INSTITUT FÜR ARBEITSMARKT- UND BERUFSFORSCHUNG
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# Online Magazin IAB-

## Eviction creates Pover

30. August 2022 | Winters, Jonathan Latner, Christiane Ke

In an interview Matthew Desmond, Professor o
insights into the situation of renters in th
crisis to society and outlines how to stabil
doing so, he also sheds light on the interac

What is the central issue of the eviction crisis

For the past 20 years, the incomes for renters i
actually fallen when adjusted for inflation, but
has increased drastically and the government has
qualify for housing assistance actually receive
help to meet their rent. This creates an acute a
below the poverty line who are renting pay at le
fundamental building block of the eviction crisi

Who is most affected?

The face of the eviction epidemic is moms with k
America, you see lots of kids running around. Th
African-American women and mothers in particul
eviction rate for black renters in general is do
are disproportionately bearing the brunt of the

How does an eviction work in the US?

You can be evicted for many reasons, such as pro
evictions are for missed or late rent payments.
which basically means that the tenant has to pay
the notice and if they don t, the landlord goes
can start within two or three weeks. Initiating
dollars.

In most places in America, families that are sub
no legal representation for those families. Many
because the process is stacked against them. If
property by a certain date. If they re not out
department to physically remove the family, ofte
sidewalk or taken to storage.
Eviction in America is fairly quick, cheap and d
get thrown out into the street.

> Eviction in America is fairly quick, cheap an
> family literally get thrown out into the stre

What happens if the landlord is a rental company

Corporate landlords seem to use eviction more th
like eviction by algorithm, where all tenants wh
tenants often have to pay late fees and court fe
increases their housing costs by 20 percent. One
the housing market and the job market have becom
monthly. Assume a waitress and a software develo
paid the same annual income, but the waitress ge

developer gets paid monthly. The software develo
the waitress is not. She starts the month behind
especially if an eviction court is used as a cou

You say that eviction creates poverty. What do y
around.

Matthew Desmond is the Maurice P. During Professor of Sociology at Princeton University and founder of the Eviction Lab.

People who are evicted are incredibly poor and v
makes their lives a lot harder. They not only lo
connection to teachers and guidance counselors,
connections around that. They often also lose th
on. Those items are piled on the street or taken
them out of storage and many just can t afford i

An eviction is a legal process and it comes with
moving into a good neighborhood or into a safe h
record and say no. It can prevent people from mo
counts eviction as a mark against someone s appl
housing assistance to the families that need it
we also push them into dangerous neighborhoods a
eviction causes job loss more than the other way

people to make mistakes at work and lose their f

> Eviction can cause people to make mistakes at
> market.

Eviction also has health effects, for example on
Babies of pregnant moms who get evicted are born
that are born when they are not going through th
even generational effects on those babies. If yo
eviction is a cause of poverty and not just a co

What are the financial and economic consequences
housing?

The consequences are massive. In the US, the top
all hospital costs. They are usually homeless pe
with higher levels of crime are often neighborho
tear apart the social fabric, the stuff that hel
kids to go to different schools, year after year
earnings later in life. Then there are the shelt
step in for those families to get them food and
incredible moral cost on the American public, bu

> If you want to make a purely financial case,
> intervene early and shallowly to keep a famil

We might also take a step back and ask how much
from landlords that families haven t paid rent i
rare. Only about 2 percent of evictions are for
eviction is for 2 months worth of rent. About a
worth of rent. The last time we looked, one in t
335 dollars. My students probably pay more in te

If you want to make a purely financial case, it
shallowly to keep a family housed, than it does

Is it too expensive for the United States to pro

America is the richest country on the planet. It
even poverty tomorrow, without increasing its
hypocrisy is deep. We spend 46 billion dollars o
yet we spend 109 billion yearly on homeowner tax
with at least six figure incomes. That s our soc
problem? Absolutely. We have programs that work

> America could effectively end homelessness an
> increasing its deficit.

Can you give an example of a program that works

One program is called eviction diversion . When
party tries to adjudicate the case. In Philadelp
to go through diversion , a kind of mediation.
in payments, the parties could agree to a paymen
the landlord is paid and the tenant is housed. D
housed years after the intervention. It is a low
eviction crisis.

Are there also market-based solutions?

New Jersey has a law that requires every jurisdi
might not sound radical in Germany, because you
neighborhoods as a pro-social good. But the US h
the lines of race and socio-economics. The law i
fair share of affordable housing. If a town does
incentivize developers. This has enabled develop
affordable housing. Developers make more money b
American-style single houses we have. New Jersey
without a dime of state money. But this solution
cities have been incredibly resistant to that, i

Is there a connection between the American histo

Redlining was one of many mechanisms America use
the land. Redlining occurred when the government
Black neighborhoods. This meant banks did not le

heels was the GI Bill that came after World War
US has ever had. A big part of it was veteran mo
percent of mortgages were veteran mortgages. It
but black veterans were excluded, since the fede
to your local Veterans Administration, which was
which was practicing redlining.

Most white families in America own their home

That history matters today, because most white f
families do not. One of the reasons for that is
afford the down-payment on their home, because t
You can clearly see the multigenerational conseq
differentiation between owners and renters. And
and eviction; if you are a homeowner you are imm

Should housing be a for-profit business at all?

Poor families and particularly poor black famili
live. They are shut out of the mortgage market f
discrimination in the banking sector. They are s
income would allow them to access it. They are s
because there is not enough of it to go around.
affluent neighborhoods, either because those nei
because they face current market discrimination.

Landlords in poor neighborhoods earn about do
neighborhoods in America earn.

This means they have one option: to live in segr
have a lot of options, market actors exploit you
just a theoretical point. We ran the numbers on
earn about double what landlords in middle class
is that expenses are a lot lower in poor neighbo
rents are not that much lower. This suggests tha
would call exploitation.

How has the market for landlords evolved?

Being a landlord wasn t ever conceived as being
The last 40 years in the American labor market h
low returns on productivity for people at the bo
don t have a college education, the American lab
them, including folks who do have a college educ
little money, they may start investing as a land
more people are stressing and squeezing the asse
market stagnation and housing-market inflation i
disconnection between rising costs and stagnant
into full-time property ownership as a job or as
have seen mid-twentieth-century, when the labor

What can Europe or Germany learn from the Americ

Timing matters. You really have to start buildin
of housing to build. Even if both parties the
you won t see the social benefits of that until
overconfidence in America about what is driving
we lack housing supply and that s driving up the
there are cities like Syracuse, Baltimore and Cl
still experienced serious increases in rents. So
rigorous and not just accept the normal stories

> We need to be data driven and rigorous and no
> housing crisis as doctrine.

One thing the Eviction Lab at Princeton Universi
Government doesn t collect data on eviction. Thi
dropped out of high school. It s a massive socia
about. I think that by collecting hundreds of mi
we ve elevated the problem on the American scene

What would the ideal housing policy look like?

I really value the deep investment Germany has m
could learn from. Some countries even include th
housing matters, as does a recognition that huma

right needs to be backed up by deep investment.
budget for the Department of Housing and Urban D
department of defense. This was until President
and we never recovered. I think we should also l
be as a country.

Humans cannot flourish without stable shelter

America is a home-ownership society. There is no
opportunities to more low-income families. About
for under one hundred thousand dollars; but only
them were bought with cash from real estate spec
have no incentive to get involved, because a sma
originate, but banks get a lot more for the big
too.

Without stabilizing housing there is no chanc

How important is it to stabilize housing?

Fundamentally, if we don t address this crisis
income families we are not going to get anywhe
wage increases. It helps a little bit, but landl
today, rent inflation has accompanied wage infla
Without stabilizing housing there is no chance f

Your research is heavily based on storytelling a
don t?

I wanted to get as close to the problem as possi
trying to tell someone s story. It allows you to
only presented an argument or a statistical tabl
numbers and stories. I was living in a mobile ho
appear in the eviction record. I asked them what
that they didn t get evicted. To her, an evictio
they were totally evicted. The landlord forced t
collect big data on this, how do I even ask peop
intimacy with the problem is really important. S

questions, not just if they had been evicted. We with a notice? , What did you do afterwards? , that we asked in surveys and big data were based

It is a way of observing and experiencing things verify them. Stories can obviously tell us a lot

Personal details

Matthew Desmond is the Maurice P. During Professor of where he founded the Eviction Lab, a facility research focuses on poverty in America, city l inequality, and ethnography. Desmond was liste people across the country who are most influen

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