Evictions in America: A tale of two cities

The approach of NYC versus San Francisco is enlightening

September 22, 2016  Sarah Wheeler

The U.S. Treasury’s announcement that it is awarding $90 million for affordable housing was welcome news this morning. The grants are earmarked for the development of affordable housing and community facilities in low-income communities and will be distributed to 32 organizations in different states.

It couldn’t come soon enough.

Evictions became a high-profile subject after Matthew Desmond’s astonishing book, Evicted, was released earlier this year. Chronicling the lives of residents in some of the poorest neighborhoods in Milwaukee, Evicted opened a window into a world few knew about, but one that is growing across the country.

As the housing market rebounds, rents in the hottest markets are rising faster than many can afford, especially for low to middle-income renters. Good news if you’re a real estate investor, less if you’re a long-term renter spending more than half your salary on housing. A recent survey by the NHP Foundation found that 83% of the 1,000 people it surveyed were concerned about housing costs in America, and more than 40% feared that losing their job would lead to a loss of housing.

In many of the hottest markets around the country — 11 of the top 20 are located in California — even devoting half of your take home pay to housing gets you less and less.

Aside from the federal grants that can ease some of this pain, a great deal can be done at the local level to make things better for low-income residents. Consider two metropolitan areas and their different approaches to the problem: San Francisco/Silicon Valley and New York City.

In San Francisco, the number of eviction notices filed per month with the San Francisco Rent Board rose 32% from March to July compared with the previous three years. Reporting by the San Francisco Chronicle found that the reason was not just the incredibly tight housing supply in the city, but a new city ordinance that changed the process for how landlords buy out tenants.

The new ordinance requires landlords to disclose their cash settlements with tenants and puts a 10-year ban on condo conversions where a buyout has taken place. From the Chronicle:

Attorney Joe Tobener, who represents tenants, said he sees a direct cause and effect between the legislation and the jump in eviction notices, especially in two-unit buildings, which are the top targets for condo conversions. Before the legislation, only buildings where evictions had occurred were barred from condo conversions. Now that both evictions and buyouts result in a condo conversion ban, property owners are choosing to save their money and skip the negotiating table.
“There is no incentive to buy someone out versus filing an eviction notice,” Tobener said.

From the standpoint of low-income renters, the difference between getting some money to help with moving costs and being evicted could be the difference between stable housing and homelessness. All because of a city ordinance.

The entire Silicon Valley area is notorious for displacing current tenants paying less than the market rate for rents. Unfortunately “market rate” is a moving target in a place that will eventually displace all but the 1%. The average rent for an apartment within the city of San Jose was $2,936 in August, according to Rent Jungle. One bedrooms average $2,527 and two-bedrooms average $3,205.

The median household income in the area was $96,481 in 2014, the latest numbers available, but that number is surely skewed by the number of millionaires in the area. It’s not surprising then that 70,000 low-income workers in the area now commute more than 50 miles to work.

It doesn’t have to be that way.

In New York City, mayor Bill DeBlasio has been aggressive in reversing the city's eviction rate, which rose every year between 2005 and 2013, hitting a high in 2013 of 28,000 evictions.

In 2015 the city's efforts paid off, with evictions dropping by 18% to 21,988, even though the number of cases filed by landlords for nonpayment of rent only declined by 2% in the same period. The New York Times outlined how the city was able to make such a dramatic improvement:

The city has allocated nearly $46 million for legal services for tenants in the last two years, and the money appears to be having the intended effect, officials said.

“The money the city put in for lawyers is working,” said Justice Fern A. Fisher, who oversees Housing Court as the deputy chief administrative judge for the New York City courts.

Efforts by the Human Resources Administration to accelerate emergency rental assistance to people who are in danger of becoming homeless have also helped, she said, echoing tenant lawyers and landlord groups.

New York City also froze rent-stabilized units last year as part of the effort to curb evictions.

The contrast is striking. Both cities are large metropolitan areas with little geographical room to build. But in once case city action led to an 18% decrease in evictions, in another it led to an increase of 32%.

Clearly, cities have a critical role to play in how people who make low to moderate incomes find and keep affordable housing. Let's hope more follow the lead of New York.