the coronavirus pandemic, and 6% say someone moved into their household because of it.

Will Landlords File?

Landlords may be reluctant to file an eviction once the courts have fully resumed hearing cases. They might be motivated by goodwill or sympathy for their renters, or they might be concerned about negative publicity. Our research shows that landlords are represented by attorneys 81% of the time. With a massive surge in evictions, there may not be enough landlord attorneys to properly handle the increased case load. Landlords may be unwilling to go it alone, or they might be wary about entering into a process where there is already an excessive strain on the courts and sheriff's office that may result in lengthy delays before they can get an eviction order.

Landlords who want to remove their tenants but don't feel the current COVID-19 impacted court system will offer them timely relief may resort to their own methods. This, in turn, could result in much larger numbers of "informal" evictions. Relying on eviction filings alone substantially underreports the number of forced displacements. In Chicago, no information is available about the untold number of informal and constructive evictions that occur due to illegal lockouts, denial of essential services, refusal to perform maintenance or repairs, intimidation, and coercive cash for keys deals. Data from Milwaukee suggest that these "informal" evictions occur twice as often as formal evictions.

Lockouts

A particularly cruel form of an "informal" eviction is a lockout and is illegal in Chicago. Concern of an increase in lockouts was expressed in late May; Marisa Novara, Commissioner of the Department of Housing for the City of Chicago, tweeted that reports of illegal lockouts were up 90% compared to pre-COVID-19 months. To address this, the City of Chicago has recently updated materials and provided new training to its police officers on how to respond to calls about lockouts.

Racial Disparities in Eviction

There are several reasons to think the forthcoming surge in evictions will disproportionately impact Chicago's Black and Latinx households. These two groups are more likely than whites to be renting, and the majority of Black and Latinx renters in Chicago are cost burdened compared to only 40% of whites. LCBH's research has shown that evictions are more likely to occur in majority Black and Latinx community areas than majority White community areas.

Anticipating the coming wave of evictions, available evidence points to heightened risk for Black and Latinx households in the Chicago area compared to Whites. Data from the most recently available week of the Census Bureau's Household Pulse Survey (Week 17: October 14 – October 28), conducted in attempts to gauge how the COVID-19 pandemic is impacting households across the country, reveal that more than half of Black and Latinx individuals in the Chicago metropolitan area have experienced loss of employment since March 2020, compared to 42.0% of Whites.[10] The survey also suggests there might be racial differences in the reported ability to pay rent. Almost a quarter (22.0 ±6.7%) of Black renters and 25.9% (±7.4%) of Latinx renters in the Chicago metro area reported an inability to pay last month's rent, compared to 15.6% (±5.8%) of White individuals.

These survey findings add to our concerns about the expected spike in eviction filings being felt more heavily by Chicago's non-white population. They suggest that the Black and Latinx

[10] The Census Bureau notes that these data should be considered "experimental" and suggests using caution when using estimates based on subpopulations, as we do here. To help address some of these concerns we report the margin of error for each estimate, based on a 90% confidence level. Estimates and margins of error for the job loss figures are 53.5 ±6.0% for Hispanics, 54.9 ±7.8% for African Americans, and 42.0 ±2.8% for whites.

populations, two groups that have historically faced racial disparities in areas such as housing and employment, also report a higher incidence of economic hardship due to the pandemic.

Conclusion

Recent reporting on the number of people at risk of eviction are staggering. An Aspen Institute report shows 30% or more of renter households are facing the risk of eviction, which, for Chicago, would be over 200,000 households. Another report from Stout shows that in Illinois 437,000 - 532,000 households are at risk of eviction and that 203,000 - 247,000 evictions could be filed after the CDC eviction moratorium expires at the end of the year.

Our extrapolations for 2020 based on the relationship between eviction filings and unemployment rate suggest a much lower number of eviction filings than these at at-risk reports. Why the difference?

Our data speak to a related, but different, aspect of the eviction crisis. We characterize this as the difference between risk and harm. An analogy may be informative: the number of Americans at risk of heart disease is in the millions, while the number of Americans who actually show up in an emergency room experiencing a heart attack is lower. Both the at-risk number and the actual harm number are important for understanding and treating this public health issue. The data we report here on eviction filings are akin to the emergency room number, but this does not mean that the at-risk number is inaccurate or unimportant.

Rather, the at-risk eviction figures remind us of the ongoing affordable housing crisis. Even before the pandemic, millions of Americans were living at risk of being unable to pay next month's rent. Not all of them ended up in eviction court. They scraped together funds, turned to family and other connections, and bargained and pleaded with their landlords. When COVID-19 hit and the shutdown happened, this risk certainly increased, and led many more people to face rent burdens. But just as during the non-COVID-19 crisis, we can assume that these people might have begun (or continued) to employ desperate strategies to avoid an eviction. Some of them will end up in eviction court – and these are the ones that our data predict. But this larger proportion that are "at risk" should not be discounted – they speak to the much larger number of "cost-burdened" renters that we need to contend with.

The health and medicine fields are probably the most advanced at being able to assess risk levels and provide corrective or premeditative treatments. Renters don't have doctors to help them in the same way; instead, they rely on housing laws and policies in their communities. In Chicago, these include the Fair Notice Ordinance, which increases the time landlords must give tenants when rent is being increased or their lease is not being renewed, the Keep Chicago Renting Ordinance, which helps renters caught up in a building foreclosure, and State Homelessness Prevention Funds which can be used for rental assistance to cover a short-term financial crisis. But with unprecedented levels of eviction risk, and the threat of a spike in eviction filings once the Illinois moratorium ends, we need to expand our response.

This look at the relationship between eviction filings and unemployment rate has deepened our understanding of eviction filing trends and given us a new way to predict future filings so that we are better able to assess the resources needed for prevention efforts. LCBH has long supported a Right to Counsel for all tenants in eviction court. This new research will add to our ability to quantify what that effort may cost.

How does this model work within the context of the COVID-19 pandemic? Time will only tell. Our hope is that the federal government will respond adequately and timely to approve additional relief funds. One of the most saddening things to come to light is that none of our elected leaders has assured us that no one will go homeless because of this crisis. Somehow, it’s too bold a statement, too bold an action, yet we can create an economy that will soon produce our first trillionaires. We must demand better and find a way to provide for fundamental needs like housing.

Recommendations

While LCBH will continue to advocate for a Right to Counsel, Just/Good Cause for Eviction, and more resources for affordable housing, with the urgent needs brought on by the COVID-19 pandemic, we limit our recommendations to immediate relief concerns.

Increase Rental Assistance. More financial assistance from the federal government is needed. Additional COVID-19 relief funding should be approved specifically targeted towards keeping people housed.

Extend the Eviction Moratorium. Renters who have lost their jobs shouldn't have to fear losing their homes in the middle of this pandemic. A federal eviction moratorium coupled with rental assistance would be the preferred route.

Seal COVID-19 Related Evictions. Having an eviction filing on your record can be a serious obstacle to finding housing. Many landlords purchase reports from tenant screening companies, which collect information from eviction courts and aggregate it with other publicly available data about tenants. Their recommendations are often based solely on the existence of an eviction filing, regardless of context or outcome. Renters who are evicted due to COVID-19 should not be limited in their future housing options.

Appendix

Table A1: Number of Eviction Filings per Month

Year	Total	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
2010	24390	2053	1704	2055	1842	1823	2176	2228	2527	2325	2015	1829	1813
2011	25334	1981	1496	1958	1718	1966	2312	2199	2632	2572	2373	1970	2157
2012	26389	2163	1937	1986	1872	2412	2261	2439	2758	2268	2369	2115	1809
2013	25201	2269	1933	1890	1879	2126	1987	2425	2407	2280	2389	1788	1828
2014	24507	2000	1788	1733	1738	2089	2058	2365	2224	2403	2388	1737	1984
2015	23356	1944	1671	1904	1828	1849	2068	2271	2172	2074	2083	1633	1859
2016	20439	1668	1720	1673	1478	1641	1745	1899	2080	1857	1646	1556	1476
2017	19529	1724	1484	1532	1355	1645	1772	1618	1877	1677	1926	1561	1358
2018	18345	1716	1448	1444	1439	1450	1574	1604	1822	1509	1782	1362	1195
2019	18220	1591	1476	1428	1430	1610	1427	1759	1774	1476	1690	1216	1343

Source: LCBH. For more information on our eviction data, read our methodology at https://eviction.lcbh.org/data/methodology

Table A2: Monthly Unemployment Rate

Year	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
2010	12.6	12.2	11.7	11.4	10.9	11.2	11.4	11.1	10.5	10.4	10.4	10.1
2011	10.9	10.6	10.3	10.3	10.7	11.6	11.7	11.6	11.2	11.0	10.2	10.1
2012	10.5	10.3	9.8	9.5	9.7	10.6	10.7	10.4	9.5	9.8	9.4	9.9
2013	10.9	10.5	9.8	9.6	9.9	10.7	10.4	10.3	9.8	9.9	9.3	9.0
2014	9.4	9.3	8.6	7.8	7.7	8.1	8.2	7.8	7.1	7.0	6.8	6.3
2015	7.3	6.9	6.4	6.3	6.6	6.9	7.0	6.6	6.2	6.3	6.3	6.2
2016	6.9	6.8	6.5	6.5	6.0	6.8	6.6	6.6	6.3	6.3	5.6	5.5
2017	6.1	5.6	4.8	5.0	5.0	5.7	5.8	6.1	5.4	5.2	4.9	4.7
2018	5.3	4.9	4.1	4.0	3.8	4.9	4.7	4.5	4.0	4.2	3.8	4.0
2019	4.9	4.4	4.0	3.8	3.7	4.4	4.5	4.3	3.6	3.6	3.3	3.1

Source: BLS Local Area Unemployment Statistics, non-seasonally adjusted unemployment rate for Chicago. Accessed 10/16/20.

Table A3: Actual and Predicted Eviction Filings in 2020

Month	Previous mo. unemployment rate[a]	Actual evictions filed	Predicted eviction filings[b]
January	3.1	1628	0
February	3.7	1507	0
March	3.5	775	622
April	5	221	1298
May	18.7	119	2518
June	17.2	125	2704
July	18.6	192	2752
August	15.2	174	2492
September	15.5	193	2370
October	13.8	158	2266
November	11	-	2196 (± 245)
December	10	-	1927 (± 245)

Source: BLS and authors' calculations.

[a] Unemployment rates for January – October are from the BLS. Rates for November and December are authors' estimates

[b] Predictions for November and December include estimates for unemployment rates that are 3% lower and higher.