

Calculating the Social Return on Investment of Emergency Cash Transfers to Prevent Evictions

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Preventing Eviction via Place-Based Economic Development

2.9M

Children under the age of 18 are threatened with eviction every year

20,393

Eviction filings in CT in the past year

1 in 4

Black renters live in a county where the eviction rate is **more than double** than the white eviction rate

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Place-Based Economic Development can be used to invest in *all* communities through strategies tailored to fit specific community needs and assets.

How Cities are Confronting the Crisis

Addressing the Root Causes of Eviction

- Amending exclusionary zoning laws to allow for infill and development
- Workforce development programs
- Expanded health insurance access

Preventing Evictions Arising from Nonpayment

- Emergency rental assistance through COVID-19 using federal relief dollars
- Right to counsel in eviction court
- Launching non-court, free mediation alternatives for landlords and tenants to navigate non-payment disputes
- Extending the grace period after a missed payment
- Providing enduring direct cash relief programs

Alleviating Harms to Evicted People

- Mandating access to belongings for long periods post-eviction
- Removing filed but un-executed evictions from records
- Investing in warming centers and rehabilitation services

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Cities across the nation are investing in...

- early preventative strategies
- eviction abatement
- palliative aid to evicted people

... to alleviate economic distress and inequality.

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Stakeholders Engaged

- CT Next
- Boston Federal Reserve
- New Haven Financial Empowerment Center (FEC)
- Annie Harper, Yale University
- Daniel Hemel, Yale Law School



Common Insight

- Financial relief & support
- Community engagement
- Policy shaping outcomes

Project Scoping

- Focus on the costs and benefits generated by direct and unqualified assistance
- Home in on benefits experienced by the community as a stabilizing force to **enabling** Community Wealth Building (CWB)
- Develop a **Social Return on Investment (SROI) for Emergency Cash Transfers** directed toward families at risk of *eviction within 14 days*

Goal: Develop a SROI and policy review for evictions that all stakeholders might be able to use in informing later work

Social Return on Investment (SROI)






What: framework for measuring and accounting value

How: measuring change relevant to stakeholders involved, typically using a ratio similar to that of a Cost Benefit Analysis (CBA)

Why: quantifies social, environmental, and economic outcomes

$$\text{SROI} = \frac{\text{Net value of benefits}}{\text{Net value of investments}}$$

Determining The Most Relevant Stakeholders

 Households	<ul style="list-style-type: none">• Stakeholder most directly impacted by the direct cash transfer• Fundamental building block of communities – without them communities do not exist
 Governments	<ul style="list-style-type: none">• Most likely to provide the funds for the direct cash transfer• Currently providing (or providing funding for) second-order solutions• Sets policies that govern how eviction function
 Nonprofits	<ul style="list-style-type: none">• Provides services to target population that might reduce in demand in response to direct cash transfers• Potential source for funding
 Schools	<ul style="list-style-type: none">• Necessary for equalizing opportunity access for children• Universal point of access for children
 Communities	<ul style="list-style-type: none">• Catch-all stakeholder to encompass businesses and neighbors not already captured by other designations• Captures political economy impact of evictions• The causal effect that reducing evictions has on, <i>inter alia</i>, reducing perceived blight, civic engagement, increasing feelings of belonging, improving business outcomes

Focusing on Households (and Governments)

Households



Governments



- Households and Governments are the most important stakeholders and should be *considered first*
- Effects on Nonprofits, Schools, and Communities may be pursued as *follow-on work*



Studied Effects

Next, we determine the most salient impacts that direct cash transfers will have on recipient households.

- The first three effects are experienced directly and quickly by the majority of households
- The last three effects are experienced with more variability and over a longer period

Other effects may be noted too, but these are the top six ways in which direct cash transfers change the lives of the households that receive them

First-Order
Impacts

01

Avoided cost of finding
new housing

02

Retained
possessions

03

Avoided fines &
fees

Second-Order
Impacts

04

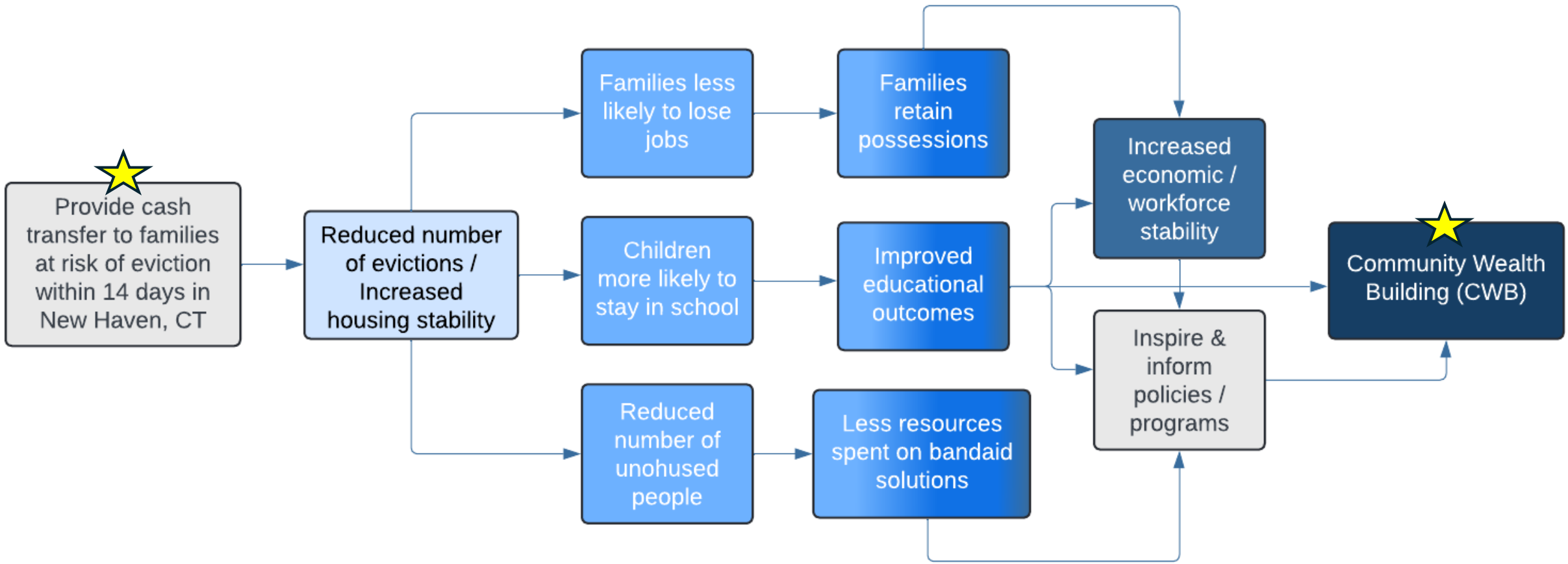
Retained income
earning capacity

05

Avoided healthcare
expenditures


06






Improved childhood
outcomes



Value Map

Value Created

 = Studied in this report

	Net Benefits (Social Return)	Investment
 Households	<ul style="list-style-type: none"> + Avoided Cost of Finding New Housing + Retained Possessions + Retained Income Earning Capacity + Improved Childhood Outcomes + Avoided Healthcare Expenditure + Avoided Fines & Fees 	
 Governments	<ul style="list-style-type: none"> + Reduced Cost of Emergency Services (warming shelters, homeless services) -Cost of Running Program 	
 Nonprofits	<ul style="list-style-type: none"> + Reduced Cost of Emergency Services (warming shelters, homeless services, eviction crisis services) - Opportunity Cost 	<ul style="list-style-type: none"> - Funding Toward Direct Cash Transfers Away from Existing Services
 Schools	<ul style="list-style-type: none"> + Improved Attendance Rates + Reduced Classroom Disruption 	
 Communities	<ul style="list-style-type: none"> + Keeping Communities Together + Political Boon to Community Political Mobilization 	

Effect #1: Avoided Cost of Finding New Housing

The Impact:

Evictions remain on a person's record for up to 7 years. Landlord hesitation to rent to people with prior evictions on record raises application fees for previously-evicted individuals. This entails direct financial costs (application fees and extended fees to maintain temporary housing, such as hotels) and emotional costs (consternation over finding new housing)

Estimating the Benefit

1. Avoided Application Fees¹

(Assume 90% of evicted people eventually reapply to find new housing)

Average Incurred Application Fees	People in Range
\$100	48%
\$200	44%
\$1,000	8%

Direct Value: \$221

2. Transitional Housing Costs²

(Liberties taken with % in response to lack of data availability)

Transitional Housing & % Churn	Annual Transitional Cost
Aggregate Cost of Living Without a Home Per Night Averaged at \$35 (Across living in car, unhoused, hotel, with friends)	\$12,775

Direct Value: \$12,775

Total Value: \$12,996

1. <https://journals.sagepub.com/doi/pdf/10.1177/15356841211012483>

2. https://homelessness.ucsf.edu/sites/default/files/2023-06/CASPEH_Report_62023.pdf, <https://nationalhomeless.org/>

Effect #2: Retained Possessions

The Impact:

People who are evicted are often forced to leave behind valuable possessions, forgoing their value. Preventing evictions allows these individuals to retain possession of valuable items.

Estimating the Benefit

► Absence of survey data on this issue requires making assumptions

Transportation Used	Transport Cost	Furnishings to Buy	Furnishing / Storage Cost	Total Cost	% Likelihood to Be in Category
Self	\$0	2 Bedroom Apt.	\$1,000	\$1,000	29.2% ¹
Personal Car	\$12 (fuel)	1 Bedroom Apt.	\$600	\$612	40.8% ⁴
Rented Truck ²	\$60 (rental) + \$64.8 (fuel) = \$124.8 Storage Costs (incurred for half of people who rent a truck) = \$1,020 annually, on average ³	-	\$0	\$124.8 + \$1,020 for half of population	30% ⁵

Direct Value: \$729

Effect #3: Avoided Fines & Fees

The Impact:

Families avoid fees associated with late payments (housing, utilities, etc.) that would otherwise aggregate and make financial hardship more difficult to escape.

Estimating the Benefit

Fee Type	Fee Incurred	Estimated Cost
Late Rental Payment	\$5/day (max \$50) OR 5% of rent OR 5% of tenant share of rent (if in rent program)	\$89.75 (assuming average rental cost in New Haven, CT: \$795)
Late Utility Bill Payment (Energy)	UI: 1.25% / mo (15% annually) Eversource: 1% / mo (12% annually)	\$603.61 annually (assuming average energy bill in CT: \$372.60, average late fee, & late payment every month)

Direct Value: \$693.36

Effect #4: Retained Income Earning Capacity

The Impact:

Individuals who are employed at their time of eviction face difficulty in retaining and advancing their employment. The stress and added complexity of life without stable housing makes it difficult for individuals to (1) commute to their workplace and (2) perform their work. This can lead to loss of job, which makes it all the more difficult for an individual to earn money needed to secure stable housing.

Estimating the Benefit

The costs associated with full or partial loss of employment are usually felt acutely by the few individuals who experience full or partial employment loss. The loss for these people is large, while those who retain employment experience no direct loss. Below is an average value, but note that the variance of lost value is quite high.

*“... we find that eviction is associated with an approximately 3,000 dollar reduction in total earnings in the 1-2 years after filing, or about 13 percent of the mean earnings of non-evicted households. Adding a host of controls, including quarterly earnings and employment history up to and including the quarter of filing, shrinks these OLS earnings estimates by about one half, to **-1,760 dollars** [within 1 year of filing] ...”¹*

1. https://economics.nd.edu/assets/303258/jmp_rcollinson_1_.pdf

Direct Value: \$1,760

Effect #5: Avoided Healthcare Costs

The Impact:

Individuals who experience eviction are much more likely to require medical care resulting from physical and mental instability propagating from unstable access to housing.

Estimating the Benefit

General Care Costs: Determine Medicaid patient group with similar initial characteristics, then compare spending for subgroup that has experienced eviction and subgroup that has not

<https://www.sciencedirect.com/science/article/pii/S0749379721004918?via%3Dihub>

20% increase in annual healthcare spending for patients who have experienced eviction‡

7,666 in Medicaid spending per person * (20% increase) = \$1533.2

Direct Value: \$1,533

‡ For subset of patients that received medical care (some patients' evictions increased barriers to accessing care such that spending decreased, but this would not occur in an efficient market with no transaction costs. We use this subset because it shows the delta in rate of spending absent insuperable barriers to access medical care.

Effect #6: Improved Childhood Outcomes

The Impact:

In CT, when a qualifying child stays in school and reaches grade 12 graduation, they're eligible for funding to support higher education, workforce development, and homeownership, among other things.

Estimating the Benefit

Housing & Graduation		CT Baby Bonds	New Haven Promise
Unhoused students (CT)	~3,990	\$11,000 – \$24,000 depending on when claim is filed	Up to \$3,000/year for 4 years (total: \$12k) at 2-yr CT Community College
Graduation rate among unhoused students (CT)	66-70% ¹		Up to \$5,000/year for 4 years (total: \$20k) at CT private university
			Up to \$8,500/year for 4 years (total: \$34k) at CCSU, ECSU, SCSU, WCSU
			Up to \$15,000/year for 4 years (total: \$60k) at UConn

Direct Value: \$800 - \$2,166 annually
***calculated over 18-year time horizon**

- <https://nche.ed.gov/wp-content/uploads/2022/09/ACGR-of-Students-Who-Experienced-Homelessness>
- <https://www.mhec.org/dashboard/high-school-completion-income>
- https://ballotpedia.org/Public_education_in_Connecticut
- <https://www.ctinsider.com/news/education/article/ct-students-homelessness-17782290.php>

Tying it All Together: Limitations

Valued costs, benefits, and returns may be limited by:

01 The age at which a child is at risk of losing housing

02 Eligibility criteria for various programs

Tying it All Together

Social Return on Investment					
Intervention: direct cash transfers to families T-14 days of homelessness (YLS Class, Daniel Hemel)					
Phase 1: Stakeholder Analysis (What stakeholders are involved / impacted by a direct cash transfer and what do we perceive, based on research and existing knowledge, the positive and negative impacts to be for each?)					
Stakeholder	Positive or Negative	Perceived Outcomes as a Result of Direct Cash Transfers	Category of Cost	Estimated Annual Value	Source(s) (literature review)
Families	+	Avoided Cost of Finding New Housing	Avoided Application Fees	\$221	https://journals.sagepub.com/doi/pdf/10.1177/15356841211012483
			Transitional Housing Costs	\$12,775	https://homelessness.ucsf.edu/sites/default/files/2023-06/CASPEH_Report_62023.pdf
	+	Reduced Loss of Possessions	Self (minimal belongings carried)	\$292	https://ctbythenumbers.news/ctnews/2017/08/17/hartford-new-haven-bridgeport-among-highest-in-us-for-households-that-dont-own-cars
			Personal Car (medium belongings carried)	249.696	Rough percentage of people who report living in their car after eviction, estimated from data in https://homelessness.ucsf.edu/sites/default/files/2023-06/CASPEH_Report_62023.pdf on homelessness.
			Rented Truck (maximum belongings carried)	190.44	https://www.lifestorage.com/storage-units/connecticut/west-hartford/ and estimated 50% likelihood o
	+	Avoided Fines & Fees	Fines and fees associated with eviction	\$693.36	1. https://ctmirror.org/2023/07/24/ct-renters-rights-new-landlord-laws-2023/ 2. https://www.uinet.com/support/faqs
	+	Retained Income Earning Capacity	Average loss in earnings	\$1,760	https://economics.nd.edu/assets/303258/jmp_rcollinson_1_.pdf
	+	Avoided Healthcare Costs	Increase in spending as a result of being evicted	\$1,533	1. https://www.sciencedirect.com/science/article/pii/S0749379721004918?via%3Dihub 2. https://www.cms.gov/data-research/statistics-trends-and-reports/national-health-expenditure-data/nhe-fact-sheet
	+	Improved Childhood Outcomes	Reduced funding per pupil from reduced student enrollment / graduation rates	\$3,611 - \$15,611	1. https://nche.ed.gov/wp-content/uploads/2022/09/ACGR-of-Students-Who-Experienced-Homelessness 2. https://www.mhec.org/dashboard/high-school-completion-income 3. https://ballotpedia.org/Public_education_in_Connecticut 4. https://www.newhavenpromise.org/Student%20Portal.pdf 5. https://portal.ct.gov/ott/debt-management/ct-baby-bonds 6. https://www.ctinsider.com/news/education/article/ct-students-homelessness-17782290.php

Tying it All Together

Direct cash transfers can help families avoid the slippery slope of eviction. It can also help increase access to program eligibility that can further contribute to wealth building and financial stability. Though direct cash transfers are not the end solution, they are a mechanism that allows space for more solutions to be implemented and/or created while ensuring families do not lose their homes.

\$18,511 - \$19,877

Total Annual Value of
Direct Cash Transfers from
the six (6) effects studied.

Proposed Legislative Reforms

Motivation

Stakeholder revealed a need to recognize that policy dictates the landscape upon which long-term wealth can be built

Connecticut statutes should be investigated for the potential to be amended in more socially-beneficial ways

Leverage other states as “laboratories of democracy” to inform policies that should be implemented in Connecticut

Policies Recommended

1

Tighten the recently passed Bill No. 5234 to ensure landlords cannot unreasonably reject tenant-supplied tenant screening reports

2

Amend state statutes that allow the government to place priority liens against individual's assets when that individual has received government assistance

1

Tighten the recently passed Bill No. 5234 to ensure landlords cannot unreasonably reject tenant-supplied tenant screening reports

- ▶ The CT General Assembly passed Bill No. 5234 (“An Act Concerning the Rights and Responsibilities of Landlords and Tenants”) in February of 2022
- ▶ The Bill provides substantial protections for tenants, including the prohibition of application fees *except* for fees to reimburse costs incurred to obtain a tenant screening report
- ▶ Under Bill No. 5234, landlords cannot:
 - ▶ Charge tenants more than \$20 to obtain a tenant screening report (Lines 139-142)
 - ▶ Must provide the prospective tenant with a copy of the report or a receipt for running the report (Lines 145-149)
 - ▶ Must “*waive any such fee if the prospective tenant provides a copy of a tenant screening report that is satisfactory to the landlord and that was conducted within thirty days of the tenant's rental application.*” (Lines 143-145)
- ▶ **Problem:** Tenants may not know that they have the ability to provide their own tenant screening report (which they could purchase once and then provide to multiple landlords in multiple applications).
- ▶ **Solution:** Require landlords to inform tenants that they have the option to procure their own tenant screening report and that they may reuse this report for up to the next 30 days with other applications.

2

Amend state statutes that allow the government to place priority liens against individual's assets when that individual has received government assistance

CT Gen Stat § 17b-93. (Formerly Sec. 17-83e). (2023)

- ▶ **C.G.S. §17b-93:** (full text available at link above, relevant phrasing abbreviated here)

“If a beneficiary of aid under the state supplement program, medical assistance program, aid to families with dependent children program, temporary family assistance program or state-administered general assistance program has or acquires property of any kind or interest in any property, estate or claim of any kind, except moneys received for the replacement of real or personal property, the state of Connecticut shall have a claim ... which shall have priority over all other unsecured claims and unrecorded encumbrances, against such beneficiary for the amount paid ... to the beneficiary or on the beneficiary's behalf under said programs that the state is required to recover under federal law ...”

- ▶ **What the Law Does:** claws back government assistance, often provided to needy individuals by federal mandate, back to the state government.
- ▶ **Problems:** laws that punish individuals that receive windfalls after they have received government assistance impedes low-income households from attaining wealth. It is likely that this statute targets low-income individuals and rarely affects middle or high-income individuals, who are the least likely to have been past recipients of government assistance.
- ▶ **Required Work:** research the wealth profiles of individuals who have had money clawed back by §17b-93 to inform whether this policy is obstructing low-income individuals from building wealth. If it is, then repeal.

Conclusion

Takeaways for Stakeholders

- ▶ **Evictions have a negative effect on community and household wealth.** Evictions that could be prevented by smoothing income flows and liquidity should be prevented to both (1) prevent households from incurring huge, immediate, unnecessary, and economically destructive costs and (2) enable households to invest in long-term wealth building and saving activities.
- ▶ **Evictions cost households an average of \$18,500 annually.** This comes in the form of immediate costs associated with relocation, administrative burden, and lost possessions, as well as costs that accrue over time associated with increased healthcare spending and depression of wages and educational investment. This does not capture the non-financial tolls on households (e.g., mental health) that evictions engender, nor does it capture the full cost to society. Further research on the cost to society may begin with the costs outlined in Slide 9.
- ▶ **Policy depresses wealth building for low-income individuals.** The three policy reforms outlined would alleviate some of the burdens faced by low-income households and stimulate greater wealth building. As it stands, low-income households find it difficult to build wealth when faced with higher-than-necessary rental application fees and are subject to liens against their property to repay long-past “debts” for government assistance.

Thank You!
Questions?

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